

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,**

**R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF  
SPRINGER AEROSPACE HOLDINGS LIMITED AND 1138969 ONTARIO INC.**

Applicants

**MOTION RECORD OF CAISSE DESJARDINS ONTARIO CREDIT UNION INC.  
(Re: Motion to terminate CCAA Proceeding)  
(Returnable February 22, 2023)**

February 21, 2023

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**TO: THE SERVICE LIST**



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

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
(the "CCAA")

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS  
LIMITED AND 1138969 ONTARIO INC. (the "Applicants")

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**SERVICE LIST**  
(as of January 10, 2023)

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,**

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(Re: Motion to terminate CCAA Proceeding)  
(Returnable February 22, 2023)**

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**NOTICE OF MOTION  
(Returnable February 22, 2023)**

Caisse Desjardins Ontario Credit Union Inc. ("**Desjardins**" or the "**Moving Party**") will make a Motion before a Judge presiding over the Ontario Superior Court (Commercial List) (the "**Court**") on February 22, 2023 at 9:00 by judicial videoconference via Zoom.

**PROPOSED METHOD OF HEARING:** The Motion is to be heard

- In writing under subrule 37.12.1(1);
- In writing as an opposed motion under subrule 37.12.1(4);
- In person
- By telephone conference.
- by video conference

at the following location:

<https://ca01web.zoom.us/j/65400327305?pwd=WC91RjNENjNnZ1Q2NHpybDIzaUNldz>

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## THE MOTION IS FOR

1. An Order substantially in the form of Order attached as Appendix “A”:
  - (a) lifting the stay of proceedings granted in the Order of Justice Penny dated December 2, 2022 (the “**Amended and Restated Initial Order**”) to permit Desjardins to proceed with an application (the “**Receivership Application**”) to appoint Raymond Chabot Inc. (“**Raymond Chabot**”) as receiver and manager (in such capacity, the “**Receiver**”) of all of the assets, undertakings and properties (the “**Property**”) of Springer Aerospace Holdings Limited (“**SAHL**”) and 1138969 Ontario Inc. (“**113**”, and collectively with SAHL, “**Springer**”); and
  - (b) terminating the proceedings commenced by Springer pursuant to the *Companies’ Creditors Arrangement Act*, RSC, 1985, c C36 (the “**CCAA**”), (CV-22-00690657-00CL) (the “**CCAA Proceedings**”).
2. Such further relief as may be required in the circumstances and that this Honourable Court deems just and equitable.

## THE GROUNDS FOR THE MOTION ARE:

### The Parties

3. Springer is a full service aircraft maintenance and repair business operating in Northern Ontario. Each of SAHL and 113 are private corporations incorporated or amalgamated pursuant to the *Business Corporations Act* (Ontario) R.S.O. 1990, c B.16.

4. Springer's business is operated from certain facilities located on the lands and premises municipally described as 377 Lakeview Road, Echo Bay, Ontario (the "**Lakeview Property**"), owned by SAHL. The Lakeview Property is SAHL's primary asset.

5. SAHL is also the registered owner of the lands and premises municipally known as 201 Riverside Road, Echo Bay (the "**Riverside Property**"), which is a residential property located in proximity to the Lakeview Property.

6. Desjardins is a credit union established under the *Credit Union and Caisses Populaires Act, 1994*, S.O. 1994, c. 11. Desjardins is a first-registered mortgagee with respect to the Lakeview Property and the Riverside Property.

7. Raymond Chabot is a licensed insolvency trustee.

### **Desjardins' Debt and Security**

1. As of February 21, 2023, Springer was indebted to Desjardins in the approximate aggregate amount of \$5,710,478.26 (the "**Indebtedness**") pursuant to:

- (a) a credit agreement dated as of May 7, 2020 between Desjardins, as lender, and SAHL, as borrower, as amended by a letter amending agreement dated as of July 2, 2021 (as amended, the "**SAHL Credit Agreement**"); and
- (b) a credit agreement dated as of May 16, 2019 between Desjardins, as lender, and 113, as borrower, as amended by a letter amending agreement dated as of July 5, 2021 and a letter amending agreement dated as of

August 20, 2020 (as amended, the “**113 Credit Agreement**”, and together with the SAHL Credit Agreement, the “**Credit Agreements**”).

2. The Indebtedness has not been repaid and interest, fees and costs continue to accrue.

3. Springer’s obligation to repay the Indebtedness to Desjardins is secured by, among other things:

(a) a first registered charge/mortgage against the Lakeview Property in the principal amount of six million five hundred thousand dollars (\$6,500,000) (the “**Lakeview Mortgage**”);

(b) a first registered charge/mortgage against the Riverside Property in the principal amount of three hundred and fifty thousand dollars (\$350,000) (the “**Riverside Mortgage**”);

(c) a general security agreement in respect of all of the personal property of SAHL dated November 30, 2018 (the “**SAHL GSA**”);

(d) a specific security agreement in respect of certain personal property of SAHL dated June 22, 2021 (the “**SAHL Specific Security Agreement**”); and

(e) a general security agreement in respect of all of the personal property of 113 dated February 5, 2018 (the “**113 GSA**”).

(collectively, the “**Security**”).

4. Each of the Lakeview Mortgage and the Riverside Mortgage are registered against title to the Lakeview Property and the Riverside Property, respectively.
5. Each of the SAHL GSA and the 113 GSA are registered under the *Personal Property Security Act* (Ontario).
6. Desjardins is the primary secured creditor of Springer.
7. Desjardins has the right to appoint a receiver under the Security.
8. Springer committed numerous Events of Default under the Credit Agreements which have not been cured and continue to date. On June 30, 2022, Desjardins issued demand letters to each of SAHL and 113, each enclosing a notice of intention to enforce security on the property of SAHL and 113, respectively, pursuant to section 244 of the *Bankruptcy and Insolvency Act*, RSC, 1985, c B-3 (the “**BIA**”).
9. On July 21, 2022, 113 and SAHL, each as borrower, and Desjardins, as lender, amongst others, entered into a forbearance agreement (the “**Forbearance Agreement**”), pursuant to which Desjardins agreed to forbear from exercising its rights and remedies under the Credit Agreements and the Security until the earlier of (a) January 31, 2023; and (b) the occurrence of a Default or Event of Default (each as defined in the Forbearance Agreement) under the terms of the Forbearance Agreement.
10. By September 30, 2022, 113 and SAHL had committed numerous Defaults and Events of Default under Forbearance Agreement.

## Springer's CCAA Proceedings

11. On November 23, 2022, Springer made an application to the Court seeking protection from its creditors pursuant to the CCAA, at which time the Court issued an initial order (the "**Initial Order**"). The Initial Order was amended and restated pursuant to the Amended and Restated Initial Order.

12. Among other things, the Amended and Restated Initial Order provided for (a) a stay of proceedings in favour of Springer until March 31, 2023; (b) the appointment of MNP Ltd. as monitor (in such capacity, the "**Monitor**"); (c) the approval of a debtor-in-possession financing facility (the "**DIP Facility**") from Hillmount Capital Inc. ("**DIP Lender**") in the principal amount of \$1,500,000, provided that Springer may only borrow up to a maximum of \$1,100,000 without further order of the Court; (d) the approval of Springer's agreement engaging Patrick Walsh of Cedar Croft Consulting Inc. to act as Chief Restructuring Officer (the "**CRO**") of Springer; and (e) the granting of the following super-priority charges, amongst others: (i) First – a charge (the "**Administration Charge**") as security for the professional fees and disbursements for the Monitor and its counsel, the CRO and Springer's counsel, to the maximum amount of \$250,000; and (ii) Second – a charge (the "**DIP Lender's Charge**") in favour of the DIP Lender, to the maximum amount of \$1,100,000.

13. On December 22, 2022, the Court issued an Order (the "**SISP Order**"), among other things, approving a sale and investment solicitation process (the "**SISP**") for the purpose of soliciting interest in and opportunities for a sale, restructuring or recapitalization of the assets and business operations of Springer.

14. Since the implementation of the SISP following the granting of the SISP Order, Springer, with the assistance of the CRO and the Monitor, has not received any Phase I Bids (as defined in the SISP) that comply with the requirements of the SISP. There are not viable bids that are sufficient to repay the Debtors' outstanding Indebtedness to Desjardins after the payment of amounts secured by the Administration Charge and the DIP Lender's Charge.

### **Termination of the CCAA Proceedings is Appropriate**

15. Springer does not meet the test for increased interim financing and, accordingly, will not be able to continue operating.

16. The SISP has failed and Desjardins has no confidence in Springer's management, which has been unable to create accurate financial projections or carry out any restructuring throughout the duration of the CCAA Proceedings to date.

17. Desjardins' position vis-à-vis its security over Springer has significantly deteriorated since the commencement of the CCAA Proceedings and continues to deteriorate.

18. Any increase to the DIP Facility at this time would directly impact Desjardins' security position, particularly in light of the DIP Lender's Charge and the Administration Charge.

19. The CCAA Proceedings are a costly process, the burden of which is being borne by Desjardins. The immediate appointment of a Receiver is preferable to the current

CCAA Proceedings as it will reduce costs while providing a viable process for maximizing the realization of Springer's assets for the benefit of its creditors.

20. The appointment of a Receiver is just and convenient in the circumstances.

21. Desjardins has served the parties on the Service List in the CCAA Proceedings with a copy of the unissued Notice of Application and Desjardins' Application Record in connection with the Application for the appointment of the Receiver. If the relief sought in this motion is granted, Desjardins proposes to have the Notice of Application issued as soon as the stay of proceedings granted in the CCAA Initial Order has been lifted.

22. Desjardins also relies upon the following:

- (a) Section 11 of the *CCAA*;
- (b) The provisions of the *BIA*, including Section 243;
- (c) Section 101 of the *CJA*;
- (d) Rules 1.04, 3.02, 16.08, and 38 of the *Rules of Civil Procedure*, R.R.O. 1990, c. C.43; and
- (e) Such further and other grounds as the lawyers may advise.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the

Motion:

- (a) The affidavit of Dominic Bacon, sworn February 21, 2023; and
- (b) The affidavit of Christopher Grant sworn November 22, 2022;



- (c) The affidavit of Christopher Grant sworn November 30, 2022;
- (d) The First Report of the Monitor dated December 1, 2022;
- (e) The Second Report of the Monitor dated December 19, 2022; and
- (f) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

February 21, 2023

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**APPENDIX "A"**

See attached.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) WEDNESDAY, THE 22<sup>ND</sup> DAY  
 )  
JUSTICE PENNY ) OF FEBRUARY, 2023

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
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**AND IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF  
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Applicants

**ORDER**

**(Termination of CCAA Proceeding)**

**THIS MOTION** made by Caisse Desjardins Ontario Credit Union Inc. ("**Desjardins**") for an Order amending the Order of Justice Penny dated December 2, 2022 to permit Desjardins to commence and proceed with its application (the "**Application**") to appoint Raymond Chabot Inc. ("**Raymond Chabot**") as receiver and manager (in such capacity, the "**Receiver**") of all of the assets, undertakings and properties (the "**Property**") of each of Springer Aerospace Holdings Limited ("**SAHL**") and 1138969 Ontario Inc. ("**113**", and together with SAHL, "**Springer**") and terminating the CCAA proceedings commenced by Springer, was heard this day by judicial videoconference via Zoom.

**ON READING** the affidavit of Dominic Bacon sworn February 21, 2023 and the Exhibits thereto (the "**Bacon Affidavit**"), the affidavit Christopher Grant sworn February 20, 2023 and the Exhibits thereto and the Third Report of the Monitor dated February 21, 2023 and on hearing the submissions of counsel for Desjardins, counsel for Springer, and

those other parties listed on the counsel slip, no one else appearing for any other party although duly served as appears from the affidavit of service of [●] sworn February [●], 2023, and on reading the consent of Raymond Chabot to act as the Receiver,

## **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

## **TERMINATION OF CCAA PROCEEDINGS**

2. **THIS COURT ORDERS AND DECLARES** that the proceedings of the Applicants under the *Companies Creditors' Arrangement Act* (Canada) (the "**CCAA Proceedings**") are hereby terminated.

## **DISCHARGE OF MONITOR**

3. **THIS COURT ORDERS AND DECLARES** that MNP Ltd. ("**MNP**") is hereby discharged from its duties as Monitor in the CCAA Proceedings and released from all claims relating to its activities as Monitor, whether before or after the date of this Order.

4. **THIS COURT ORDERS** that, in addition to the protections in favour of the Monitor as set out in the Amended and Restated Initial Order, in any other Order of this Court in the CCAA Proceedings or the CCAA, MNP, whether in its capacity as Monitor or otherwise, Aird & Berlis, and their respective affiliates and officers, directors, partners, employees and agents (collectively, the "**Released Parties**") are hereby released and discharged from any and all claims that any person may have or be entitled to assert against the Released Parties, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the date of this Order in any way relating to, arising out of or in respect of the CCAA Proceedings (collectively, the "**Released Claims**"), and any such Released Claims are hereby released, stayed, extinguished and forever barred and the Released Parties shall

have no liability in respect thereof, provided that the Released Claims shall not include any claim or liability arising out of any gross negligence or willful misconduct on the part of the Released Parties.

5. **THIS COURT ORDERS** that notwithstanding its discharge as provided for above, the Monitor is hereby authorized, directed and empowered to perform such functions and provide such services to the Receiver as the Receiver may reasonably and expressly require to complete all matters incidental to the termination of these CCAA Proceedings and the transition to receivership (the “**Transition Services**”) and that the Receiver shall pay the Monitor its reasonable fees and disbursements, in each case at the Monitor’s standard rates and charges for the provision of these Transition Services.

6. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against MNP in any way arising from or related to its capacity or conduct as Monitor except with prior leave of this Court on at least seven (7) days’ prior written notice to MNP and upon further order securing, as security for costs, the full indemnity costs of the Monitor in connection with any proposed action or proceeding as the Court hearing the motion for leave to proceed may deem just and appropriate.

7. **THIS COURT ORDERS** that, notwithstanding any provision of this Order, nothing contained in this Order shall affect, vary, derogate from or amend any of the protections in favour of the Monitor at law or pursuant to the Amended and Restated Initial Order.

#### **PRIORITY OF CHARGES**

8. **THIS COURT ORDERS** that the Administration Charge and the DIP Lender’s Charge previously granted by this Court in the CCAA Proceedings shall continue to charge the Property and the priority of the Administration Charge and the DIP Lender’s Charge, in relation to the Receiver’s Charge and the Receiver’s Borrowing Charge granted in the Order made this day in the proceedings identified in the files of the court as Court File No. CV-22-\_\_\_\_\_, shall be as follows:

- a. First — Receiver’s Charge, *pari passu* with the Administration Charge; provided however, that (i) the Administration Charge shall (a) not exceed

\$250,000, (b) only secures amounts due to the beneficiaries thereof for work performed up to the date of this Order, and otherwise subject to the review and approval of invoices by the Receiver, and (c) reduce dollar for dollar with every payment authorized by the Receiver.

- b. Second — DIP Lender's Charge, *pari passu* with the Receiver's Borrowing Charge; provided however, that (i) the DIP Lender's Charge shall (a) not exceed \$1,100,000, (b) only secures amounts due to the beneficiaries thereof for amounts advanced up to the date of this Order, and otherwise subject to the review and approval of invoices by the Receiver, and (c) reduce dollar for dollar with every payment authorized by the Receiver.

9. **THIS COURT ORDERS** that, following payment by the Receiver to the Monitor of all amounts secured by the Administration Charge, as modified by paragraph 10(a) above, the Administration Charge shall be terminated, discharged and released.

#### **SEALING**

10. **THIS COURT ORDERS** that Confidential Exhibit "A" to the Bacon Affidavit is hereby sealed in the files of the Court and shall not form part of the public record, subject to further order of the Court.

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**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS LIMITED  
AND 1138969 ONTARIO INC.**

Applicants

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**ORDER**

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT*  
*ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF THE PLAN OF COMPROMISE OR  
ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS LIMITED AND  
1138969 ONTARIO INC.

Applicants

Court File No. CV-22-00690657-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**NOTICE OF MOTION  
(Returnable February 22, 2023)**

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Inc.



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

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

**AND IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF  
SPRINGER AEROSPACE HOLDINGS LIMITED AND 1138969 ONTARIO INC.**

Applicants

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**AFFIDAVIT OF DOMINIC BACON IN SUPPORT OF MOTION OF CAISSE  
DESJARDINS ONTARIO CREDIT UNION INC.**

**(Sworn February 21, 2023)**

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I, **Dominic Bacon**, of the City of Montreal, in the Province of Ontario, **MAKE OATH  
AND SAY:**

1. I am a *directrice de comptes redressement* (special loans account manager) at Caisse Desjardins Ontario Credit Union Inc. ("**Desjardins**") and as such I have knowledge of the matters contained in this Affidavit. Where my knowledge is based on information and belief, I have identified the source of that information or belief and believe it to be true and reliable.

2. I make this affidavit in support of:

- (a) a motion by Desjardins for an Order (the "**CCAA Termination Order**") terminating the proceedings (the "**CCAA Proceedings**") commenced by

Springer Aerospace Holdings Limited (“**SAHL**”) and 1138969 Ontario Inc. (“**113**”, together with SAHL, “**Springer**”) pursuant to the *Companies’ Creditors Arrangement Act*, RSC, 1985, c C36 (the “**CCAA**”); and

- (b) an application by Desjardins for an Order (the “**Appointment Order**”) appointing Raymond Chabot Inc. (“**Raymond Chabot**”) as receiver and manager (in such capacity, the “**Receiver**”) over all property, assets and undertaking of Springer pursuant to section 243 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”) and section 101 of the *Courts of Justice Act*, RSO 1990, c C43.

## **Overview**

3. On November 23, 2022, Springer made an application to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), seeking protection from its creditors pursuant to the CCAA, at which time this Court issued an initial order (the “**Initial Order**”). The Initial Order was amended and restated pursuant to an Amended and Restated Initial Order dated December 2, 2022 (the “**Amended and Restated Initial Order**”), a true copy of which is attached as **Exhibit “A”**.

4. The Amended and Restated Initial Order provided for, among other things:

- (a) A stay of proceedings in favour of Springer until March 31, 2023 (as extended by the Court from time to time, the “**Stay Period**”);
- (b) The appointment of MNP Ltd. as monitor (in such capacity, the “**Monitor**”);

- (c) Authorized Springer to obtain and borrow up to \$1,100,000 under a \$1,500,000 debtor-in-possession (“**DIP**”) interim financing facility (the “**DIP Facility**”) made available to Springer by Hillmount Capital Inc. (the “**DIP Lender**”) pursuant to a commitment letter between Springer and the DIP Lender dated November 22, 2022; and
- (d) The approval of Springer’s agreement with Cedar Croft Consulting Inc. (“**Cedar Croft**”) engaging Patrick Walsh of Cedar Croft to act as Chief Restructuring Officer of Springer (in such capacity, the “**CRO**”);
- (e) Granted, among other things, the following super-priority charges:
  - (i) First – a charge (the “**Administration Charge**”) as security for the professional fees and disbursements for the Monitor and its counsel, the CRO and Springer’s counsel, to the maximum amount of \$250,000;
  - (ii) Second – a charge (the “**DIP Lender’s Charge**”) in favour of the DIP Lender, to the maximum amount of \$1,100,000;
  - (iii) Third – a charge (the “**Administration Charge II**”) as security for any success fees owing to the CRO, to the maximum amount of \$75,000; and
  - (iv) Fourth – a charge (the “**Directors’ Charge**”) as security for the indemnity provided to the officers and directors of Springer under the terms of the Initial Order, to the maximum amount of \$165,000.

5. Pursuant to the Amended and Restated Initial Order, the Administration Charge, DIP Lender's Charge and Administration Charge II (the "**Priming Charges**") each constitute a charge against all of Springer's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including proceeds thereof (the "**Property**"), and rank in priority to all other security interests, trusts, liens, charges and encumbrances of secured creditors, statutory or otherwise (collectively, the "**Encumbrances**") in favour of any Person (as defined in the Initial Order). The Directors' Charge ranks in priority to all other Encumbrances in favour of any Person, save and except Desjardins and any Encumbrance ranking in priority to any such Desjardins Encumbrance, including the Priming Charges.

6. On December 22, 2022, the Court issued an Order (the "**SISP Order**"), among other things, approving a sale and investment solicitation process (the "**SISP**") for the purpose of soliciting interest in and opportunities for a sale, restructuring or recapitalization of the assets and business operations of Springer. Attached as **Exhibit "B"** is a true copy of the SISP Order dated December 22, 2022, attaching the SISP as Schedule "A".

7. Since the implementation of the SISP, Springer's financial situation has materially deteriorated such that it has now fully drawn down the \$1,100,000 available under the DIP Facility and is accruing liability for professional fees. I understand that Springer requires an increase to the DIP Lender's Charge of \$200,000 to permit increased borrowing.

8. The Phase I Bid deadline was extended to February 13, 2023, and Springer has not received any Phase I Bids (as defined in the SISP) that comply with the requirements of the SISP or contemplate a payment that is sufficient to repay Springer's outstanding Indebtedness (as defined herein) to Desjardins after the payment of amounts secured by the Priming Charges.

9. Desjardins is seeking the CCAA Termination Order and the Appointment Order on the basis, among other things, that:

- (a) Springer's financial position has continued to deteriorate, prejudicing Desjardins, and requiring Springer to seek an amendment to the DIP Lender's Charge for further financing under the DIP Facility;
- (b) Desjardins continues to have no confidence in Springers' management, which has been unable to create accurate financial projections or carry out any sort of successful restructuring and has terminated the CRO; and
- (c) the SISP has failed to produce any viable letters of intent.

## **The Parties**

### Springer

10. Springer is a full-service aircraft maintenance and repair business operating in Northern Ontario.

11. Each of SAHL and 113 are private corporations incorporated or amalgamated pursuant to the *Business Corporations Act* (Ontario) R.S.O. 1990, c B.16. According to

corporate profile reports (the “**Corporate Profile Reports**”) obtained from the provincial ministry with a file currency date of October 5, 2022, the registered and head office of each of SAHL and 113 is 377 Lakeview Road, Echo Bay, Ontario (the “**Lakeview Property**”). Attached as **Exhibit “C”** and **Exhibit “D”**, are true copies of the Corporate Profile Report for SAHL and 113, respectively.

12. Springer’s business is operated from certain facilities located on the Lakeview Property, owned by SAHL. The Lakeview Property is SAHL’s primary asset. The Lakeview Property is an approximately 210 acre parcel of land. Situated on the Lakeview Property are the following improvements:

- (a) A 16,160 square foot hangar;
- (b) A 24,373 square foot hangar;
- (c) A 33,000 square foot hangar; and
- (d) The Bar River Airport (IATA code YEB, Transport Canada Local Identifier CPF2).

13. SAHL is also the registered owner of the lands and premises municipally known as 201 Riverside Road, Echo Bay (the “**Riverside Property**”), which I understand to be a residential property located in proximity to the Lakeview Property.

Desjardins

14. Desjardins is a credit union established under the *Credit Union and Caisses Populaires Act, 1994*, SO 1994, c 11 (the “**CUCPA**”). As further described herein,

Desjardins is the first mortgagee with respect to both the Lakeview Property and the Riverside Property owned by SAHL.

15. Effective January 1, 2020, certain predecessor entities of Desjardins, including Caisse Populaire Vermillion Inc., amalgamated pursuant to the CUCPA to continue as Desjardins. Attached hereto as **Exhibit “E”** is a true copy of the Certificate of Amalgamation with respect to Desjardins dated December 20, 2019. For certainty, references to Desjardins used herein shall include references to any predecessor of Desjardins, including but not limited to Caisse Populaire Vermillion Inc.

Raymond Chabot

16. Raymond Chabot is a licensed insolvency trustee and has consented to act as Receiver.

**The Desjardins Credit Facilities and Security**

The SAHL Facilities

17. On May 7, 2020, Desjardins, as lender, and SAHL, as borrower, executed an offer of financing (the “**SAHL Original Credit Agreement**”), pursuant to which Desjardins agreed to advance the following credit facilities to SAHL:

- (a) A loan in the principal amount of \$1,350,000.00; and
- (b) A loan in the principal amount of \$4,150,000.00 (collectively, the “**SAHL Facilities**”).

The SAHL Original Credit Agreement was amended by a letter amending agreement dated as of July 2, 2021 (the “**SAHL Credit Agreement Amendment**”, together with the SAHL Original Credit Agreement, the “**SAHL Credit Agreement**”). Attached hereto as **Exhibit “F”** is a true copy of the SAHL Credit Agreement.

*The SAHL Security*

18. As security for its indebtedness and liability to Desjardins pursuant to the SAHL Credit Agreement, among other things, SAHL provided Desjardins with the following security:

- (a) A first ranking charge/mortgage in the principal amount of \$6,500,000 granted by SAHL against the Lakeview Property (the “**Lakeview Mortgage**”);
- (b) A first ranking charge/mortgage in the principal amount of \$350,000 granted by SAHL against the Riverside Property (the “**Riverside Mortgage**”);
- (c) A general security agreement in respect of all of the personal property of SAHL dated November 30, 2018 (the “**SAHL GSA**”); and
- (d) A specific security agreement in respect of a certain aircraft previously owned by SAHL dated June 22, 2021 (the “**SAHL Specific Security Agreement**”, together with the SAHL GSA, the Riverside Mortgage and the Lakeview Mortgage, the “**SAHL Security**”).



Attached hereto as **Exhibits “G”, “H”, “I” and “J”**, respectively, are true copies of the Lakeview Mortgage (including standard charge terms 201209 incorporated therein), the Riverside Mortgage (including standard charge terms 201209 incorporated therein), the SAHL GSA and the SAHL Specific Security Agreement.

19. The terms of the SAHL Security each provide Desjardins with the right to appoint a Receiver following the occurrence of an event of default (as defined therein).

20. As of February 21, 2023, SAHL remains indebted to Desjardins in the amount of CAD \$4,728,677.91 pursuant to the SAHL Credit Agreement, plus accrued and accruing interest and costs (such amount owing from time to time, the “**SAHL Indebtedness**”).

21. In addition to the SAHL Security, 113, Aviation Maintenance Inc. (“**Aviation Maintenance**”), 1929927 Ontario Inc. (“**192**”) and 5010945 Ontario Limited (“**501**”) jointly and severally guaranteed SAHL’s obligations to Desjardins pursuant to (i) a General Guarantee and Postponement of Claim from 113 limited to the amount of six million five hundred thousand dollars (\$6,500,000) dated as of June 2, 2020; (ii) a General Guarantee and Postponement of Claim from 501 and 192 limited to the amount of six million five hundred thousand dollars (\$6,500,000) dated as of June 2, 2020; and (iii) a General Guarantee and Postponement of Claim from Aviation Maintenance, 501 and 192 limited to the amount of six million five hundred thousand dollars (\$6,500,000) dated as of July 9, 2021.

22. SAHL’s performance of its obligations under one of the loans forming part of the SAHL Facilities is additionally secured by a guarantee (the “**SAHL EDC Guarantee**”) under the Export Development Canada program run by the Government of Canada (the

“**EDC Program**”) with a percentage of 75%, plus accrued and unpaid interest calculated at the Guaranteed Interest Rate (as defined in the terms of the SAHL EDC Guarantee) for a maximum of 120 days of accrued and unpaid interest.

*Registrations against the Lakeview Property and the Riverside Property*

23. Desjardins registered the Lakeview Mortgage with the Land Registry Office in Ontario. Attached as **Exhibit “K”** is a true copy of title searches obtained against the Lakeview Property with a file currency date of February 21, 2023 (the “**Lakeview Title Searches**”).

24. The Lakeview Title Searches confirm that the Lakeview Mortgage is a first registered charge/ mortgage against the Lakeview Property. There is a second registered charge/mortgage against the Lakeview Property in the amount of one million dollars (\$1,000,000) in favour of Northern Ontario Heritage Fund Corporation, and a third registered charge/mortgage against the Lakeview Property in the amount of nine-hundred thousand dollars (\$900,000) in favour of Community Development Corporation of Sault Ste. Marie & Area East Algoma Community Futures Development Corporation Nickle Basin Federal Development Corporation (the “**Development Corporation**”).

25. Desjardins registered the Riverside Mortgage with the Land Registry Office in Ontario. Attached as **Exhibit “L”** is a true copy of title searches obtained against the Riverside Property with a file currency date of February 21, 2023 (the “**Riverside Title Searches**”).

26. The Riverside Title Searches confirm that the Riverside Mortgage is a first registered charge/ mortgage against the Riverside Property. There is a second registered charge/mortgage against the Riverside Property in the amount of nine-hundred thousand dollars (\$900,000) in favour of the Development Corporation.

Registrations against SAHL under the PPSA

27. Desjardins has also registered its security interest in SAHL's personal property with the provincial registry maintained under the *Personal Property Security Act* (Ontario), R.S.O. 1990, c. P.10 (the "**PPSA**"). Attached hereto as **Exhibit "M"** is a true copy of an Ontario PPSA search against SAHL with a file currency date of November 30, 2022 (the "**SAHL PPSA Search**")

28. The SAHL PPSA Search shows that Desjardins has a first registered security interest over all of the personal property of SAHL.

The 113 Facilities

29. On May 16, 2019, Desjardins, as lender, and 113, as borrower, executed an offer of financing (the "**113 Original Credit Agreement**"), pursuant to which Desjardins agreed to advance the following credit facilities to 113:

- (a) A variable credit facility up to the amount of \$1,000,000.00; and
- (b) A loan in the principal amount of \$300,000.00 (collectively, the "**113 Facilities**").

The 113 Original Credit Agreement was amended by a letter amending agreement dated as of July 5, 2021, and a letter amending agreement dated as of August 20, 2020 (collectively, the “**113 Credit Agreement Amendments**”, together with the 113 Original Credit Agreement, the “**113 Credit Agreement**”). Attached hereto as **Exhibit “N”** is a true copy of the 113 Credit Agreement.

*The 113 Security*

30. As security for its indebtedness and liability to Desjardins pursuant to the 113 Credit Agreement, among other things, 113 provided Desjardins with the following security:

- (a) The Lakeview Mortgage;
- (b) The Riverside Mortgage; and
- (c) A general security agreement in respect of all of the personal property of 113 dated February 5, 2018 (the “**113 GSA**”, together with the Lakeview Mortgage and the Riverside Mortgage, the “**113 Security**”).

Attached hereto as **Exhibit “O”** is a true copy of the 113 GSA. True copies of the Lakeview Mortgage and the Riverside Mortgage have been previously attached as Exhibits “G” and “H”, respectively.

31. The terms of the 113 Security each provide Desjardins with the right to appoint a Receiver following the occurrence of an event of default (as defined therein).

32. As of February 21, 2023, 113 remains indebted to Desjardins in the amount of CAD \$981,800.35 pursuant to the 113 Credit Agreement, plus accrued and accruing interest and costs (such amount owing from time to time, the “**113 Indebtedness**”, together with the SAHL Indebtedness, such amounts owing from time to time, the “**Indebtedness**”).

33. In addition to the 113 Security, SAHL, Aviation Maintenance, 192, 501, Christopher Grant and James Daniel Springer jointly and severally guaranteed 113’s obligations to Desjardins pursuant to (i) a General Guarantee and Postponement of Claim from SAHL limited to the amount of one million twenty-five thousand dollars (\$1,025,000) dated as of August 28, 2020; (ii) a General Guarantee and Postponement of Claim from Aviation Maintenance, 501 and 192 limited to the amount of one million twenty-five thousand dollars (\$1,025,000) dated as of July 9, 2021; and (iii) a General Guarantee and Postponement of Claim from Christopher Grant and James Daniel Springer limited to the amount of one million twenty-five thousand dollars (\$1,025,000) dated as of July 9, 2021.

34. 113’s performance of its obligations under one of the loans forming part of the 113 Facilities is additionally secured by a guarantee (the “**113 EDC Guarantee**”) under the EDC Program, up to an amount of \$400,000.00 plus accrued and unpaid interest calculated at the Guaranteed Interest Rate (as defined in the terms of the 113 EDC Guarantee) up to a maximum of 120 days of accrued and unpaid interest.

*Registrations against 113 under the PPSA*

35. Desjardins has registered its security interest in 113’s personal property with the provincial registry maintained under the PPSA. Attached hereto as **Exhibit “P”** is a true

copy of an Ontario PPSA search against 113 with a file currency date of November 30, 2022 (the “**113 PPSA Search**”).

36. The 113 PPSA Search shows that Desjardins has a first registered security interest over all of the personal property of 113.

### **Financial Difficulties of Springer**

37. In or about the spring of 2022, Springer’s financial position deteriorated resulting in it defaulting under both the 113 Credit Agreement and SAHL Credit Agreement. These defaults include, but are not limited to:

- (a) Springer failed to pay outstanding property taxes related to the Lakeview Property;
- (b) 113 failed to maintain a ratio of total debt to tangible net worth equal to or less than 3.00:1 as required under the 113 Credit Agreement;
- (c) SAHL failed to maintain a working capital ratio equal to or greater than 1.25:1 as required under the SAHL Credit Agreement;
- (d) SAHL failed to maintain a fixed-charge coverage ratio equal to or greater than 1.10:1 as required under the SAHL Credit Agreement;
- (e) SAHL failed to maintain a ratio of total debt to tangible net worth equal to or less than 3.00:1 as required under the SAHL Credit Agreement; and

- (f) each of 113 and SAHL were in default under the 113 Credit Agreement and SAHL Credit Agreement, respectively, triggering the cross default clause contained in each of the credit agreements.

(collectively, the “**Events of Default**”).

38. As a result of the Events of Default, on June 30, 2022, Desjardins issued demand letters to each of 113 (the “**113 Demand Letter**”) and SAHL (the “**SAHL Demand Letter**”, together with the 113 Demand Letter, the “**Demand Letters**”) demanding the repayment of the 113 Indebtedness and the SAHL Indebtedness, respectively. Each of the Demand Letters enclosed a notice of intention to enforce Desjardins' security pursuant to section 244 of the BIA on each of 113 (the “**113 NITES**”) and SAHL (the “**SAHL NITES**”, together with the 113 NITES, the “**NITES**”). Attached as **Exhibit “Q”** is a true copy of the 113 Demand Letter enclosing the 113 NITES. Attached as **Exhibit “R”** is a true copy of the SAHL Demand Letter enclosing the SAHL NITES.

#### **Forbearance Agreement and Further Defaults**

39. I understand that effective Monday July 11, 2022, Springer entered into a deal where JC Barrette offered to acquire 50% of the shares of SAHL. Mr. Barrette was to be a partner and act as controller at Springer. During the period from July 11, 2022 to July 25, 2022, he was actively involved in the negotiation of a forbearance agreement with Desjardins. However, after two weeks Mr. Barrette left Springer without explanation. Attached at **Exhibit “S”** is an email that Mr. Barrette sent to me on July 6, 2022, describing his offer to acquire the shares and his role at Springer.

40. On July 21, 2022, 113 and SAHL, each as borrower, 113, Aviation Maintenance, 501 and 192, each as guarantor, and Desjardins, as lender, entered into a forbearance agreement (the “**Forbearance Agreement**”), pursuant to which Desjardins agreed to forbear from exercising its rights and remedies under the SAHL Credit Agreement, the SAHL Security, the 113 Credit Agreement and the 113 Security until the earlier of (a) January 31, 2023; and (b) the occurrence of a Default or Event of Default (each as defined in the Forbearance Agreement) under the terms of the Forbearance Agreement. Attached as **Exhibit “T”** is a true copy of the Forbearance Agreement.

41. Springer was unable to comply with the terms of the Forbearance Agreement, and the following Events of Default occurred and are continuing under the terms of the Forbearance Agreement:

- (a) SAHL failed to pay Desjardins the amount of USD \$100,000.00 prior to September 30, 2022, to be applied in permanent reduction of the SAHL Facilities;
- (b) SAHL failed to maintain the financial ratios required under the terms of the Forbearance Agreement;
- (c) Springer failed to provide the required information to permit Raymond Chabot to engage in bi-weekly monitoring of its 13-week cash flow; and
- (d) Springer failed to provide the documents required under the terms of the Forbearance Agreement to Desjardins on a monthly basis.

(the “**Additional Defaults**”)



42. Springer has not cured the Events of Default or the Additional Defaults or repaid the Indebtedness. Accordingly, as of September 30, 2022 at the latest, the forbearance period lapsed, the Indebtedness was due and payable in full and Desjardins was entitled to enforce on the SAHL Security and 113 Security.

43. On October 7, 2022, Desjardins, through its counsel, sent a notice of default to Springer providing notice of the Additional Defaults and that Desjardins is in a position to enforce its debt and security against Springer immediately and reserves its rights to do so (the “**Notice of Default**”). Attached as **Exhibit “U”** is a true copy of the Notice of Default.

44. Following the Notice of Default, Desjardins engaged in further discussions with Springer and its financial advisor at the time, MNP Ltd., with respect to potential out-of-court forbearance or restructuring options. Throughout these discussions, Desjardins expressly stated that it was not forbearing or waiving any of its rights and that it reserved its rights to enforce its security.

## **The CCAA Proceedings**

### *Desjardins Position throughout the CCAA Proceedings*

45. As described above, on November 23, 2022, Springer sought and obtained protection under the CCAA pursuant to the Initial Order, as amended and restated by the Amended and Restated Initial Order, granted December 22, 2022.

46. Desjardins has not opposed Springer’s CCAA Proceedings to date, however, it has consistently expressed to the Court its concerns regarding the significant

deterioration of its position and loss of confidence in the management of Springer. These concerns were acknowledged in the endorsement of Penny, J. issued following the hearing of Springer's application for the Initial Order dated November 24, 2022, cited as 2022 ONSC 6581, at paragraph 5:

[5] [...] Although Desjardins did not oppose the initial order, it did not agree to it either. Desjardins has made its concerns known, coalescing essentially around two major issues: i) the extent of loss of its priority due to its first charge being "primed" by proposed charges under the CCAA; and (ii) the delay in realizing on its loan (and attendant increased risk of deterioration of its security position) if the attempt at restructuring is not formulated and executed promptly and successfully.

The endorsement of Penny, J. dated November 24, 2022 is attached as **Exhibit "V"**.

*Springer's continued financial deterioration throughout the CCAA Proceedings*

47. Throughout the course of the CCAA Proceedings, Springer's financial position has continued to deteriorate, and actual receipts have consistently been less than the Monitor's budgeted projections.

48. At the outset of the CCAA Proceedings, the cash-flow projection prepared by the Monitor for the period ending April 1, 2023 and attached as Appendix "C" to the Monitor's First Report to the Court dated December 1, 2022 (the "**Initial Cash Flow**") projected the Springer's indebtedness would increase, causing it to draw down \$1.1 million from the DIP Facility by December 24, 2022, but requiring no further DIP Financing. Attached at **Exhibit "W"** is the Initial Cash Flow.

49. From the outset of the proceedings, Springer has been unable to collect the receipts suggested by the Initial Cash Flow. For example, in its Second Report to the Court date December 19, 2022, the Monitor produced a table (reproduced in part, below) showing that Springer had experienced a negative variance of \$106,000 with respect to receipts over a two-week period.

Currency: \$000' CAD	Two-Week Period Ended Dec 10, 2022		
	Actual	Budget	Variance
<b>Receipts</b>			
Accounts receivable (beginning)	-	6	(6)
Routine work	359	376	(17)
Non-routine work	158	123	35
Customer Parts Marked Up	2	120	(118)
Injection of funds by shareholders	1	1	-
<b>Total receipts</b>	<b>520</b>	<b>626</b>	<b>(106)</b>

50. Since then, Springer has continued to be unable to meet the projected receipts and the most recent updated cash-flow projection for the 13-week period ending 13 May, 2023 (the “**Current Cash Flow Forecast**”) indicate that Springer requires a further \$200,000 advance from the DIP Facility in order to continue operating until the week of April 15, 2023. Thereafter, the DIP Facility balloons to \$1.53 million. Even on its most favourable projection, the upside for the \$200,000 increase is a reduction of the DIP Facility to \$815,000 – i.e., a potential \$285,000 benefit. Attached as **Exhibit “X”** is a true copy of the Current Cash Flow Forecast.

51. Furthermore, Desjardins has been informed that, due to the DIP Facility being fully drawn, professional fees secured by the Administration Charge are accruing. The Current Cash Flow Forecast indicates professional fees over the 13-week period are anticipated to be \$431,000. There are limited payments in respect of professional fees over the first five weeks in the amount of \$65,000, followed by \$286,000 being paid over the four weeks

starting March 19, 2023. If these fees are not accrued entirely in the last latter four weeks (and assuming there is any remaining room under the Administration Charge), this effectively results in the further deterioration of Desjardins' financial position above the \$200,000 DIP Facility bulge.

52. To put Springer's financial deterioration in terms of the prejudice to Desjardins, Springer's credit facilities include a line of credit for 113 (the "**LOC**") with credit availability determined by a borrowing base. The outstanding principal amount advanced by Desjardins to 113 under the LOC is \$929,026.00. Springer's theoretical borrowing base as of February 15, 2023 has deteriorated to \$595,642.00, a delta of \$333,384.00. This deterioration of Desjardins position is compounded by the approximately \$1.35 million of debt accrued on the priority DIP Lender's Charge and Administration Charge. Attached as **Exhibit "Y"** is a true copy of the borrowing base calculation prepared by Raymond Chabot in respect of Springer and dated February 15, 2023.

53. In essence, prior to the CCAA Proceedings Springer had operated, and defaulted, on an LOC of approximately \$1 million. Through the four-months of the CCAA Proceedings, Springer has borrowed and spent \$1.1 million more at an interest rate of 12.95%. Despite this capital injection (and the benefit of a stay of proceedings on pre-filing debt) Springer now needs to borrow another \$200,000 in order to operate at a net \$815,000 loss by April 15, 2023, at which point it must cease operations or its financial situation will further deteriorate.

Failed operational restructuring and termination of the CRO

54. At the outset of the CCAA Proceedings, Christopher Grant stated in his affidavit sworn November 22, 2022 in support of Springer's application for the Initial Order at paragraph 109:

It has become evident to me in recent months that Springer does not have the right operational key performance indicators and supervisory tools to gauge the company's overall financial performance or compare Springer's performance with other businesses within the same sector. I have engaged with MNP LLP's performance improvement team to develop the appropriate tools to monitor performance of the business going forward. I believe the implementation of an appropriate performance management system will bring substantial productivity and profitability improvements

55. I am unaware of any improvements being made as a result of the MNP Performance Team. There appears to have been no performance management system or other operational restructuring of Springer over the course of the CCAA Proceedings.

56. As indicated above, on November 30, 2022 Springer engaged Cedar Croft to act as CRO. Despite assertions from Springer that the CRO's restructuring experience and expertise would be beneficial to Springer and their stakeholders and likely maximize value throughout the duration of the CCAA Proceedings, Springer terminated its engagement with the CRO effective January 30, 2023. The termination occurred without consultation with Desjardins.

## Implementation and Failure of the SISP Process

57. On December 22, 2022, the Court issued the SISP Order, approving the SISP in the form requested by Springer.

58. The SISP provides for the following deadlines:

<b><i>Milestone</i></b>	<b><i>Deadline</i></b>
Finalization of SISP Marketing Materials	January 10, 2023
Phase I Bid Deadline	February 3, 2023
Phase II Bid Deadline	March 7, 2023
Selection of Successful Bid	March 13, 2023
Court Approval of Successful Bid	Week of March 27, 2023
Closing of Successful Bid (the "Closing Date Deadline")	As soon as possible and no later than April 3, 2023

59. The SISP deadlines are exactly as initially proposed by Springer. Desjardins did not object to these dates. However, Desjardins took the position with Springer and the Monitor that the deadlines were to be strictly enforced and that any deviation would require Springer to seek an order amending the SISP. In addition, in correspondence with counsel to Springer and the Monitor, Desjardins' counsel clearly expressed its position:

There needs to be certainty and finality to this process. If all bids are rejected (or no bids are received) then the SISP and CCAA have failed and Desjardins should be entitled to appoint a Receiver. I have not drafted specific language to this effect in the SISP because I think some discussion of the terms would be appropriate. But Desjardins' position has been consistent that if this process fails, that is it.

60. Springer's counsel responded stating:

Re: rejection of bids- If there are no bids or we reject bids and we return to court, you can bring an application to appoint a receiver.

Attached as **Exhibit "Z"** as an email chain with correspondence between Desjardin's counsel Haddon Murray and Springer's counsel Caitlin Fell dated December 15, 2022.

61. Desjardins articulated this view to Justice Penny on the motion to approve the SISP Order.

62. On February 1, 2023 the Monitor informed Desjardins that Springer, with the Monitor's consent, extended the Phase I Bid Deadline under the SISP from February 3, 2023 to February 13, 2023 to allow Potential Bidders (as defined in the SISP) time to review the contents of the virtual data room and finalize any potential non-binding letters of intent ("**LOIs**").

63. On February 15, 2023, the Monitor sent Desjardins copies of two LOIs that had been received in connection with the Phase I Bid Deadline. Neither LOI is compliant with the terms of the SISP. Having reviewed each of the LOIs, Desjardins has serious concerns with respect to the likelihood of either LOI resulting in a transaction that closes.

#### **Appointment of Raymond Chabot as Receiver and Manager is Just and Convenient**

64. As of February 21, 2023, the aggregate outstanding Indebtedness owed by 113 and SAHL to Desjardins is \$5,710,478.26. Attached as **Exhibit "AA"** is a copy of a statement of Indebtedness dated February 21, 2023.

65. In the circumstances, Desjardins opposes any further extension of the Stay Period in the CCAA Proceedings and any further increase to the maximum available borrowings under the DIP Facility and seeks the CCAA Termination Order and the Appointment Order.

66. Pursuant to the terms of the SAHL Security and the SAHL Security, Springer granted Desjardins the right to seek the appointment of a receiver upon the occurrence of an Event of Default.

67. As noted herein:

- (a) numerous events of default under each of the SAHL Credit Agreement, the 113 Credit Agreement and the Forbearance Agreement have occurred which Springer has not cured;
- (b) the statutory notice period provided for under the BIA and outlined in the 113 NITES and SAHL NITES has expired;
- (c) no material payments in respect of the Indebtedness have been made to Desjardins;
- (d) Desjardins has not opposed Springer's proposed course of action throughout the CCAA Proceedings to date and has provided Springer with the breathing room necessary to attempt a restructuring of its business and operations, which, since the commencement of the CCAA Proceedings have failed;



- (e) Desjardins' position *vis-à-vis* its security over Springer has significantly deteriorated since the commencement of the CCAA Proceedings and continues to deteriorate to date; and
- (f) in contrast to the cash flow projections presented at the outset of the CCAA Proceedings, Springer has exhausted the maximum available borrowings currently available under the DIP Facility. Interest on the DIP Facility continues to accrue at a rate of 12.95%. Any increase to the DIP Facility at this time would directly impact Desjardins' position.

68. Desjardins has no confidence in the management of Springer as a result of the nature of the continuing Events of Default and in light of the termination of the CRO. In particular, Desjardins does not believe management is capable of executing any process to see Desjardins repaid the amounts owing to it under each of the SAHL Credit Agreement and 113 Credit Agreement on any reasonable time frame or at all.

69. I understand that Raymond Chabot has been in discussions with the Monitor regarding the quantum of Springer's current accounts receivable ("**AR**"). The Monitor has indicated that Springer currently has \$283,188.75 of 'good' AR relating that is likely collectable. It is not clear why the Receiver, if so appointed, would not be in a position to collect on such AR. Attached as **Confidential Exhibit "A"** is a true copy of the AR schedule prepared by the Monitor as of February 17, 2023.

70. The immediate appointment of a receiver and manager is preferable to the current CCAA Proceedings as it will reduce costs associated with the CCAA Proceedings,

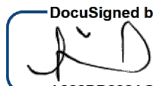
minimize prejudice to Springer's primary secured creditor, Desjardins, while providing a viable process for maximizing the realization of Springer's assets.

71. If this Honourable Court sees fit to make such an appointment, Raymond Chabot has consented to act as a Court-appointed receiver and manager. Raymond Chabot is a licensed insolvency trustee and has significant experience in mandates of this nature. Attached as **Exhibit "BB"** is a copy of Raymond Chabot's consent to act as Receiver.

72. If this Honourable Court sees fit to grant the Appointment Order, Desjardins is prepared to fund the costs of the receivership.

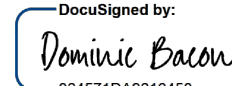
73. This affidavit is sworn in support of Desjardins' motion for the CCAA Termination Order and application for the Appointment Order and for no other or improper purpose.

**SWORN BEFORE ME VIA VIDEOCONFERENCE**, the affiant being located in the City of Montreal, and the Commissioner being located in the City of Toronto in the Province of Ontario on February 21, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:  
  
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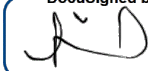
\_\_\_\_\_  
Commissioner for Taking Affidavits  
(or as may be)

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.

DocuSigned by:  
  
064571DA9616450...

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**Dominic Bacon**

THIS IS **EXHIBIT "A"** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21<sup>st</sup> DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD802AC840E...

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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	FRIDAY, THE 2 <sup>nd</sup>
	)	
MR. JUSTICE PENNY	)	DAY OF DECEMBER, 2022

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS  
LIMITED AND 1138969 ONTARIO INC. (together,  
the "**Applicants**")

**AMENDED AND RESTATED INITIAL ORDER**

THIS APPLICATION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Christopher Grant sworn November 22, 2022 and the Exhibits thereto, the Confidential Affidavit of Christopher Grant sworn November 22, 2022 and the Confidential Exhibits thereto (both sealed in accordance with paragraph 47 of this order), the Affidavits of Christopher Grant sworn November 30, and December 1, 2022 and the Exhibits thereto, the Pre-Filing Report of MNP Ltd. as the Monitor appointed pursuant to the CCAA (in such capacity, the "**Monitor**") dated November 22, 2022, and the First Report of the Monitor dated December 1, 2022, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for Hillmount Capital Inc., and counsel for Caisse Desjardins Ontario Credit Union Inc. ("**Desjardins**"), no one appearing for any other person although duly served as appears from the Affidavits of Service of Joël Turgeon

and Levi Rivers, respectively, filed, and on reading the consent of MNP Ltd. to act as the Monitor,

## **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

## **APPLICATION**

2. THIS COURT ORDERS AND DECLARES that the Applicants are companies to which the CCAA applies.

## **PLAN OF ARRANGEMENT**

3. THIS COURT ORDERS that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

## **POSSESSION OF PROPERTY AND OPERATIONS**

4. THIS COURT ORDERS that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, contractors, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Affidavit of Christopher Grant sworn November 22, 2022 or replace it with another substantially similar central cash

management system (the “**Cash Management System**”) and that any present or future bank or credit union providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. THIS COURT ORDERS that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- a. all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- b. the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges; and
- c. with the consent of the Monitor, amounts owing for goods or services actually supplied to the Applicants prior to the date of this Order, if in the opinion of the Applicants, such payment is necessary or desirable to avoid disruption to the operations of the Business during these proceedings.

7. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- a. all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account

of insurance (including directors and officers insurance), maintenance and security services; and

- b. payment for goods or services actually supplied to the Applicants following the date of this Order.

8. THIS COURT ORDERS that the Applicants shall remit, in accordance with legal requirements, or pay:

- a. any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- b. all goods and services or other applicable sales taxes and all federal excise taxes and duties (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- c. any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice monthly in equal payments on the

first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. THIS COURT ORDERS that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

## **RESTRUCTURING**

11. THIS COURT ORDERS that the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- a. terminate the employment of such of its employees, or temporarily lay off such of its employees, as it deems appropriate; and
- b. pursue all avenues of refinancing, restructuring, sale and reorganization of the Business or Property, in whole or part, subject to obtaining prior approval of this Court before effecting any material refinancing, restructuring, sale or reorganization,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

12. THIS COURT ORDERS that the Applicants shall provide each of the relevant landlords with notice of the Applicants’ intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court



upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

13. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY**

14. THIS COURT ORDERS that until and including March 31, 2023 at 11:59 pm, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

15. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this

Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH RIGHTS**

16. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

#### **CONTINUATION OF SERVICES**

17. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with any of the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all insurance, computer software, communication and other data services, centralized banking services, security services, payroll services, insurance, transportation services, utility or other services to the Business or any of the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by any of the Applicants, and that each of the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

#### **NON-DEROGATION OF RIGHTS**

18. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or

re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

19. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

20. THIS COURT ORDERS that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. THIS COURT ORDERS that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$165,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 40 and 43 herein.

22. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

## **APPOINTMENT OF MONITOR**

23. THIS COURT ORDERS that MNP Ltd. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- a. monitor the Applicants' receipts and disbursements;
- b. report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- c. assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender (term defined below) and its counsel on a timely basis of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- d. advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, as agreed to by the DIP Lender;
- e. advise the Applicants in their development of the Plan and any amendments to the Plan;

- f. assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- g. have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- h. be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- i. perform such other duties as are required by this Order or by this Court from time to time.

25. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

26. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of

any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

27. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

28. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

29. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, whether incurred prior to, on or after the date of this Order, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a monthly basis.

30. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

#### **APPOINTMENT OF CHIEF RESTRUCTURING OFFICER**

31. THIS COURT ORDERS that:

- a. the agreement dated November 30, 2022, pursuant to which the Applicants have engaged Cedar Croft Consulting to provide the services of Patrick Walsh to act as

the chief restructuring officer of the Applicants (collectively referred to, in such capacities, as the “CRO”), a copy of which is attached as Exhibit “A” to the affidavit of Christopher Grant sworn December 1, 2022 (the “CRO Engagement Letter”), and the appointment of the CRO pursuant to the terms of the CRO Engagement Letter, are hereby approved, including, without limitation, the payment of the fees and expenses contemplated in the CRO Engagement Letter;

- b. the Applicants are hereby authorized and directed to pay the fees and expenses of the CRO pursuant to the CRO Engagement Letter;
- c. the CRO shall not be, nor be deemed to be, a director or employee of the Applicants;
- d. the CRO shall not, as a result of the performance of the obligations and services in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation;
- e. the CRO shall have no liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of this Order except to the extent that such losses, claims, damages or liabilities result from gross negligence or wilful misconduct on the part of the CRO;
- f. during the Stay Period, no Proceeding shall be commenced or continued against or in respect of the CRO, except with the written consent of the CRO or with leave of this Court;
- g. during the Stay Period, all rights and remedies of any Person against or in respect of the CRO are hereby stayed and suspended, except with the written consent of the CRO or leave of this Court, provided that nothing in this Order shall empower the CRO to carry on any business which the CRO is not lawfully entitled to carry on; and
- h. the obligations of the Applicants to the CRO pursuant to the CRO Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or

proposal filed under the *Bankruptcy and Insolvency Act* of Canada (the “**BIA**”) in respect of the Applicants.

### **ADMINISTRATION CHARGES**

32. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, the Applicants’ counsel, and the CRO shall be entitled to the benefit of, and are hereby granted, a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$250,000, as security for, in the case of the Monitor and such counsel, their professional fees and disbursements incurred at the standard rates and charges both before and after the making of this Order in respect of these proceedings, and, in the case of the CRO, the monthly fees and expenses contemplated in the CRO Engagement Letter, but not the success fee contemplated in the CRO Engagement Letter. The Administration Charge shall have the priority set out in paragraphs 40 and 42 hereof.

33. THIS COURT ORDERS that the CRO shall be entitled to the benefit of, and is hereby granted, a charge (the “**Administration Charge II**”) to secure any success fees owing to it, up to a maximum of \$75,000. The Administration Charge II shall have the priority set out in paragraphs 40 and 42 hereof, and shall rank behind any Encumbrance in favour of Desjardins.

### **DIP FINANCING**

34. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from Hillmount Capital Inc. (the “**DIP Lender**”) in order to finance the Applicants’ working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$1,100,000 unless permitted by further Order of this Court.

35. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicants and the DIP Lender dated as of November 22, 2022 (the “**Commitment Letter**”), filed.

36. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive**



**Documents**”), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

37. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, including without limitation, the real property described in Schedule “A” hereto (the “**Real Property**”), which DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 40 and 42 hereof.

38. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- a. the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents;
- b. upon the occurrence of an event of default under the Definitive Documents or the DIP Lender’s Charge, the DIP Lender, upon 10 days’ notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender’s Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender’s Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

- c. the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

39. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the BIA, with respect to any advances made under the Definitive Documents.

### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

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

First – Administration Charge (to the maximum amount of \$250,000);

Second – DIP Lender's Charge (to the maximum amount of \$1,100,000);

Third – Administration Charge II (to the maximum amount of \$75,000); and

Fourth – Directors' Charge (to the maximum amount of \$165,000).

41. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge, the Administration Charge II or the DIP Lender's Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

42. THIS COURT ORDERS that each of the Administration Charge and the DIP Lender's Charge (as constituted and defined herein) shall constitute a charge on the Property and that the Administration Charge and the DIP Lender's Charge shall rank in priority to all other security interests, trusts (including deemed and constructive trusts), liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any Person.

43. THIS COURT ORDERS that the Administration Charge II and the Directors' Charge shall constitute charges on the Property, and such Administration Charge II shall rank in priority to the Directors' Charge, and both charges shall rank in priority to all other Encumbrances in favour of any Person, save and except any Encumbrance in favour of Desjardins and any Encumbrance ranking in priority to any such Desjardins Encumbrance, including, for avoidance of doubt, the Administration Charge and the DIP Lender's Charge.

44. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge, the Administration Charge II or the DIP Lender's Charge, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender, the beneficiaries of the Directors' Charge, the Administration Charge, the Administration Charge II and Desjardins, or further Order of this Court.

45. THIS COURT ORDERS that the Directors' Charge, the Administration Charge, the Administration Charge II, the CRO Engagement Letter, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- a. neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter, the CRO Engagement

Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;

- b. none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the Commitment Letter or the CRO Engagement Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- c. the payments made by the Applicants pursuant to this Order, the Commitment Letter, the CRO Engagement Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

46. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

#### **SEALING**

47. THIS COURT ORDERS that the Confidential Affidavit of Christopher Grant sworn November 22, 2022, and the Exhibits "A", "B" and "C" thereto, be and hereby are sealed pending the earlier of a court order approving a plan of compromise of arrangement with respect to the Applicants under the CCAA, or further court order.

#### **SERVICE AND NOTICE**

48. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in the National Post a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

49. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: [<https://mnpdebt.ca/en/corporate/corporate-engagements/springeraerospace>] (the “**Monitor’s Website**”).

50. THIS COURT ORDERS that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in these proceedings (the “**Service List**”). The Monitor shall post the Service List, as may be updated from time to time, on the Monitor’s Website, provided that the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

51. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants’ creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

52. THIS COURT ORDERS that the Applicants, the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and Orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants’ creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in

satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

## **GENERAL**

53. THIS COURT ORDERS that upon the registration in the Land Titles Division of the Real Property of the DIP Lender's Charge in the form prescribed in the Land Titles Act or the Registration Reform Act, or both, as applicable, the Land Registrar is hereby directed to register the DIP Lender's Charge on title of the Real Property.

54. THIS COURT ORDERS that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

55. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

56. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

57. THIS COURT ORDERS that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

58. THIS COURT ORDERS that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) calendar days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

59. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without any need for entry and filing.



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**Schedule "A"**  
**Real Property: Legal Description**

	<b>PIN</b>	<b>Legal Description</b>
<b>1.</b>	31470-0098 (LT)	LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466; LAIRD; SUBJECT TO AN EASEMENT OVER LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466 IN FAVOUR OF OF LT 17 RCP H759 AS IN AL195932
<b>2.</b>	31470-0096 (LT)	LT 15 RCP H759; LAIRD
<b>3.</b>	31470-0099 (LT)	LT 17 RCP H759; LAIRD; TOGETHER WITH AN EASEMENT OVER BLK 12 PL 1M498,EXCEPT PT 1 1R7890 AS IN AL195932; TOGETHER WITH AN EASEMENT OVER LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466 AS IN AL195932



**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
Proceedings commenced at Toronto

***COMPANIES' CREDITORS ARRANGEMENT ACT***  
**AMENDED AND RESTATED INITIAL ORDER**

**RECONSTRUCT LLP**  
Royal Bank Plaza, South Tower  
200 Bay Street, Suite 2305, P.O. Box 120  
Toronto, ON M5J 2J3

**Sharon Kour** (LSO #58328D)  
Tel: 416.613.8283  
Email: [skour@reconllp.com](mailto:skour@reconllp.com)

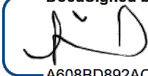
**Caitlin Fell** (LSO #60091H)  
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**Joël Turgeon** (LSO #80984R)  
Tel: 416.613.8181  
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Fax: 416.613.8290

**Lawyers for the Applicants**

THIS IS **EXHIBIT “B”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840E

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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) WEDNESDAY, THE 22<sup>nd</sup>  
 )  
MR. JUSTICE PENNY ) DAY OF DECEMBER, 2022

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS  
LIMITED AND 1138969 ONTARIO INC. (together,  
the "**Applicants**")

**SALE PROCESS ORDER**

**THIS MOTION**, made by the Applicants, for an Order approving a sale and investment solicitation process was heard this day via videoconference at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Patrick Walsh sworn December 18, 2022 and the Exhibits thereto, and the Second Report of MNP Ltd. as the Monitor appointed pursuant to the *Companies' Creditors Arrangement Act* (in such capacity, the "**Monitor**") dated December 19, 2022, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for Hillmount Capital Inc., and counsel for Caisse Desjardins Ontario Credit Union Inc., no one appearing for any other person although duly served as appears from the Affidavits of Service sworn December 20, 2022, filed:

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

## **APPROVAL OF THE SALE AND INVESTMENT SOLICITATION PROCESS**

2. **THIS COURT ORDERS** that the Applicants are authorized to immediately commence the Sale and Investment Solicitation Process attached hereto as **Schedule “A”** (the “**SISP**”) for the purpose of soliciting interest in and opportunities for a sale, restructuring or recapitalization of the assets and business operations of the Applicants.

3. **THIS COURT ORDERS** that the SISP (subject to any amendments thereto that may be made in accordance therewith and with this Order) is hereby approved and the Applicants, the Monitor and the Chief Restructuring Officer (the “**CRO**”), and their respective affiliates, partners, employees, advisors and agents (collectively, “**Assistants**”) are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and this Order.

4. **THIS COURT ORDERS** that each of the Monitor, the CRO, the Applicants, and their respective Assistants shall have no liability with respect to any and all losses, claims, damages or liability, of any nature or kind, to any person in connection with or as a result of performing their duties under the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Monitor, the CRO or the Applicants, as applicable, as determined by this Court.

5. **THIS COURT ORDERS** that the Monitor or the Applicants may apply to this Court for directions with respect to the SISP at any time during the term thereof.

6. **THIS COURT ORDERS** that, pursuant to section 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS), the Monitor and the Applicants are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors and to their advisors, but only to the extent required to provide information with respect to the SISP in these proceedings.

## **PROTECTION OF PERSONAL INFORMATION**

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Monitor and the Applicants are authorized and permitted to disclose personal information of identifiable individuals (“**Personal**

**Information**”) to prospective bidders or offerors and to their advisors, including human resources and payroll information, records pertaining to the Applicants’ past and current employees, and information on specific customers, but only to the extent desired or required to negotiate or attempt to complete a transaction under the SISP. Each prospective bidder or offeror to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information with security safeguards appropriate to the sensitivity of the Personal Information and as may otherwise be required by applicable federal or provincial legislation. Each prospective bidder or offeror to whom any Personal Information is disclosed shall also limit the use of such Personal Information to its participation in the SISP.

### **APPROVAL OF MONITOR’S REPORTS**

8. **THIS COURT ORDERS** that the Pre-Filing Report of the then-Proposed Monitor dated November 22, 2022 and the First Report of the Monitor dated December 1, 2022, and the actions, conduct and activities of the Monitor as set out therein, be and are hereby approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

### **GENERAL**

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without any need for entry and filing.

A handwritten signature in blue ink, appearing to read "Peng J.", is written over a solid horizontal line. The signature is stylized and cursive.

**Schedule "A"**

## SALE AND INVESTMENT SOLICITATION PROCESS

### For the sale of the business and/or assets of Springer Aerospace Holdings Limited and 1138969 Ontario Inc. (together, the “Company”)

#### Introduction

1. On November 23, 2022, the Company obtained an initial order under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), which was amended and restated pursuant to an Amended and Restated Initial Order on December 2, 2022 (the “**Initial Order**”). The Initial Order, among other things, appointed MNP Ltd. as monitor of the Company (the “**Monitor**”) and approved the engagement of Cedar Croft Consulting Inc. as chief restructuring officer to the Company (the “**CRO**”).
2. In accordance with the Initial Order, the Company was authorized to pursue all avenues of refinancing, restructuring, sale and reorganization of its business or property, in whole or in part, subject to prior approval of the Court. In this regard, the Company is commencing this Sale and Investment Solicitation Process (the “**SISP**”). This document outlines the SISP (“**SISP Outline**”).

#### Opportunity

3. The SISP is intended to solicit interest in and opportunities for a restructuring, recapitalization, sale, or refinancing of the Company’s assets and business operations (the “**Opportunity**”). The Opportunity may include one or more of a restructuring, recapitalization, sale or other form of reorganization of the Company’s assets (the “**Assets**”) and business operations (the “**Business**”) including the Company’s facilities located at the addresses municipally described as 377 Lakeview Road, 201 Riverside Drive, and 421 Lakeview Road, Echo Bay, Ontario.
4. Any transaction executed pursuant to this SISP will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature or description by the Monitor, the Company, the CRO, or any of their respective directors, officers, agents, advisors, or other representatives unless otherwise agreed in a definitive agreement.
5. All of the Company’s rights, title, and interest in and to any of their Business/Assets pursuant to any transaction(s) contemplated herein will be implemented free and clear of all liens, security interests, mortgages, charges, and other encumbrances, except those expressly assumed by the purchaser, pursuant to a Court order approving such transaction.

#### Timeline

6. The following table sets out the key milestones and deadlines under the SISP, which milestones and deadlines may be extended or amended by the Company, with the prior written approval of the Monitor, by up to a maximum of two weeks without Court approval:



<u>Milestone</u>	<u>Deadline</u>
Finalization of SISP Marketing Materials	<b>January 10, 2023</b>
Phase I Bid Deadline	<b>February 3, 2023</b>
Phase II Bid Deadline	<b>March 7, 2023</b>
Selection of Successful Bid	<b>March 13, 2023</b>
Court Approval of Successful Bid	<b>Week of March 27, 2023</b>
Closing of Successful Bid (the “ <b>Closing Date Deadline</b> ”)	<b>As soon as possible and no later than April 3, 2023</b>

Any extensions or amendments shall be communicated to all bidders in writing and posted on the Monitor’s Website at: <<https://mnpdebt.ca/en/corporate/corporate-engagements/springeraerospace>>.

#### **SOLICITATION OF INTEREST: NOTICE OF SISP**

7. By or no later than **January 10, 2023**, the Company, in consultation with the Monitor, shall:
  - (a) prepare a list of potential bidders who may be interested in purchasing all or part of the Business and Assets or investing in the Company pursuant to the SISP (“**Known Interested Parties**”);
  - (b) cause a notice of the SISP (and such other relevant information that the Company, in consultation with the Monitor, considers appropriate) (the “**Notice**”) to be published in any industry journal that the Company considers appropriate if it believes that such advertisement would be useful in the circumstances;
  - (c) issue a press release setting out the information contained in the Notice and such other relevant information that the Company considers appropriate with Canada Newswire designating dissemination in Canada and major financial centres in the United States;
  - (d) prepare an initial summary (“**Teaser Letter**”) describing the Opportunity and inviting recipients to express their interest pursuant to the SISP; and
  - (e) prepare a form of non-disclosure agreement (“**NDA**”).
  
8. The Monitor will send the Teaser Letter and the form of NDA to all applicable Known Interested Parties by no later than **January 11, 2023** and to any other party who requests a copy of the Teaser Letter and NDA (“**Additional Interested Parties**”), or who is later identified by the Company or the Monitor as a Known Interested Party, as soon as reasonably practicable after such request or identification, as applicable.

9. The Monitor will have responsibility for managing all communication with Known Interested Parties or Additional Interested Parties. This shall include facilitating the delivery of all communications, providing the Teaser Letter, coordinating the execution of NDAs, and managing the process of answering enquiries.

## **PHASE I: NON-BINDING LETTERS OF INTENT**

### **Potential Bidders and Due Diligence Materials**

10. During Phase I of the SISP, the Company, in consultation with the Monitor, will solicit non-binding letters of intent from Known Interested Parties and Additional Interested Parties to acquire all or part of the Business or Assets of the Company or to invest or refinance the Company pursuant to the SISP.
11. Any Known Interested Parties or Additional Interested Parties who wish to participate in the SISP must provide to the Monitor:
  - (a) an NDA executed by it;
  - (b) a letter setting forth the identity of the party, the contact information for such party, full disclosure of the direct and indirect principals of the party, and an acknowledgement of the SISP terms provided for in this SISP Outline; and
  - (c) in consultation with the Company, such form of financial disclosure that allows the Monitor to make a reasonable determination as to the party's financial and other capabilities to complete a transaction.
12. If an Interested Party has: (i) delivered an executed NDA and letter referred to in paragraphs 11(a) and 11(b) above; and (ii) provided the Monitor with satisfactory evidence of its capability, based on the availability of financing, its experience, and other considerations, to be able to complete a transaction pursuant to the SISP, then such party will be determined by the Monitor to be a "**Potential Bidder**".
13. The Monitor will provide each Potential Bidder with a copy of a confidential information memorandum (the "**CIM**") and access to a virtual data room (the "**VDR**") to provide additional information considered relevant to the Opportunity.
14. The Monitor shall afford each Potential Bidder access to applicable due diligence materials and information pertaining to the Business and Assets of the Company as the Company, in consultation with the Monitor, deems appropriate in its reasonable business judgment. The Monitor will designate one or more representatives to coordinate all reasonable requests for additional information and due diligence access from each Potential Bidder and the manner in which such requests must be communicated.
15. The Monitor or the Company shall not be obligated to provide any information relating to the Business or the Assets to any person other than to Potential Bidders. For greater certainty, selected due diligence materials may be withheld from certain Potential Bidders during Phase I of the SISP, if the Company (with the consent of the Monitor) determines such information to represent proprietary or sensitive competitive information related to

the Business and/or the Assets of the Company that should not be provided to a Potential Bidder.

16. Potential Bidders must rely solely on their own independent review, investigation, and/or inspection of all information and of the Business and/or Assets in connection with their participation in the SISP and any transaction they enter into with the Company. The Company, the Monitor, the CRO, and their respective directors, officers, agents and advisors make no representation or warranty whatsoever as to the information (including, without limitation, with respect to its accuracy or completeness): (i) contained in the CIM; (ii) provided through the due diligence process or otherwise made available pursuant to the SISP; or (iii) otherwise made available to a Potential Bidder except to the extent contemplated in any definitive documentation duly executed and delivered by the Successful Bidder (as defined below) and the Company and approved by the Court.
17. At any time during the SISP, the Company may, in its reasonable business judgment and with the approval of the Monitor, eliminate a Potential Bidder from the SISP, in which case such party will no longer be a Potential Bidder for the purposes of the SISP.

### **Phase I Bid Deadline**

18. A Potential Bidder that wishes to make an offer pursuant to the SISP must email a non-binding letter of intent (a “**Phase I Bid**”) to the Monitor so as to be received by the Monitor not later than 5:00 PM (Eastern Time) on February 3, 2023 (the “**Phase I Bid Deadline**”), with a copy to each of the persons specified in Schedule “A” hereto.

### **Qualified Phase I Bids**

19. A Phase I Bid will be considered a qualified bid only if (collectively, the “**Phase I Bid Criteria**”):
  - (a) it is submitted on or before the Phase I Bid Deadline in accordance with paragraph 18 herein;
  - (b) it contains an indication of whether the Phase I Bid is offering to:
    - (i) acquire all, substantially all or a portion of the Assets or Business (a “**Sale Proposal**”); or
    - (ii) make an investment in, restructure, reorganize or refinance the Company (an “**Investment Proposal**”);
  - (c) in the case of a Sale Proposal or an Investment Proposal, it identifies:
    - (i) the identity of the bidder and full disclosure of any entities and/or individuals that control the bidder, and/or the beneficial owner (if any) with the power, directly or indirectly, to direct the management and policies of the bidder;

- (ii) a specific indication and preliminary evidence of the sources of capital/financing for the transaction, the availability of such financing, steps necessary and timing to obtain such financing, and any related contingencies and financial information that would allow the Monitor to make a reasonable determination as to the bidder's financial capabilities to complete the transaction;
  - (iii) a detailed description of the bidder's experience and expertise in the aerospace industry (if any);
  - (iv) the specific due diligence the bidder will conduct during Phase II, if any;
  - (v) a description of all conditions and approvals required for a final and binding offer, including any anticipated corporate, security holder or other internal approvals, and an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals;
  - (vi) a description of all conditions the Potential Bidder expects to include in its final and binding offer, including without limitation, any regulatory approvals and any form of agreement required from a government body, stakeholder, or other third party and an outline of the principal terms thereof;
  - (vii) a statement that the bidder expects to be able to complete a transaction pursuant to the SISP on or before the Closing Date Deadline (as defined herein);
  - (viii) any other terms or conditions that are material to the transaction; and
  - (ix) such other information as reasonably requested by the Monitor or Company.
- (d) in the case of a Sale Proposal, it is accompanied by a letter setting forth:
- (i) the purchase price (the "**Purchase Price**") in Canadian dollars, including details of any and all liabilities to be assumed by the bidder;
  - (ii) a description of the Assets or Business that are expected to be the subject of the transaction and any of the Assets that are expected to be excluded;
  - (iii) specific statements concerning the intended treatment of employees, suppliers, and customers;
  - (iv) the key terms and provisions to be included in any order of the Court approving the contemplated Sale Proposal; and
  - (v) an acknowledgement that any Sale Proposal is made on an "as-is, where-is" basis.

- (e) in the case of an Investment Proposal, it is accompanied by a letter setting forth:
  - (i) the aggregate amount of the equity and/or debt investment (the “**Investment Amount**”) to be made in the Company in Canadian dollars;
  - (ii) a description of how the bidder proposes to structure the proposed investment(s);
  - (iii) key assumptions supporting the valuation;
  - (iv) the key terms and provisions to be included in any order of the Court approving the contemplated Investment Proposal;
  - (v) the underlying assumptions regarding the pro forma capital structure (including the form and amount of anticipated equity and/or debt levels, debt service fees, interest or dividend rates, amortization, voting rights or other protective provisions (as applicable), redemption, prepayment or repayment attributes and any other material attributes of the investment); and
  - (vi) an acknowledgement that any Investment Proposal is made on an “as-is, where-is” basis.

### **Assessment of Phase I Bids**

- 20. Promptly after the Phase I Bid Deadline, the Company, in consultation with the Monitor:
  - (a) will review and assess the Phase I Bids to determine whether they are qualified (such qualified bids being the “**Qualified Phase I Bids**” and the bidder thereof, a “**Qualified Phase I Bidder**”); and
  - (b) may request clarification of the terms of the Phase I Bids.
- 21. The Company, with the approval of the Monitor, may waive compliance with any one or more of the Phase I Bid Criteria and deem a non-compliant bid to have met the Phase I Bid Criteria.
- 22. In assessing whether the Phase I Bids received are Qualified Phase I Bids, the Company, in consultation with the Monitor, will consider, among other things, the following:
  - (a) whether the bid meets the Phase I Bid Criteria;
  - (b) the form and amount of consideration being offered, including any Purchase Price/Investment Amount adjustments and/or any non-cash consideration;
  - (c) the demonstrated financial capability of the bidder to complete the proposed transaction;
  - (d) the bidder’s proposed conditions to the closing of the proposed transaction; and

- (e) the estimated time required to complete the proposed transaction and whether, in the Monitor's reasonable business judgment, the transaction is reasonably likely to close on or before the Closing Date Deadline.
- 23. If the Company, with the consent of the Monitor, determines that one or more Qualified Phase I Bids were received and is satisfied with the number/content of the Qualified Phase I Bids, then the SISP shall proceed to Phase II.
- 24. If the Company, with the consent of the Monitor, determines that it is not satisfied with the number/content of the Qualified Phase I Bids received, the Company may seek Court approval of an amendment to the SISP on notice to the service list in these proceedings.

## **PHASE II – FORMAL OFFERS AND SUCCESSFUL BIDDERS**

- 25. Following the Phase I Bid Deadline, the Company, with the consent of the Monitor, shall determine the process to be followed in Phase II of the SISP, based on such factors and circumstances as they consider appropriate in the circumstances including, but not limited to: (i) the number of Qualified Phase I Bids, (ii) the extent to which the Qualified Phase I Bids relate to the same property, (iii) the scope of the Assets or Business to which the Qualified Phase I Bids relate, and (iv) whether to proceed by way of an auction or sealed bids with respect to some or all of the Assets or Business.
- 26. Upon the determination by the Company, with the consent of the Monitor, of the manner in which to proceed in Phase II of the SISP, the Monitor will prepare a bid process letter for Phase II (the "**Bid Process Letter**") that will be (i) sent by the Monitor to all Qualified Phase I Bidders, and (ii) posted by the Monitor on the Monitor's website.
- 27. Notwithstanding paragraphs 23, 25 and 26, at any time following the Phase I Bid Deadline, the Company, with the consent of the Monitor and in consultation with Caisse Desjardins Ontario Credit Union Inc., may determine, in its reasonable business judgment, that Phase II is not required and proceed to execute definitive documentation with respect to a transaction contemplated in a Qualified Phase I Bid submitted before the Phase I Bid Deadline.
- 28. Paragraphs 29 to 43 below and the procedure of Phase II are subject to paragraphs 23, 25, 26 and 27, any adjustments made to Phase II in accordance with the Bid Process Letter, and any further order of the Court regarding the SISP provided that the milestones and deadlines set out herein shall not be extended except in accordance with the terms of paragraphs 6 and 40 of this SISP Process.

### **Due Diligence**

- 29. During Phase II of the SISP, each Qualified Phase I Bidder will be granted further access to such due diligence materials and information as the Company, in its reasonable business judgment and in consultation with the Monitor, determines is appropriate and available. Due diligence access may include management presentations, access to further data, on-site inspections, and other matters which a Qualified Phase I Bidder may reasonably request and which the Company deems appropriate. The Company shall not be obligated to provide

any information relating to the Business or the Assets to any person other than to Qualified Phase I Bidders.

30. For greater certainty, selected due diligence materials may be withheld from certain Qualified Phase I Bidders during Phase II of the SISP, if the Company (with the consent of the Monitor) determines such information to represent proprietary or sensitive competitive information related to the Business and/or the Assets of the Company that should not be provided to a Qualified Phase I Bidder.

### **Phase II Bid Deadline and Phase II Bid Criteria**

31. Subject to any adjustments made to Phase II set out in the Bid Process Letter and any further Court order regarding the SISP, the conduct of Phase II shall proceed as set out herein.
32. Qualified Phase I Bidders that wish to make a formal binding Offer pursuant to the SISP (a “**Phase II Bid**”) must submit such offer by email so as to be received by the Monitor not later than 5:00 PM (Toronto Time) on **March 7, 2023** (the “**Phase II Bid Deadline**”), with a copy to each of the persons specified in Schedule “A” hereto. A party that submits a Phase II Bid prior to the Phase II Bid Deadline is considered a “**Phase II Bidder**”.
33. In order to be considered a “**Qualified Phase II Bid**”, a Phase II Bid shall (collectively, the “**Phase II Bid Criteria**”):
  - (a) comply with each of the requirements set forth in respect of Qualified Phase I Bids;
  - (b) include a duly authorized and executed, definitive transaction agreement, containing the detailed terms and conditions of the proposed transaction, including the Business or the Assets proposed to be acquired, the obligations and liabilities to be assumed/excluded, the detailed structure of the transaction, the Purchase Price or Investment Amount, and any other key economic terms expressed in Canadian dollars, together with all exhibits and schedules thereto, all applicable ancillary agreements with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such agreements), and the proposed form of order(s) for the Court to consider in the motion to approve the transaction;
  - (c) be binding and irrevocable until the selection of the Selected Bidder (as defined below), provided that if the Phase II Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the earlier of (i) the closing of the transaction with the Successful Bidder, and (ii) 120 days from the Transaction Approval Hearing (as defined below), subject to further extensions as may be agreed to under the applicable transaction agreement(s);
  - (d) include a commitment to provide a non-refundable deposit in the form of a wire transfer to an account to be specified by the Monitor in the amount of not less than ten percent (10%) of the Transaction Amount upon the Qualified Phase II Bidder being selected as the Successful Bidder;

- (e) provide contact information (including an email address) for the bidder and disclose the identity of each entity (including its ultimate shareholders and/or sponsors) that is bidding for the Business and/or Assets or otherwise participating in the Phase II Bid and the complete terms of any such participation;
- (f) include written evidence of a firm, irrevocable commitment for financing or other evidence of an ability to complete the proposed transaction(s) comprising the Phase II Bid, so as to allow the Monitor to determine the bidder's financial and other capabilities to complete the proposed transaction;
- (g) include acknowledgments and representations of the bidder that: (i) it has had an opportunity to conduct any and all due diligence deemed necessary or desirable by the bidder regarding the Business and/or Assets, the Company, or otherwise, prior to making its bid; (ii) it has relied solely upon its own independent review, investigation and/or inspection of the Business and/or Assets (including, without limitation, any documents in connection therewith) in making its bid; and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory, or otherwise, regarding the Business and/or Assets of the Company or the completeness of any information provided in connection therewith, except as expressly contemplated in any definitive documentation duly executed by the Successful Bidder and the Company and approved by the Court;
- (h) include written evidence, in form and substance reasonably satisfactory to the Monitor, of authorization and approval from the bidder's board of directors (or applicable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Phase II Bid;
- (i) specify that the transaction is not subject to further due diligence;
- (j) include a description of any regulatory or other third-party approvals required to complete the proposed transaction, and the time within which the bidder expects to receive such regulatory and/or third-party approvals, and those actions the bidder will take to ensure receipt of such approvals as promptly as possible;
- (k) include a description of any desired arrangements with respect to transition services that may be required from the Company in connection with the transaction, including funding for same;
- (l) not be subject to any conditions precedent except those that are customary in a transaction of that nature;
- (m) not be conditional upon approval by the Court of any bid protection, such as a break-up fee, termination fee, expense reimbursement or similar type of payment;
- (n) be received by the Phase II Bid Deadline; and
- (o) contemplate closing the transaction set out therein on or before the Closing Date Deadline.



## **Review of Phase II Bids**

34. Following the Phase II Bid Deadline, the Company (with the approval of the Monitor) will determine if each Phase II Bid delivered to the Monitor meets the Phase II Bid Criteria.
35. The Company, in consultation with the Monitor, may negotiate amended, modified, or varied terms with a Phase II Bidder, provided however that the Company is under no obligation to negotiate identical terms with, or extend identical terms to, each Phase II Bidder.
36. If a Phase II Bid meets the Phase II Bid Criteria, such Phase II Bid will be deemed to be a **“Qualified Phase II Bid”** and the bidder in respect of each such Qualified Phase II Bid shall be a **“Qualified Phase II Bidder”** in respect of the SISP.
37. The Company, with the approval of the Monitor, may waive compliance with any one or more of the Phase II Bid Criteria and deem a non-compliant bid to be a Qualified Phase II Bid.
38. The Company, in consultation with the Monitor, may aggregate separate bids from unaffiliated Qualified Phase II Bidders to create one **“Qualified Phase II Bid.”**
39. The Monitor shall notify each Qualified Phase II Bidder in writing that its bid constitutes a Qualified Phase II Bid within ten (10) business days of the expiration of the Phase II Bid Deadline or as such later time as the Monitor, in consultation with the Company, deems appropriate.
40. If no Qualified Phase II Bid is received by the Phase II Bid Deadline, then the Monitor may extend the Phase II Bid Deadline for up to two weeks, the Company may terminate the SISP, or the Company may seek Court approval of an amendment to the SISP.
41. If the Monitor, in consultation with the Company, is not satisfied with the number or terms of the Qualified Phase II Bids, the Company may seek Court approval of an amendment to the SISP.

## **Selection of Successful Bidders**

42. The Company, in consultation with the Monitor, will review and evaluate each Qualified Phase II Bid based upon several factors, including, without limitation, the transaction price and net value provided by such bid, the claims likely to be created by such bid in relation to other bids, the identity and circumstances of the Qualified Phase II Bidder, the ability of the Qualified Phase II Bidder to successfully complete such transaction, the proposed transaction documents, the effects of the bid on the stakeholders of the Company, factors affecting the speed and certainty of the transaction (including any approval or third party agreements), the assets included in and excluded from the bid, any related restructuring costs, and the likelihood and timing of closing the transaction.
43. After reviewing and evaluating the Qualified Phase II Bids in accordance with paragraph 42 above, the Company, with the approval of the Monitor, will identify the

highest or otherwise best bid (the “**Successful Bid**”) for any Assets or the Business in whole or part. The determination of any Successful Bid is subject to approval by the Court.

44. The Company shall have no obligation to select a Successful Bid, and it reserves the right, after consultation with the Monitor and Caisse Desjardins Ontario Credit Union Inc., to reject any or all Qualified Phase II Bids.

#### **Transaction Approval Motion Hearing**

45. At the hearing of the motion to approve any transaction with a Successful Bidder (the “**Transaction Approval Hearing**”), the Company shall seek, among other things, approval from the Court to complete any Successful Bid. All the Qualified Phase II Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Company on and as of the date of approval of the Successful Bid by the Court, and not prior.

#### **Closing the Successful Bid**

46. The Company and the Successful Bidder(s) shall take all reasonable steps to complete the transactions(s) contemplated by the Successful Bidder(s) as soon as possible after the Successful Bid(s) are approved by the Court (the “**Closing**”).

#### **Confidentiality and Access to Information**

47. No Known Interested Party, Additional Interested Party, Potential Bidder, Qualified Phase I Bidder, and Qualified Phase II Bidder shall be permitted to receive any confidential or competitive information that is not made generally available to all participants in the SISP.
48. No Known Interested Party, Additional Interested Party, Potential Bidder, Qualified Phase I Bidder, and Qualified Phase II Bidder shall be permitted to receive the details of any bids or Phase I/Phase II Bids submitted or the details or existence of any confidential discussions or correspondence among the Company, the Monitor, the CRO and any bidder in connection with the SISP, except to the extent the Company is seeking to aggregate separate bids from Qualified Phase II Bidders as described in paragraph 38 above.
49. The Company and the Monitor will consult with Hillmount Capital Inc., Caisse Desjardins Ontario Credit Union Inc., Community Development Corporation of Sault Ste. Marie & Area, the East Algoma Community Futures Development Corporation, the Nickel Basin Federal Development Corporation, and Northern Ontario Heritage Fund Corp., and may consult with any other parties with a material interest in the CCAA proceeding, regarding the status and developments relating to the SISP to the extent considered appropriate by the Monitor (subject to paragraph 47), provided that such parties shall enter into confidentiality arrangements satisfactory to the Company and the Monitor.
50. If it is determined by the Company, in consultation with the Monitor, that it would be worthwhile to facilitate a discussion between a Qualified Phase I Bidder or Qualified Phase II Bidder (as applicable, depending on the stage of the SISP) and a stakeholder or other third party as a consequence of a condition to closing or potential closing condition identified by such bidder, the Company, with the consent of the Monitor, may provide such bidder with the opportunity to meet with the relevant stakeholder or third party to discuss

such condition or potential condition, with a view to enabling such bidder to seek to satisfy the condition or assess whether the condition is not required or can be waived. Any such meetings or other form of communications will take place on terms and conditions considered appropriate by the Company, in consultation with the Monitor. The Monitor must be provided with the opportunity to be present at all such communications or meetings.

### **Supervision of the SISP**

51. Subject to any consultation rights and other similar rights provided for herein, the Monitor will conduct the SISP in the manner set out herein. All discussions or enquiries to the Company regarding the SISP shall be directed to the Monitor. Under no circumstances should a representative of the Company be contacted directly or indirectly in respect of the SISP, including diligence requests, without the prior written consent of the Monitor. Any such unauthorized contact or communication could result in exclusion from the SISP, in the Monitor's sole discretion.
52. The Company and its principals, employees and professional advisors shall cooperate fully with the Monitor and provide documents and information requested as part of the SISP to the Monitor in a prompt fashion.
53. Other than as specifically set forth in a definitive agreement between the Company and a Successful Bidder, the SISP does not, and will not be interpreted to, create any contractual or other legal relationship among the Company, the Monitor, and any Known Interested Party, Additional Interested Party, Qualified Phase I Bidder, Qualified Phase II Bidder, the Successful Bidder, or any other party.
54. None of the Company, the CRO or the Monitor shall be liable for any claim for a brokerage commission, finder's fee or like payment in respect of the completion of any of the transactions completed under the SISP. Any such claim shall be the sole liability of the bidder who completes a transaction under the SISP pursuant to which the claim is being made.
55. The Monitor (with the consent of the Company) may make any modification to the SISP that it considers appropriate in the circumstances and, where it considers such modification to be material, it will seek Court approval of such modification on notice to the service list in the CCAA proceeding. For greater certainty, any modifications that the Company makes to the SISP pursuant to, without limitation, paragraphs 6, 21, 27 and 37 above will not be considered "material".

### **General**

56. If a Successful Bidder(s) breaches its obligations under the terms of the SISP, its deposit shall be forfeited as liquidated damages and not as a penalty.
57. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with their participation in the SISP, including submission of any letter of intent or bid, due diligence activities, competition of a Successful Bid, preparation for

and attendance at the Transaction Approval Hearing and any negotiations or actions whether or not they lead to the consummation of a transaction.

58. All bidders (including Qualified Phase I Bidders and Qualified Phase II Bidders) shall be deemed to have consented to the exclusive jurisdiction of the Courts of the Province of Ontario and waived any right to a jury trial in connection with any disputes relating to the SISP, including the qualification of bids, the construction and enforcement of the SISP, and Closing, as applicable.
59. For greater certainty, any approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approval required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid.

**SCHEDULE “A”**

	<b>Contact</b>	<b>Contact Information</b>
1.	<p><b>MNP LTD.</b> 111 Richmond Street West Suite 300 Toronto, ON M5H 2G4</p> <p>The Monitor</p>	<p><b>Sheldon Title</b> Sheldon.title@mnp.ca</p> <p><b>Matthew Lem</b> Matthew.Lem@mnp.ca</p>
2.	<p><b>AIRD &amp; BERLIS LLP</b> Brookfield Place 181 Bay St., Suite 1800 Toronto, ON M5J 2T9</p> <p>Lawyers for the Monitor</p>	<p><b>Ian Aversa</b> iaversa@airdberlis.com</p> <p><b>Miranda Spence</b> mspence@airdberlis.com</p> <p><b>Matilda Lici</b> mlici@airdberlis.com</p>
3.	<p><b>RECONSTRUCT LLP</b> Royal Bank Plaza, South Tower 200 Bay Street Suite 2305, P.O. Box 120 Toronto, ON M5J 2J3</p> <p>Lawyers for the Company</p>	<p><b>Sharon Kour</b> skour@reconllp.com</p> <p><b>Caitlin Fell</b> cfell@reconllp.com</p>
4.	<p><b>COZEN O’CONNOR</b> Bay Adelaide Centre – West Tower 333 Bay Street, Suite 1100 Toronto, ON M5H 2R2</p> <p>Lawyers for the Chief Restructuring Officer, Cedar Croft Consulting</p>	<p><b>Steven Weisz</b> sweisz@cozen.com</p>

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
Proceedings commenced at Toronto

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**COMPANIES' CREDITORS ARRANGEMENT ACT**  
**SALE PROCESS ORDER**

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**RECONSTRUCT LLP**  
Royal Bank Plaza, South Tower  
200 Bay Street, Suite 2305, P.O. Box 120  
Toronto, ON M5J 2J3

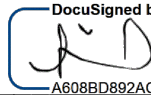
**Sharon Kour** (LSO #58328D)  
Tel: 416.613.8283  
Email: [skour@reconllp.com](mailto:skour@reconllp.com)

**Caitlin Fell** (LSO #60091H)  
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**Joël Turgeon** (LSO #80984R)  
Tel: 416.613.8181  
Email: [jturgeon@reconllp.com](mailto:jturgeon@reconllp.com)

**Lawyers for the Applicants**

THIS IS **EXHIBIT “C”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840E...

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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.



## Profile Report

SPRINGER AEROSPACE HOLDINGS LIMITED as of October 05, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	SPRINGER AEROSPACE HOLDINGS LIMITED
Ontario Corporation Number (OCN)	1972686
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Amalgamation	November 01, 2018
Registered or Head Office Address	377 Lakeview Road, Echo Bay, Ontario, Canada, P0S 1C0

Certified a true copy of the record of the Ministry of Government and Consumer Services.

*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** Christopher GRANT  
**Address for Service** 88 Carr's Landing Rd., Skead, Ontario, Canada, P0M 2Y0  
**Resident Canadian** Yes  
**Date Began** November 05, 2018

**Name** James Daniel SPRINGER  
**Address for Service** 3255 Haight Road, St. Joseph's Island, Ontario, Canada, P0R 1G0  
**Resident Canadian** Yes  
**Date Began** February 05, 2021

Certified a true copy of the record of the Ministry of Government and Consumer Services.

*V. Quintanilla W.*

Director/Registrar

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

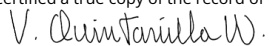
**Active Officer(s)**

**Name** Christopher GRANT  
**Position** Secretary  
**Address for Service** 88 Carr's Landing Rd., Skead, Ontario, Canada, P0M 2Y0  
**Date Began** November 05, 2018

**Name** Christopher GRANT  
**Position** Treasurer  
**Address for Service** 88 Carr's Landing Rd., Skead, Ontario, Canada, P0M 2Y0  
**Date Began** November 05, 2018

**Name** James Daniel SPRINGER  
**Position** President  
**Address for Service** 3255 Haight Road, St. Joseph's Island, Ontario, Canada, P0R 1G0  
**Date Began** February 05, 2021

Certified a true copy of the record of the Ministry of Government and Consumer Services.



Director/Registrar

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

**Corporate Name History**

**Name**

SPRINGER AEROSPACE HOLDINGS LIMITED

**Effective Date**

November 01, 2018

Certified a true copy of the record of the Ministry of Government and Consumer Services.

*V. Quintanilla W.*

Director/Registrar

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**Amalgamating Corporations**

**Corporation Name**  
**Ontario Corporation Number**

SKYSERVICES LIMITED  
275662

**Corporation Name**  
**Ontario Corporation Number**

1138968 ONTARIO LIMITED  
1138968

Certified a true copy of the record of the Ministry of Government and Consumer Services.

*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 Government and Consumer Services.

*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 Government and Consumer Services.

*V. Quintanilla W.*

Director/Registrar

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## Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: SHEENA ALEXANDER - OTHER	March 29, 2021
CIA - Notice of Change PAF: STEVEN G. SHOEMAKER - OTHER	December 23, 2019
CIA - Notice of Change PAF: STEVEN G. SHOEMAKER - OTHER	December 03, 2018
BCA - Articles of Amalgamation	November 01, 2018

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.

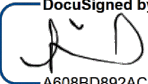
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THIS IS **EXHIBIT “D”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840E...

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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.





## Profile Report

1138969 ONTARIO INC. as of October 05, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	1138969 ONTARIO INC.
Ontario Corporation Number (OCN)	1138969
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	October 09, 1996
Registered or Head Office Address	377 Lakeview Road, Echo Bay, Ontario, Canada, P0S 1C0

Certified a true copy of the record of the Ministry of Government and Consumer Services.

*V. Quintanilla W.*

Director/Registrar

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**Active Director(s)**

Minimum Number of Directors 1  
Maximum Number of Directors 10

**Name** Christopher GRANT  
**Address for Service** 88 Carr's Landing Rd., Skead, Ontario, Canada, P0M 2Y0  
**Resident Canadian** Yes  
**Date Began** December 20, 2019

**Name** James Daniel SPRINGER  
**Address for Service** 3255 Haight Road, St. Joseph's Island, Ontario, Canada, P0R 1G0  
**Resident Canadian** Yes  
**Date Began** February 05, 2021

Certified a true copy of the record of the Ministry of Government and Consumer Services.

*V. Quintanilla W.*

Director/Registrar

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**Active Officer(s)**

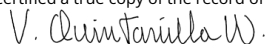
**Name** Christopher GRANT  
**Position** Treasurer  
**Address for Service** 88 Carr's Landing Rd., Skead, Ontario, Canada, P0M 2Y0  
**Date Began** December 20, 2019

**Name** Christopher GRANT  
**Position** Vice-President  
**Address for Service** 88 Carr's Landing Rd., Skead, Ontario, Canada, P0M 2Y0  
**Date Began** December 20, 2019

**Name** James Daniel SPRINGER  
**Position** President  
**Address for Service** 3255 Haight Road, St. Joseph's Island, Ontario, Canada, P0R 1G0  
**Date Began** February 05, 2021

**Name** James Daniel SPRINGER  
**Position** Secretary  
**Address for Service** 3255 Haight Road, St. Joseph's Island, Ontario, Canada, P0R 1G0  
**Date Began** February 05, 2021

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**Corporate Name History**

**Name**

1138969 ONTARIO INC.

**Effective Date**

October 09, 1996

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*V. Quintanilla W.*

Director/Registrar

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**Active Business Names**

<b>Name</b>	SPRINGER AEROSPACE
<b>Business Identification Number (BIN)</b>	281237156
<b>Registration Date</b>	November 28, 2018
<b>Expiry Date</b>	November 27, 2023

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*V. Quintanilla W.*

Director/Registrar

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**Expired or Cancelled Business Names**

<b>Name</b>	SPRINGER AEROSPACE
<b>Business Identification Number (BIN)</b>	210243564
<b>Status</b>	Inactive - Expired
<b>Registration Date</b>	March 04, 2011
<b>Expired Date</b>	March 03, 2016

<b>Name</b>	SPRINGER AEROSPACE
<b>Business Identification Number (BIN)</b>	160432712
<b>Status</b>	Inactive - Expired
<b>Registration Date</b>	April 12, 2006
<b>Expired Date</b>	April 11, 2011

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*V. Quintanilla W.*

Director/Registrar

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## Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: SHEENA ALEXANDER - OTHER	March 29, 2021
Annual Return - 2020 PAF: CHRISTOPHER JAMES GRANT - OFFICER	March 28, 2021
Annual Return - 2019 PAF: CHRISTOPHER JAMES GRANT - OFFICER	January 12, 2020
CIA - Notice of Change PAF: STEVEN G. SHOEMAKER - OTHER	December 23, 2019
Annual Return - 2018 PAF: CHRISTOPHER JAMES GRANT - OFFICER	March 13, 2019
CIA - Notice of Change PAF: JAMES DANIEL SPRINGER - DIRECTOR	November 27, 2018
Annual Return - 2017 PAF: DAN JAMES SPRINGER - OFFICER	March 13, 2018
Annual Return - 2016 PAF: DAN JAMES SPRINGER - OFFICER	March 22, 2017
CIA - Notice of Change PAF: JAMES DANIEL SPRINGER - DIRECTOR	July 25, 2016
Annual Return - 2015 PAF: DAN JAMES SPRINGER - OFFICER	January 02, 2016
Annual Return - 2014 PAF: JEFF JAMES SPRINGER - OFFICER	February 21, 2015
Annual Return - 2013 PAF: JEFF JAMES SPRINGER - OFFICER	February 01, 2014
Annual Return - 2012 PAF: JEFF JAMES SPRINGER - OFFICER	March 16, 2013

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Annual Return - 2011 PAF: JEFF JAMES SPRINGER - OFFICER	March 03, 2012
Annual Return - 2010 PAF: JEFF JAMES SPRINGER - OFFICER	January 29, 2011
Annual Return - 2009 PAF: JEFF JAMES SPRINGER - OFFICER	March 13, 2010
Annual Return - 2008 PAF: JEFF SPRINGER - OFFICER	January 03, 2009
Annual Return - 2007 PAF: JEFF SPRINGER - OFFICER	February 23, 2008
Annual Return - 2006 PAF: JEFF SPRINGER - OFFICER	March 03, 2007
Annual Return - 2005 PAF: JEFF SPRINGER	March 11, 2006
Annual Return - 2003 PAF: JEFF SPRINGER - OFFICER	December 18, 2004
Annual Return - 2001 PAF: J. DANIEL SPRINGER - OFFICER	June 12, 2002
Annual Return - 2000 PAF: J. DANIEL SPRINGER	May 10, 2001
BCA - Articles of Incorporation	October 09, 1996

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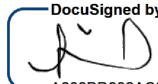
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THIS IS **EXHIBIT “E”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840E...

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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.



www.fsrao.ca

Société de l'Ontario numéro 1907901

*Loi de 1994, sur les caisses populaires et les crédit unions*

### CERTIFICAT DE FUSION

Une demande de certificat de fusion en vertu du paragraphe 309 (8) de la Loi de 1994 sur les caisses populaires et les crédit unions a été présentée au ministre des Finances par les signataires d'une convention de fusion datée du 12 septembre 2018 entre CAISSE POPULAIRE D'ALFRED LIMITÉE, CAISSE POPULAIRE DE CORNWALL INC., CAISSE POPULAIRE DE HAWKESBURY LTÉE, CAISSE POPULAIRE DE LA VALLÉE INC., CAISSE POPULAIRE NOUVEL-HORIZON INC., CAISSE POPULAIRE RIDEAU-VISION D'OTTAWA INC., CAISSE POPULAIRE SUD-OUEST ONTARIO INC., CAISSE POPULAIRE TRILLIUM INC., LA CAISSE POPULAIRE VALLÉE EST LIMITÉE, CAISSE POPULAIRE VERMILLION INC., CAISSE POPULAIRE VOYAGEURS INC., et FÉDÉRATION DES CAISSES POPULAIRES DE L'ONTARIO INC.

La convention de fusion prévoit que les signataires fusionneront et qu'ils poursuivront leurs activités sous la dénomination sociale de:

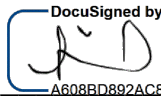
#### **CAISSE DESJARDINS ONTARIO CREDIT UNION INC.**

En vertu de l'autorité du paragraphe 309 (8.1) de la Loi, je délivre le présent certificat de fusion. La date d'effet de ce certificat de fusion est le 1er janvier 2020.

En date du 10 décembre 2019.

Alex Lalonde  
Directeur, soutien des politiques et approbations  
Caisses et surveillance prudentielle  
En vertu des pouvoirs délégués  
par le directeur général

THIS IS **EXHIBIT “F”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21<sup>st</sup> DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840E

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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.



May 7, 2020

SPRINGER AEROSPACE HOLDINGS LIMITED  
377 LAKEVIEW RD  
ECHO BAY, ON P0S 1C0

Attention: RICHARD PICARD and CHRISTOPHER GRANT

**Subject: Financing Offer**

Gentlemen,

Thank you for the opportunity to respond to your credit Facility needs. Desjardins, Canada's largest financial co-operative, is committed to supporting businesses by providing them access to the expertise of our entire network. We offer a full range of quality services that meet businesses' changing and growing needs. Like you, Desjardins and its member institutions actively contribute to the economic growth in their communities.

As part of our business relationship with you, CAISSE DESJARDINS ONTARIO CREDIT UNION INC. (hereinafter referred to as "**the Financial Institution**") would like to assist in the growth of SPRINGER AEROSPACE HOLDINGS LIMITED (hereinafter referred to as "**the Borrower**"). Based on the documents and information you have provided us and subject to the terms and conditions set out herein, we are pleased to offer the credit facilities which are detailed in the attached document (hereinafter referred to as the "credit" or "Facility").

Loan	C\$1,350,000.00	REFINANCING (PART # 1)
Loan	C\$4,150,000.00	REFINANCING (PART # 2)

If you agree to this Offer of Financing, please confirm your acceptance by returning us a copy of this document, signed by your authorized representative(s), including the duly signed "**GENERAL CONDITIONS**" sections attached hereto, which form an integral part of this Offer of Financing, no later than June 7, 2020. The Financial Institution reserves the right to cancel or amend this Offer of Financing if it is received after this date.

We trust that this Offer of Financing meets your needs. If you require any additional information, please feel free to contact us. Mr. BENOIT FOURNIER, your Account Manager, will be pleased to answer your questions and work with you. We look forward to working with you to develop a mutually beneficial business relationship.

Sincerely,

A handwritten signature in black ink, appearing to be "Benoit Fournier".

BENOIT FOURNIER  
Account Manager

Your partner:

CAISSE DESJARDINS ONTARIO CREDIT UNION INC.  
43, RUE NOTRE-DAME, C.P. 550  
AZILDA, ON P0M 1B0

**1. LOAN**

**Project**

Use of funds	Amount
REFINANCING (PART # 1)	\$1,350,000.00
<b>Total</b>	<b>\$1,350,000.00</b>

Source of funds	Amount
Loan	\$1,350,000.00
<b>Total</b>	<b>\$1,350,000.00</b>

**1.1 Amount and purpose**

Subject to the terms and conditions set forth below and in the "GENERAL CONDITIONS" attached hereto, the Financial Institution agrees to make a loan to the Borrower in the amount of one million three hundred fifty thousand Canadian dollars (C\$1,350,000.00) Such loan shall be used solely for the purposes agreed to by the parties.

**1.2 Term**

3 years

**1.3 Amortization**

7 years

**1.4 Interest**

**1.4.1 Fixed rate**

The loan shall bear interest, before as well as after maturity, default or judgment at a rate of 5.000% per annum calculated monthly, not in advance.

**1.4.2 Interest adjustment date**

All interest accrued on the thirtieth day prior to the first payment date shall be paid on such date. If the frequency of payments is weekly, interest accrued shall be paid on the seventh day prior to the first payment date.

Any interest unpaid at maturity shall itself bear interest at the rate applicable to the loan. It may be capitalized but remains payable on demand.

**1.5 Disbursement**

The loan shall be disbursed in a single disbursement to be made no later than August 31, 2020, failing which the Financial Institution may refuse to make any other disbursement.

## **1.6 Repayment**

The Borrower undertakes to repay the loan as follows:

- Periodic equal payments: by means of 36 monthly equal and consecutive payments of C\$19,080.78 of principal and interest, with the first payment to be made on 30th day following the disbursement and the others successively:
  - until the expiry of the 3 years term beginning on the date of disbursement inclusive, at which date any balance of principal, interest, costs and accessories due shall become payable.

These repayment terms are determined on the basis of an amortization period of 7 years.

The aforementioned interest rate and payment amounts do not take into account the cost of life insurance and disability insurance, as the case may be. If the Borrower or his or her representative(s), CHRISTOPHER GRANT, RICHARD PICARD, or one or some of them, opted for life insurance, the cost of insurance shall be calculated by applying to the loan balance an additional rate of 0.110% per annum which shall be treated as interest and collected at the same time as the payments, subject to the provisions of the insurance policy in effect at the Financial Institution. If the repayment terms are for principal and interest, the amount of the payments, including the cost of any life insurance and disability insurance the Borrower has opted for, shall be C\$19,150.89.

## **1.7 Prepayment**

The loan may be prepaid, in whole or in part subject to the payment of an indemnity calculated as set forth in the "GENERAL CONDITIONS SPECIFIC TO A LOAN AND SPLIT LOAN.

A prepayment shall not release the Borrower from its obligation to continue making the payments provided for herein.

## **1.8 Facility disbursement prerequisites**

- The conditions of the governmental program guarantee or insurance or other shall be strictly observed.
- Financing subject to EDC Loan Guarantee Program coverage of 75% or \$1,012,500 on the term loan of \$1,350,000 only.
- The Borrower shall provide the Financial Institution with a copy of a professional appraisal report with respect to 377 Lake View Rd from a well-known and recognized firm retained by the Financial Institution, i.e. Colliers International. The report shall be satisfactory to the Financial Institution.
- Title insurance for the property located at 377 Lake View Rd will be required.

## **1.9 Special Facility conditions**

- The Borrower undertakes to maintain the following insurance for which it shall be the beneficiary:
  - a loan insurance policy for an amount that shall be reduced progressively according to the balance of the loan, such policy being established on the life of Richard Picard & Christopher Grant for a minimum amount of \$675,000.00;

- The amount of Facility determined above shall also be limited to:
  - 5.5 million under two distinct loans of 1.35 million and 4.15 million of which will be secured by real estate (377 Lake View Rd & 201 River Side Rd) and not to exceed 65% of fair market value.

The two distinct loans of 1.35 million and 4.15 million be used for the following purposes:

- Repayment of loan advances 00339-0480229-01;
- Repayment of loan advance to 1929927 Ontario Inc., loan 00339-0480230-01;
- Repayment of the private loan from Stercus Accidit Mortgage Corporation;
- Payment of invoices related to the construction of the new hangar;
- The balance of advances will be injected into the working capital and to repay equipment.

- The last disbursement shall be made no later than August 31, 2020.
- No amendment to the project shall take place without the Financial Institution's written consent.

## 2. LOAN

### Project

Use of funds	Amount
REFINANCING (PART # 2)	\$2,545,563.00
829-00339-0480229-01	\$1,604,437.45
<b>Total</b>	<b>\$4,150,000.45</b>

Source of funds	Amount
Loan	\$4,150,000.00
<b>Total</b>	<b>\$4,150,000.00</b>

### 2.1 Amount and purpose

Subject to the terms and conditions set forth below and in the "GENERAL CONDITIONS" attached hereto, the Financial Institution agrees to make a loan to the Borrower in the amount of four million one hundred fifty thousand Canadian dollars (C\$4,150,000.00) Such loan shall be used solely for the purposes agreed to by the parties.

### 2.2 Term

3 years

### 2.3 Amortization

20 years

## **2.4 Interest**

### **2.4.1 Fixed rate**

The loan shall bear interest, before as well as after maturity, default or judgment at a rate of 5.000% per annum calculated monthly, not in advance.

### **2.4.2 Interest adjustment date**

All interest accrued on the thirtieth day prior to the first payment date shall be paid on such date. If the frequency of payments is weekly, interest accrued shall be paid on the seventh day prior to the first payment date.

Any interest unpaid at maturity shall itself bear interest at the rate applicable to the loan. It may be capitalized but remains payable on demand.

## **2.5 Disbursement**

The loan shall be disbursed in a single disbursement to be made no later than August 31, 2020, failing which the Financial Institution may refuse to make any other disbursement.

## **2.6 Repayment**

The Borrower undertakes to repay the loan as follows:

- Periodic equal payments: by means of 36 monthly equal and consecutive payments of C\$27,388.17 of principal and interest, with the first payment to be made on 30th day following the disbursement and the others successively:
  - until the expiry of the 3 years term beginning on the date of disbursement inclusive, at which date any balance of principal, interest, costs and accessories due shall become payable.

These repayment terms are determined on the basis of an amortization period of 20 years.

The aforementioned interest rate and payment amounts do not take into account the cost of life insurance and disability insurance, as the case may be. If the Borrower or his or her representative(s), CHRISTOPHER GRANT, RICHARD PICARD, or one or some of them, opted for life insurance, the cost of insurance shall be calculated by applying to the loan balance an additional rate of 0.110% per annum which shall be treated as interest and collected at the same time as the payments, subject to the provisions of the insurance policy in effect at the Financial Institution. If the repayment terms are for principal and interest, the amount of the payments, including the cost of any life insurance and disability insurance the Borrower has opted for, shall be C\$27,641.90.

## **2.7 Prepayment**

The loan may be prepaid, in whole or in part subject to the payment of an indemnity calculated as set forth in the "GENERAL CONDITIONS SPECIFIC TO A LOAN AND SPLIT LOAN.

A prepayment shall not release the Borrower from its obligation to continue making the payments provided for herein.



## **2.8 Facility disbursement prerequisites**

- The Borrower shall provide the Financial Institution with a copy of a professional appraisal report with respect to 377 Lake View Rd from a well-known and recognized firm retained by the Financial Institution, i.e. Colliers International. The report shall be satisfactory to the Financial Institution.
- Title insurance for the property located at 377 Lake View Rd will be required.

## **2.9 Special Facility conditions**

- The Borrower undertakes to maintain the following insurance for which it shall be the beneficiary:
  - a loan insurance policy for an amount that shall be reduced progressively according to the balance of the loan, such policy being established on the life of Richard Picard & Christopher Grant for a minimum amount of \$2,075,000.00;
- The amount of Facility determined above shall also be limited to:
  - 5.5 million under two distinct loans of 1.35 million and 4.15 million of which will be secured by real estate (377 Lake View Rd & 201 River Side Rd) and not to exceed 65% of fair market value.

The two distinct loans of 1.35 million and 4.15 million be used for the following purposes:

- Repayment of loan advances 00339-0480229-01;
  - Repayment of loan advance to 1929927 Ontario Inc., loan 00339-0480230-01;
  - Repayment of the private loan from Stercus Accidit Mortgage Corporation;
  - Payment of invoices related to the construction of the new hangar;
  - The balance of advances will be injected into the working capital and to repay equipment
- The last disbursement shall be made no later than August 31, 2020.
  - No amendment to the project shall take place without the Financial Institution's written consent.
  - CONDITIONS APPLICABLE TO BOTH FINANCINGS:
    - Borrower to provide 3 years Accountant Prepared Forecasts;
    - 3 years Forecasts to be peer reviewed;
    - Appraisal Report to provide a Forced Liquidation Value;
    - Permitted encumbrances on title in lessor rank to the Lender for (377 Lake View Rd & 201 River Side Rd) is limited to NOHFC & Aviation Maintenance Inc;
    - NOHFC & Aviation Maintenance Inc. to postpone their interest in favor of the Lender's registrations of 6.5 million on 377 Lake View Rd and 0.35 million on 201 River Side Rd;
    - Hangar to be substantially performed;
    - Construction Lien (if applicable), Stercus Accidit Mortgage to be discharged with proceeds of financing;
    - Lender will entertain releasing the 1987 Malibu Plane (if sold) provided the Borrower is not in default and proceeds of such are utilized for cashflow;
    - It is agreed should NOHFC monies be received (conditional grant portion) be injected into cashflow.

#### CONDITIONS APPLICABLE TO BOTH FINANCINGS:

Guarantees (personal & corporate) applicable to Springer Aerospace Holdings Limited shall be executed in mirror fashion for Opco 1138969 Ontario Inc.;

- It is understood that the Borrower is entertaining amalgamating (Springer Aerospace Holdings Limited, 1138969 Ontario Inc., 1929927 Ontario Inc. & 5010945 Ontario Limited to form Springer Aerospace Holdings Limited and that 2 new Holdco's to be formed (Picard Co & Grant Co) will be the ultimate shareholders of AMALCO being Springer Aerospace Holdings Limited. Newly formed Holdco's will provide a corporate guarantee for 100% of the approved financings;
- Permitted dividends shall consist solely of flow of funds to repay lender financings, NOHFC financings, Pref Shares (385k) and Promissory Notes interest payable at their respective amortization schedules;
- The James Daniel Springer Guarantee of 500k to remain in force for minimum of 1 year and to be revisited at subsequent annual review.

#### CONDITIONS APPLICABLE TO BOTH FINANCINGS:

Asset dispositions can be applied to the loans without penalty. The Lender may revisit to modify the loan payments based on residual loan balance and residual amortization.

### 3. GENERIC CONDITIONS

#### 3.1 Conditions applicable to Facility

- The Borrower shall provide the Financial Institution with a joint and several undertakings from the shareholders, the partners or the guarantors to:
  - cover any default of financial ratios;
  - The natural or legal persons who have to be bound on a joint and several basis towards the Financial Institution are: Christopher Grant, Richard Picard, 1138969 Ontario Inc. 1929927 Ontario Inc. & 5010945 Ontario Limited.
- The Borrower shall at all times maintain an insurance policy for damages (fire, theft, vandalism) and other risks, including the following coverage, with proceeds payable to the Financial Institution:
  - Business interruption or loss of income as a result of a claim;
  - Equipment breakdown;
  - Misappropriation, disappearance and destruction insurance;
- The Borrower shall at all times maintain a civil liability insurance policy for a minimum of \$5,000,000.00.
- Cross Default Clause (Springer Aerospace Holdings Limited & 1138969 Ontario Inc.)

An event of default in any of the obligations of the Borrower and/or the Guarantors will constitute a default in the credit arrangement of these facilities.

- All companies to modify their year end to August 31st.

#### 4. FINANCIAL INSTITUTION'S PRIOR CONSENT

The Borrower shall not do, make or execute any of the following transactions or operations without obtaining the Financial Institution's prior written consent:

- Modify the nature of its business;
- Acquire another business or engage in a merger;
- Extend any financial assistance or grant a charge, a security, a mortgage or guarantee for or on behalf of a third party;
- There shall be no repayment of the subordinated promissory notes owed to Aviation Maintenance Inc. in advanced of the scheduled principal repayments schedules.
- If the Borrower is a partnership or corporation, take part into any operation that results in a change in the person(s) controlling the Borrower, directly or indirectly. Control is currently in the hands of 5010945 Ontario Limited & 1929927 Ontario Inc.;

The obligation to obtain the Financial Institution's prior written consent for the aforementioned transactions and operations shall, from now on, apply to any other Facility the Financial Institution made available to the Borrower and this obligation shall continue to apply to any other Facility, even if the present Facility is repaid.

#### 5. FINANCIAL RATIOS

The Borrower shall at all times maintain the following financial ratio(s):

- Working capital ratio equal to or greater than 1.25:1;

The working capital ratio is equal to: total current assets divided by total current liabilities.

Excluded from current assets for the calculation of working capital are advances and loans to shareholders, directors, officers and employees, and loans, advances to and investments in related entities. Unless a default situation arises that is likely to make a loan balance due, excluded from current liabilities are amounts of long-term debt that are classified in current liabilities because the terms of the debts mature the following fiscal year.

- Ratio of total debt to tangible net worth equal to or less than 3.00:1;

For calculation purposes, total debt includes total liabilities, including non-deferred or non-subordinated preferred shares redeemable at the holder's option at their redemption value but excluding long-term future income tax credits, deferred or subordinated debts and deferred or subordinated preferred shares redeemable at the holder's option.

Tangible net worth is the total of share capital, retained earnings, contributed surplus, deferred or subordinated debts, redeemable preferred shares<sup>1</sup> and long-term future income tax credits, less intangible assets<sup>2</sup>, non-deferred and non-subordinated preferred shares redeemable at the holder's option at their redemption value, loans and advances to shareholders, directors, officers and employees, and loans and advances to and investments in related entities (other than accounts receivable generated in the normal course of business).

<sup>1</sup> At the option of the holder (deferred or subordinated) or of the company.

<sup>2</sup> Assets including but not limited to goodwill, expenses related to research and development, financing, start-up or marketing, trademarks, patents, software, source code and any other deferred expense.

- A fixed-charge coverage ratio equal to or greater than 1.10:1;

For calculation purposes, the numerator is equal to the total of earnings before interest on short- and long-term debt, current and future income taxes, depreciation and amortization and before any non-recurring expenditures and the share of losses of subsidiaries or other business holdings, less income taxes payable, the share of earnings of subsidiaries or other holdings, any capital distribution<sup>1</sup>, any non-recurring revenue and unfinanced capital expenditures.

The denominator is equal to the sum, for the same period, of total interest paid on short- and long-term debt and principal payments on long-term debt and capital leases.

<sup>1</sup>. Capital distributions are calculated by adding up dividends paid, share redemptions and other forms of withdrawal, amounts paid in the form of loans or advances to shareholders, directors, officers and employees or in the form of loans and advances to or investments in other related entities, less amounts received in the form of loans or advances to shareholders, directors, officers and employees or in the form of loans and advances to or investments in other related entities.

- All financial ratios to be calculated based on the accountant prepared consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc., 1929927 Ontario Inc. & 5010945 Ontario Limited.

The obligation to maintain the aforementioned financial ratio(s) at all times shall apply from now on to any other Facility the Financial Institution has made available to the Borrower and this obligation shall continue to apply to such other Facility, even if the present Facility is repaid.

## 6. DOCUMENTS TO BE PROVIDED

### 6.1 In order for the Financial Institution to periodically review or renew the Facility(ies) scheduled for December 31, 2020, the Borrower shall provide it with the following documents prior to November 30, 2020:

- Its annual financial statements in the form of a review engagement as at August 31, 2020;
- Its interim financial statements as at November 30, 2020;
- Recent annual financial statements in the form of a review engagement for the following entities: 1138969 Ontario Inc., & 1929927 Ontario Inc. (Notice to Reader) & 5010945 Ontario Limited (Notice to Reader);
- The consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc., 1929927 Ontario Inc & 5010945 Ontario Limited as at August 31, 2020;
- A detailed list broken down by 30-day periods of its accounts receivable as at the end of the fiscal year;
- A detailed statement, in accordance with the Financial Institution's requirements, as at the end of the fiscal year, of the acquisition cost of its inventory (or market value if lower than the acquisition cost);
- A detailed list broken down by 30-day periods of its accounts payable and accrued liabilities, and amounts due under tax laws as at the end of the fiscal year;
- The signed recent personal balance sheet(s) of Christopher Grant, ~~Daniel Springer~~ & Richard Picard (2020) every year;
- The income tax returns for the last year of Christopher Grant & Richard Picard;
- An organization chart detailing the relationship between the Borrower and the related party organizations and any other related parties;
- The consolidated financial statements should contain the following:
  - basis of consolidation
  - cashflow statement
  - financial notes pertaining to significant accounting policies, related party transactions, inventory & WIP, Property, Plant & Equipment, Long term debt and Share Capital.

## **7. SECURITY APPLICABLE TO**

### **7.1 Loan of \$1,350,000.00**

The performance of the Borrower's obligations set forth herein or arising here from, as well as any increase in the amount of the credits, and the extension of any other loan or form of credit that the parties may agree to further, shall at all times be secured by the following security interests or charges:

- a guarantee under the Export Development Canada program run by Government of Canada with a percentage of 75,00%;

### **7.2 All Facilities**

The performance of the Borrower's obligations set forth herein or arising here from as well as the repayment and/or performance of any of the Borrower's past, present and future debts and obligations towards the Financial Institution shall at all times be secured by the following security interests or charges:

- an assignment and postponement of loan on the following debt(s) or security(ies): Acknowledgment of debt by SPRINGER AEROSPACE HOLDINGS LIMITED in favour of Aviation Maintenance Inc. for the amount of \$1,070,000.00.;
- an assignment and postponement of loan on the following debt(s) or security(ies): Acknowledgment of debt by 5010945 ONTARIO LIMITED in favour of Aviation Maintenance Inc. for the amount of \$1,425,000.00.;
- a guarantee from 5010945 ONTARIO LIMITED and 1929927 Ontario Inc. in the amount of \$6,500,000.00
  - With respect to all of the Borrower's present and future debts and obligations toward the Financial Institution;
- a guarantee from 1138969 Ontario Inc. in the amount of \$6,500,000.00
  - With respect to all of the Borrower's present and future debts and obligations toward the Financial Institution;
- a guarantee from RICHARD PICARD and CHRISTOPHER GRANT in the amount of \$6,500,000.00
  - With respect to all of the Borrower's present and future debts and obligations toward the Financial Institution;

The performance of the Borrower's obligations set forth herein or arising here from, as well as any increase in the amount of the credits, and the extension of any other loan or form of credit that the parties may agree to further, shall at all times be secured by the following security interests or charges:

- The existing general personal property security against all of the present and future personal property of the Borrower filed in the Ontario Personal Property Registry under Registration Number 745544772;
- a guarantee from JAMES DANIEL SPRINGER in the amount of \$500,000.00
  - with respect to all Facilities made available to the Borrower hereunder;

- The existing collateral charge/mortgage of land in the amount of \$350,000.00 registered under No. AL207556 at the ALGOMA Registry/Titles Office against the property located at 201 RIVER SIDE RD, ECHO BAY, ON P0S 1C0, together with the assignment of rents and of insurance proceeds in respect thereto which such assignment is subject to a security interest in favour of the Financial Institution;
- A 1st priority ranking collateral charge/mortgage of land registered against a property located at 377 LAKE VIEW RD, ECHO BAY, ON P0S 1C0 and owned by SPRINGER AEROSPACE HOLDINGS LIMITED in the amount of \$6,500,000.00 together with an assignment of rents and of insurance proceeds in respect thereto which such assignment shall be subject to a security interest in favour of the Financial Institution and duly registered pursuant to the **Personal Property Security Act** of Ontario.
- A specific security interest attaching the following present, future and after-acquired property:
  - A 1st ranking security interest on the following property: 1987 MALIBU AIRCRAFT;
  - of the same rank on the rights and indemnities under the insurance policy or policies covering the property listed above as well as any other compensation to which the Borrower may be entitled if said property is damaged, lost, destroyed or otherwise affected, or if debts or accounts cannot be collected in whole or in part, including indemnities for loss of income or equipment breakdown, as the case may be;
  - of the same rank on debts, accounts, instruments or monies arising from the lease, sale or other disposal of the collateral.

## 8. TAKING OF SECURITY

The selection of the lawyer mandated for the taking of the charges and security and their registration shall first be approved by the Financial Institution. Such lawyer is required to hold and maintain in force professional liability insurance in an amount at least equal to the security or charge, until the termination of such security or charge.

Sheena Alexander of MLA Law, Lawyer, shall be responsible for taking and registering the charges and security.

Her contact information is as follows: 33 MACKENZIE ST, SUDBURY, ON P3C 4Y1.

Telephone: 705-806-6525

Fax: 705-806-1136

Email: salexander@mlalaw.ca

Such lawyer's professional fees and disbursements shall be paid by the Borrower.

## 9. FEES AND COSTS

Upon the signature hereof, the Borrower shall pay to the Financial Institution an amount of \$50,000.00 for the cost of analyzing the Facility application and opening the file, which amount is not refundable even if the Facility hereunder is not disbursed. Such costs are over and above the other costs' payable by the Borrower (professional fees, if any, registration fees of charges and personal property security, etc.).

The Borrower shall pay to the Financial Institution the costs relating to the analysis of the Facility application and file opening including, if applicable, costs to prepare and register charges and personal property securities and fees for monthly management, monthly or annual follow-up and periodic review. The Borrower shall also pay the availability fees for an unused credit and the maintenance fees for a revolving credit.

With respect to any credit except a variable credit, in the event sufficient funds are unavailable in the account from which the payments are to be withdrawn, when such payment is due, the Financial Institution may, subject to its rights and remedies, request that the Borrower pay the applicable fees in order to compensate the Financial Institution for reasonable expenses it incurred in attempting to withdraw said payment. The Borrower may at any time enquire at the Financial Institution to ascertain the applicable fees.

The Borrower will also pay the fees relating to increased control, late document submission, notification, extension, renewal, for a Specific Advance under the revolving credit, third-party assumption in case of disposal of charged or secured property, release and discharge, as the case may be, when the Facility(ies) stipulated hereunder have been completely repaid.

The Borrower acknowledges having been informed of such fees and costs and that they may be modified from time to time by the Financial Institution.

The Borrower shall also pay other fees and costs that could become applicable to such Facility, pursuant to the fee policy then in effect at the Financial Institution.

The Borrower authorizes the Financial Institution to debit its account(s) for the amount of the fees and costs set forth herein.

## **10. GENERAL CONDITIONS**

The "GENERAL CONDITIONS" attached hereto form an integral part of this Offer of Financing as if they were incorporated directly herein.

## **11. DEEMED AGREEMENT(S)**

When accepted and signed by the Borrower, this Offer of Financing will be deemed to constitute one or more of the following agreement(s): a variable credit agreement, a revolving credit agreement, a loan agreement, a split loan agreement, a credit agreement and/or a wholesale inventory Facility agreement, as the case may be. The date of the signature of such agreement(s) shall be deemed to be the date of its signature by the Borrower and such agreement(s) shall replace any prior verbal and/or written agreement between the parties concerning the Facility(ies) provided for herein.

The Financial Institution shall subsequently see to the preparation of the documentation relating to any charge or security provided for in this Offer of Financing and such documentation shall be completed and registered to the satisfaction of the Financial Institution and its legal counsel, if applicable, prior to any disbursement.

## 12. ACCEPTANCE

By accepting this Offer of Financing, the Borrower confirms that all the financial and other documents and information provided to the Financial Institution to obtain this Facility are accurate and complete. If they are inaccurate or incomplete, this Offer may be cancelled at the Financial Institution's discretion.

This Offer of Financing is valid until 5:00 p.m. on June 7, 2020. After that time, the Financial Institution may amend or withdraw it.

Per:   
BENOIT FOURNIER  
Account Manager



**BORROWER'S ACCEPTANCE**

I (We) the undersigned RICHARD PICARD and CHRISTOPHER GRANT, the Borrower, the representative(s) of the Borrower (in the case of a body corporate, such representative(s) state(s) that it has (they have) the authority to bind the corporation) accept all the terms and conditions set out in this Financing Offer.

Signed on           May 12th, 2020          

By: 

CHRISTOPHER GRANT

By: 

RICHARD PICARD

## GENERAL CONDITIONS APPLICABLE TO ALL FACILITIES

The Borrower acknowledges having read the representations, warranties, conditions, obligations and other provisions set out below and agrees that they form an integral part of the Offer of Financing to which they are attached as a schedule, as if they were fully set out in the Offer. Consequently, by accepting such Offer of Financing, the Borrower is deemed to have made the following representations and warranties and undertakes to abide by all of the following conditions, obligations and other provisions.

### 1. BORROWER'S REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants that:

- a) It holds all the permits, licenses, trademarks, authorizations and patents required to operate its business;
- b) There has been no material adverse change in its financial situation since the date of its last annual or interim financial statements as submitted to the Financial Institution (or since the date the last personal balance sheet(s) was submitted to the Financial Institution if the Borrower is one or more individual). Such financial statements (and/or personal balance sheet(s)) accurately represent its (their) financial situation as at the date they were prepared. The Borrower has not incurred and does not anticipate incurring any material liability of which the Financial Institution has not already been informed;
- c) It is not involved in any legal proceeding or litigation that could materially affect its financial situation and/or business operations;
- d) It is not in default under any legislation or regulation applicable to the operation of its business and to its property or with respect to applicable environmental requirements and standards;
- e) All its tax debts, including source deductions, HST and income taxes, as well as all taxes or contributions, the payment of which is secured or can be secured by a government priority or a lien or deemed trust, have been paid without subrogation;
- f) It possesses good title to the property secured by the charges and security interests required by the Financial Institution, and said property is free and clear of any government priority, hypothec, lien charge, security interest or other encumbrance, except those that will be paid in full and discharged following disbursement of the Facility extended pursuant to this Offer of Financing or if the Financial Institution has expressly permitted such prior ranking encumbrance.
- g) If the Borrower is required to submit documents to the Financial Institution, the Borrower agrees that the submitted documents shall be deemed originals and shall constitute admissible written evidence in a legal proceeding, regardless of the format of these documents or the method used (such as email and fax) to submit them. Moreover, when the Borrower or its representatives or employees submits or transmits documents to the Financial Institution, the Financial Institution shall assume that all details and information contained in these documents have been verified and validated by the Borrower and are complete and accurate. The Borrower shall assume full responsibility, including vicarious liability, for any incomplete, erroneous, missing or inaccurate information submitted in the documents, if applicable. The Borrower also acknowledges that the Financial Institution may demand the immediate repayment of the amounts loaned.

### 2. CONDITIONS PRECEDENT TO DISBURSEMENT

The following conditions must be fulfilled to the satisfaction of the Financial Institution prior to the disbursement of any Facility contemplated in this Offer of Financing:

- a) The Borrower shall provide the Financial Institution with:
  - i. A certified true copy of its constituting documents and any subsequent amendments, as well as any by-law, resolution or other document authorizing the loans and charges and security interests contemplated herein and designating the individuals authorized to execute the documents required to give effect to the Offer of Financing;
  - ii. Evidence of insurance in accordance with the requirements set out in the relevant standard charge terms or security agreements and insuring the property secured pursuant to such charges or security interests;
  - iii. Any other duly executed document, as the case may be, that may be useful or deemed necessary by the Financial Institution or its solicitor, in order to give full effect hereto;
- b) The required third-party guarantees have been provided and the charges and security interests have been registered and have the required rank;
- c) The Borrower has paid to the Financial Institution the expenses relating to the analysis and review of the file, the appraisal costs incurred by the Financial Institution and the expenses for the preparation and registration of the required charges and security interests (including legal fees, if applicable);
- d) If amounts loaned must be covered by a government guarantee or by mortgage insurance, the program or mortgage insurance conditions shall be fully complied with.

If a material change occurs in the Borrower's situation after this Offer of Financing is accepted and the Financial Institution deems that such change increases its risk, the Financial Institution may, in its sole discretion, cancel the Facilities made available hereunder, refuse to disburse any Facility not yet disbursed, and demand repayment of all amounts already disbursed.

### **3. GENERAL OBLIGATIONS OF THE BORROWER**

Until such time as all the amounts owed to the Financial Institution under this Offer of Financing have been duly repaid, the Borrower shall:

- a) At all times hold the permits, licenses, trademarks, authorizations and patents required to operate its business;
- b) Use any Facility granted by the Financial Institution pursuant to this Offer of Financing for the purposes set out therein or otherwise agreed to by the Financial Institution;
- c) Maintain, for all property charged or secured as collateral, the insurance required by the standard charge terms and security agreements;
- d) Provide the Financial Institution with any information or document it may reasonably request;
- e) Allow the Financial Institution's representatives to visit and have access to its places of business, examine its accounting books and records, and make copies or take extracts if deemed necessary;
- f) Advise the Financial Institution in writing of the occurrence of any fact or event which may constitute an event of default under this agreement and/or any standard charge terms or security agreement;
- g) Abide by all other obligations and undertakings stipulated in the standard charge terms, security agreements and other similar document.

### **4. DEFAULT**

The Borrower shall be in default in each of the following cases:

- a) If the Borrower fails to fulfill any obligation set out in this Offer of Financing, the standard charge terms, security agreements, any other related document and any other credit or security agreement entered into with the Financial Institution;
- b) If the Borrower draws a cheque that brings the variable credit balance, if applicable, to an amount greater than the amount authorized hereunder;
- c) If a statement, representation or warranty made in connection with this Offer of Financing proves to be false or misleading;
- d) If the Borrower or any person acting as guarantor or having granted a charge or security interest for any Facility provided for herein goes bankrupt or becomes insolvent or files a proposal that is rejected or annulled, or if the property charged as security is the subject of a seizure by a creditor, trustee, liquidator or other party, is the subject of a notice of exercise of mortgage or other remedy, a notice of withdrawal of authorization to collect debts or rent or a seizure or other remedy by another creditor, if the Borrower is subject to garnishment or similar proceeding and the Financial Institution is the subject of such proceeding, or if the Borrower ceases to operate its business;
- e) If the Borrower fails to fulfill any obligation to its other creditors.

If the Borrower is in default, the Financial Institution may, subject to all of its other rights and remedies, demand full and immediate payment of the amounts loaned, accrued interest and any other amount payable by the Borrower under this Offer of Financing and any other credit agreement entered into with the Financial Institution. Failure by the Financial Institution to rely upon its rights in case of default should not be construed as a waiver of such rights.

The Financial Institution may also, in its sole discretion, grant extensions, waive guarantees, make compromises or arrangements and, in general, come to terms with the Borrower without affecting its rights and remedies against guarantors, as the case may be.

### **5. OTHER CONDITIONS**

#### **a) Debit authorization**

Any amount due by the Borrower may be debited from any of its accounts held at the Financial Institution, or from its variable or revolving credit, as the case may be.

#### **b) Payment application**

All amounts collected from the Borrower or any other person or from the proceeds of the realization of collateral or any other source may be applied by the Financial Institution to the payment or reduction of any debt owing by the Borrower to the Financial Institution as it determines in its sole discretion. Such amounts shall first be applied to accrued interest and to the cost of life insurance and disability insurance purchased in relation to any Facility provided herein, as the case may be, and then to the repayment of the principal.

#### **c) Periodic review**

Any Facility granted under this Offer of Financing may be periodically reviewed by the Financial Institution and there shall be an annual review of such Facility at a time to be determined by the Financial Institution.

**d) No assignment**

The rights arising from this Offer of Financing may be assigned or transferred by the Borrower to a third party solely upon prior written consent of the Financial Institution and subject to the conditions set by the Financial Institution.

**e) No merger**

Any subsequent registration of a charge (mortgage) or Facility statement or any first advances of monies under any facility described herein shall not extinguish or otherwise cause or create a merger with the covenants and provisions herein or any document relating hereto or contained in any other credit or security document required under this Offer to Finance.

**f) Accounting terms**

Unless otherwise stipulated, the accounting terms used in this Offer of Financing, as the case may be, shall have the meaning given to them by generally accepted accounting principles in Canada as published by the Canadian Institute of Chartered Accountants.

**g) Joint and several liabilities**

Any debt owed to the Financial Institution arising from this Offer of Financing may be claimed from the Borrower's personal representatives, heirs, or successors and assigns and any surety, if applicable.

If the term "Borrower" refers to more than one individual, each one shall be jointly and severally liable for the performance of the obligations set out in this Offer of Financing, any related document and any agreement to amend or renew any Facility made available hereunder.

If any Facility is subject to a guarantee from a third party, the obligations of the guarantor or guarantors shall be joint and several.

**h) Applicable legislation**

This Offer of Financing and all documents relating thereto shall be governed by and interpreted in accordance with the laws in force in the Province of Ontario and any dispute regarding their interpretation or enforcement may only be submitted to the courts of the Province of Ontario.

**i) Payments on non-business days**

If the payment due date for a variable credit or revolving credit falls on a day that is not a "Business day", the Financial Institution may debit the Borrower's account(s) on the next "Business day", and interest shall accrue in the meantime.

**j) Interest**

Interest payable shall be debited automatically from the Borrower's PCA account(s).

For a variable credit, revolving credit and mortgage envelope, the Financial Institution may at any time, upon 30 days' prior written notice, amend any premium percentage to its "Financial Institution's Prime Rate" and "Financial Institution's US Prime Rate" provided for herein.

Interest in arrears

Any interest unpaid on the due date shall itself bear interest at the rate applicable to the principal that generated it. Such interest may be capitalized but remains payable on demand.

**k) Assumption**

In the event of an assumption of the Facility due to a sale or other disposal of the secured property, the acquiring party shall be approved by the Financial Institution.

**6. OTHER DOCUMENTS**

The Borrower and any guarantor shall execute any other document that the Financial Institution may require to give full effect to the obligations, representations, warranties and undertakings stipulated in this Offer of Financing.

**7. SUCCESSORS AND ASSIGNS**

This Offer of Financing is binding upon the Borrower, its successors, beneficiaries, executors, personal representatives and assigns, as well as the Financial Institution, its successors and assigns.

**8. DEFINITIONS**

For purposes of construing this Offer of Financing, the following terms and/or expressions shall have the meaning ascribed to them below:

- a) Postponed debt:** Any debt of the Borrower, its subsidiaries or corporations or company affiliated to any of their shareholders or subsidiaries or to any affiliated corporation or company within the meaning of the *Canada Business Corporations Act*, for



which debt the creditor has waived, for a given period, its right to collect such debt or to ask the Borrower to buy, redeem, repay or exchange said security with it.

- b) **Business day:** Any day, excluding Saturday, Sunday and any other statutory holiday or day on which banks are closed in Canada.

## GENERAL CONDITIONS SPECIFIC TO A LOAN AND SPLIT LOAN

### 1. OTHER CONDITIONS

#### 1.1. Disbursement

Disbursement shall be conditional upon the charges and security interests requested by the Financial Institution being registered and perfected to its satisfaction, the secured collateral being insured in accordance with the standard charge terms and security agreements, the supporting documentation (invoices, deed, etc.) required by the Financial Institution having been provided and the conditions precedent stipulated herein having been duly met.

#### 1.2. Interest (clause only applicable to a variable rate loan or split loan)

If the term and amortization of a loan and/or a tranche of a split loan exceed five years, the Financial Institution may, after the fifth anniversary of this Offer's acceptance date, upon 30 days' prior written notice, amend the premium percentage indicated in the "LOAN" section and/or the "SPLIT LOAN" section, as applicable, to the "Financial Institution's Prime Rate" or the "Financial Institution's US Prime Rate". If such premium percentage increases, the Borrower may, within 30 days of receipt of such notice, prepay the loan or tranche of the relevant split loan without paying the Financial Institution an indemnity.

#### 1.3. Payment allocation

Any payment received by the Financial Institution shall first be allocated to accrued interest and, if applicable, to the cost of life and/or disability insurance at the additional rate mentioned herein and then to the repayment of principal. The payments shall be allocated to the principal, commencing with the longest outstanding, only when all interest and insurance premiums have been paid in full. In the case of a split loan, if a payment is insufficient to cover the sums due on the different tranches, the Financial Institution shall allocate the payment in its discretion. The same shall apply to any other amount received, inter alia from the realization of secured collateral.

### 2. PREPAYMENT OF A LOAN OR A TRANCHE OF A SPLIT LOAN

Any loan or tranche of a split loan may be prepaid subject to the payment of the indemnity calculated as set forth below, unless this Offer of Financing states that such loan or tranche of a split loan may be prepaid without paying an indemnity. In the case of a tranche of a split loan, the word "loan" in the following clauses is replaced by the word "tranche", and the clauses shall be read with necessary modifications.

#### 2.1. For a fixed-rate loan

The Borrower may at any time prepay the loan, in whole or in part, subject to the payment to the Financial Institution of an indemnity equal to the greater of:

- An amount equal to three months' interest on the amount prepaid, at the interest rate then applicable to the loan;
- An amount equal to the interest calculated on the amount prepaid until the maturity date of the loan at an interest rate corresponding to the difference between: i) the interest rate then applicable to the loan and ii) the rate of return of Government of Canada bonds (or U.S. government bonds, for a term loan in American dollars) with a fixed term of one year if, at the time of the prepayment, less than 24 months remain until the maturity date of the loan, 2 years if 24 to 36 months remain, 3 years if 36 to 48 months remain, 4 years if 48 to 60 months remain, and 5 years if 60 months or more remain. The rates of return of the said bonds are as shown, on the date of prepayment, by the Bloomberg information system or, failing that, by another system or entity chosen by the Financial Institution. They are quoted on the Financial Institution's website, if available.

However, if the prepayment is made less than three months prior to maturity of the loan, the indemnity shall not exceed the interest at the rate then applicable to the loan calculated on the prepaid amount from the prepayment date until the maturity date of the loan.

#### 2.2. For a variable-rate loan

The Borrower may at any time prepay the loan, in whole or in part, subject to the payment to the Financial Institution of an indemnity equal to three months' interests on the amount prepaid at the interest rate then applicable to the loan. However, if the payment is made less than three months prior to the maturity of the loan, the indemnity shall not exceed the interest at the rate then applicable to the loan calculated on the prepaid amount from the prepayment date to the maturity date of the loan.

### 2.3. For a loan with a periodically revisable rate

The Borrower may, at any time, prepay the loan in whole or in part, subject to the payment to the Financial Institution of an indemnity equal to three months' interests on the amount of the loan being prepaid, at the interest rate then applicable to the loan. However, if the prepayment is made less than three months before the term of the loan, this indemnity shall not exceed the interest at the rate then applicable to the loan, calculated on the amount of the loan being prepaid from the date of such prepayment until the term of the loan.

### 3. FOREIGN EXCHANGE RISK, CURRENCY CONVERSION AND EXCHANGE RATE FOR USD LOANS

- a) **Foreign exchange risk:** If a loan is made in American dollars, the Borrower acknowledges having requested that such loan be made in said currency. The Borrower therefore assumes all risks with respect to variations in the exchange rate.
- b) **Currency conversion:** Should a currency conversion into Canadian dollars be necessary, for instance if debt collection is necessary, the Borrower acknowledges that the Financial Institution may, in its sole discretion, make the conversion at the exchange rate in effect on the date collection takes place or on the date of the judgment or, in all other cases, on the date on which the conversion has to be made. Should the exchange rate change between the conversion date and the payment date, the Borrower shall, on the payment date, pay to the Financial Institution any additional amount that may be required so that the amount paid on that date in Canadian dollars shall be equal, after conversion at the exchange rate carried out on the payment date, to the amount then due in American dollars. Any amount payable by the Borrower pursuant to the foregoing is a separate debt and shall not be affected by a judgment obtained for any other amount due as a result of or under the terms hereof.
- c) **Exchange rate:** When used herein, the expression "exchange rate" shall mean the official Bank of Canada ("USD/CAD Noon Rate") exchange rate in effect on the conversion date, if applicable, plus any premium and conversion fee payable. If the Bank of Canada Noon Rate is unavailable on the conversion date, the Financial Institution may, in its sole discretion, carry out the conversion at the rate in effect on the day immediately preceding or following the conversion, where such rate is available.


**BORROWER'S ACCEPTANCE**

I (We) the undersigned RICHARD PICARD and CHRISTOPHER GRANT, the Borrower or the representative(s) of the Borrower (in the case of a body corporate, such representative(s) state(s) that it has (they have) the authority to bind the corporation) acknowledge(s) that I (we) have read the foregoing general conditions, which are an integral part of the Offer of Financing to which they are attached as a schedule, and accept them.

Signed on May 12th, 2020

By:  \_\_\_\_\_

CHRISTOPHER GRANT

By:  \_\_\_\_\_  
RICHARD PICARD





July 2<sup>nd</sup>, 2021

SPRINGER AEROSPACE HOLDINGS LIMITED  
377 LAKEVIEW RD  
ECHO BAY, ON P0S 1C0

To the attention of: CHRISTOPHER GRANT, JAMES DANIEL SPRINGER

**SUBJECT:       Renewal of loan(s) and changes**  
**00339-480229**

---

Dear Member,

With the exclusion of the specific credits mentioned in the second paragraph below, this letter concerns all credits, including all loans, split loans, variable credit, foreign exchange line, rotating credit and wholesale financing issued to SPRINGER AEROSPACE HOLDINGS LIMITED (the "Borrower") by CAISSE DESJARDINS ONTARIO CREDIT UNION INC., through a contract, offer of financing or other means (the "Credits").

The credits identified below and any other credit offered by a Desjardins Group entity other than CAISSE DESJARDINS ONTARIO CREDIT UNION INC. are not provided for in this letter, and remain in effect and subject to the terms and representations and warranties set out in the contracts governing them:

- N/A

**1.       AMENDMENT(S)**

The credits shall be amended as follows as of July 2<sup>nd</sup>, 2021:

**1.1       Paragraph « Periodically Review » of the credits shall henceforth read as follows:**

In order for the Caisse to periodically review or to renew the financing(s) scheduled for January 31, 2022, the Borrower shall provide it with the following documents prior to December 31, 2021:

- Its annual financial statements in the form of a review engagement as at August 31, 2021;
- Its interim financial statements as at November 30, 2021;
- Recent annual financial statements in the form of a review engagement for the following entities: 1138969 Ontario Inc. & 1929927 Ontario Inc. (Notice to Reader) & 5010945 Ontario Limited (Notice to Reader);

- The consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc., 1929927 Ontario Inc & 5010945 Ontario Limited as at August 31, 2021;
- A detailed list, broken down by 30-day periods, of its accounts receivable as at the end of the fiscal year;
- A detailed statement, in accordance with the Caisse's requirements, as at the end of the fiscal year, of the acquisition cost of its inventory (or market value if lower than the acquisition cost);
- A detailed list, broken down by 30-day periods, of its accounts payable and accrued liabilities, and amounts due under tax laws as at the end of the fiscal year;
- The signed recent personal balance sheet (s) of Christopher Grant & James Daniel Springer (2020) every 1 year;
- The income tax returns for the last year of Christopher Grant & James Daniel Springer;
- An organization chart detailing the relationships between the Borrower and its related party organizations and any other related parties;
- The consolidated financial statements should contain the following:
  - basis of consolidation
  - cashflow statement
  - financial notes pertaining to significant accounting policies, related party transactions, inventory & WIP, Property, Plant & Equipment, Long term debt and Share Capital;
- The financial statements of Aviation Maintenance Inc. and Aviation Maintenance Limited (Notice to Reader).

**1.2** Addition of a section:

- Shareholder agreement for the purchase of 5010945 Ontario Limited Shares and registries confirming the transaction.

**1.3** The terms and conditions governing the above-mentioned credits(s) shall be amended as follows:

- The member undertakes to :
  - cover any default of financial ratios.

The aforementioned undertakings must also be subscribed by Christopher Grant, James Daniel Springer, 1138969 Ontario Inc. 1929927 Ontario Inc. & 5010945 Ontario Limited., Aviation Maintenance Inc. as appears from their intervention annexed to this Amendment letter.

**2. AMENDMENTS TO SPECIFIC CONDITIONS FOR THE CREDIT IN THE AMOUNT OF \$1,350,000.00**

The financing conditions will be amended as follows as of July 2<sup>nd</sup>, 2021:

2.1 The terms and conditions governing the above-mentioned credits(s) shall be amended as follows:

- The Borrower undertakes to maintain the following insurance for which it shall be the beneficiary:
  - a loan insurance policy for an amount that shall be reduced progressively according to the balance of the loan, such policy being established on the life of Christopher Grant for a minimum of \$675,000.00.

3. **AMENDMENTS TO THE GUARANTEES FOR THE ENTIRE FILE**

The financing conditions will be amended as follows as of July 2<sup>nd</sup>, 2021:

3.1 Addition of the following guarantee:

The performance of the Borrower's obligations set forth herein or arising herefrom shall at all times be guaranteed by the following security or securities:

- a guarantee from AVIATION MAINTENANCE INC. and 1929927 ONTARIO INC. and 5010945 ONTARIO LIMITED in the amount of \$6,500,000.00
  - with respect to all of the Borrower's present and future debts and obligations toward the Financial Institution;
- a guarantee from CHRISTOPHER GRANT and JAMES DANIEL SPRINGER in the amount of \$6,500,000.00
  - with respect to all of the Borrower's present and future debts and obligations toward the Financial Institution;
- A specific security interest attaching the following present, future and after-acquired property:
  - a first ranking security interest on the following property: 1986 PIPER, MODEL PA-46-310P, VIN 4608032 FAA REGISTRATION N712MK PRATT & WHITNEY PT-6A-34 ENGINE BEARING SERIAL PCE RB-0006 HARTZELL HC-E4N-31 PROPELLER BEARING SERIAL HH4329 AIRCRAFT LOG BOOKS AND RECORDS;
  - of the same rank on the rights and indemnities under the insurance policy or policies covering the property listed above as well as any other compensation to which the Borrower may be entitled if said property is damaged, lost, destroyed or otherwise affected, or if debts or accounts cannot be collected in whole or in part, including indemnities for loss of income or equipment breakdown, as the case may be;
  - of the same rank on debts, accounts, instruments or monies arising from the lease, sale or other disposal of the collateral.

**3.2** Removal of the following guarantee:

- a guarantee from 1929927 ONTARIO INC. and 5010945 ONTARIO LIMITED in the amount of \$6,500,000.00
  - with respect to all of the Borrower's present and future debts and obligations toward the Financial Institution;
- a guarantee from RICHARD PICARD and CHRISTOPHER GRANT in the amount of \$6,500,000.00
  - with respect to all of the Borrower's present and future debts and obligations toward the Financial Institution;
- a guarantee from JAMES DANIEL SPRINGER in the amount of \$500,000.00
  - with respect to all of the Borrower's present and future debts and obligations toward the Financial Institution;
- A specific security interest attaching the following present, future and after-acquired property:
  - a first ranking security interest on the following property: 1987 MALIBU AIRCRAFT.

**4. CONTINUATION OF THE TERMS AND CONDITIONS STATED IN THE CREDITS CONTRACTS**

Except as amended or replaced by this letter, if applicable, all of the terms, conditions, representations and suretyships stated in the credits or credits contracts, and in all other related collateral agreements and documents, shall remain in full force and continue to apply.

**5. ABSENCE OF NOVATION**

This letter does not constitute a novation for the Credits already issued to the borrower, nor a derogation from the rights, recourses, mortgages, suretyships and ranks associated with the credits, existing security documents and all other documents and/or texts associated therewith, which remain in full force and continue to guarantee all of the borrower's obligations described in the credits contracts and herein.

**6. FEES**

Upon accepting these terms and conditions, the borrower shall pay credits renewal and/or amendment fees of \$ 750.00 to the Caisse. Said fees are non-refundable and shall be debited from the borrower's account.

Upon the signature hereof, the Borrower shall pay to the Financial Institution an amount of \$150,00 for the taking of security, which is not refundable even if the Facility hereunder is not disbursed. Such costs are over and above the other costs payable by the Borrower (professional fees, if any, registration fees of charges and personal property security, etc.).

7. **DEADLINE FOR AND TERMS OF ACCEPTANCE**

If you agree to the above terms and conditions, please confirm your acceptance thereof by sending us a copy of this letter, duly signed by you, before 5:00 p.m. on August 2<sup>nd</sup>, 2021. After said date, the Caisse reserves the right to cancel or to amend this offer.

Yours truly,

CAISSE DESJARDINS ONTARIO CREDIT UNION INC.

Per :



BENOIT FOURNIER  
Account Manager


**ACCEPTANCE BY THE BORROWER**

I (we) the undersigned CHRISTOPHER GRANT and JAMES DANIEL SPRINGER the borrower or the duly authorized representative(s) of the borrower (in the case of a corporation, who declare myself(ourselves) duly authorized by a resolution of the board of Directors dated JULY 9, 2021, acknowledge having read the letter of extension and amendments sent to the Borrower by CAISSE DESJARDINS ONTARIO CREDIT UNION INC. on July 2<sup>nd</sup>, 2021 and hereby accept all the terms and conditions thereof.

Signed at ECHO BAY, ON this 9 day of JULY 2021 .

SPRINGER AEROSPACE HOLDINGS LIMITED

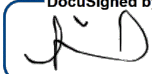
Per:

  
CHRISTOPHER GRANT

Per:

  
JAMES DANIEL SPRINGER

THIS IS **EXHIBIT “G”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840F

---

*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.

**Properties**

*PIN* 31470 - 0011 LT *Interest/Estate* Fee Simple  
*Description* PCL 12-1 SEC 1M498; BLK 12 PL 1M498 LAIRD EXCEPT PT 1 1R7890; LAIRD;  
SUBJECT TO AN EASEMENT OVER BLK 12 PL 1M498 EXCEPT PT 1 1R7890 IN  
FAVOUR OF LT 17 RCP H759 AS IN AL195932  
*Address* 377 LAKE VIEW ROAD  
ECHO BAY

*PIN* 31470 - 0098 LT *Interest/Estate* Fee Simple  
*Description* LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466; LAIRD; SUBJECT TO AN  
EASEMENT OVER LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466 IN  
FAVOUR OF OF LT 17 RCP H759 AS IN AL195932  
*Address* 377 LAKE VIEW ROAD  
ECHO BAY

**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* SPRINGER AEROSPACE HOLDINGS LIMITED  
*Address for Service* 377 Lake View Road, Echo Bay, Ontario  
P0S 1C0

I, Richard Picard, President and Christopher Grant, Secretary, have the authority to bind the corporation.

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

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

*Name* CAISSE DESJARDINS ONTARIO CREDIT UNION INC.  
*Address for Service* 43, Rue Notre-Dame, C.P. 550, Azilda, Ontario P0M 1B0

**Provisions**

*Principal* \$6,500,000.00 *Currency* CDN  
*Calculation Period*  
*Balance Due Date*  
*Interest Rate* Prime +10%  
*Payments*  
*Interest Adjustment Date*  
*Payment Date*  
*First Payment Date*  
*Last Payment Date*  
*Standard Charge Terms* 201909  
*Insurance Amount* Full insurable value  
*Guarantor*

**Signed By**

Ying Zhang 33 MacKenzie Street acting for Signed 2020 06 30  
Sudbury Chargor(s)  
P3C 2C1

Tel 705-806-6525

Fax 705-806-1136

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

**Submitted By**

MOUATSOS LAAKSO ALEXANDER LLP 33 MacKenzie Street 2020 06 30  
Sudbury  
P3C 2C1

Tel 705-806-6525

Fax 705-806-1136

<b>Fees/Taxes/Payment</b>
---------------------------

Statutory Registration Fee	\$65.05
Total Paid	\$65.05



**STANDARD CHARGE TERMS**
*Land Registration Reform Act*

 Filed by: **LA FÉDÉRATION DES CAISSES POPULAIRES DE L'ONTARIO INC.**

 Filing date: **August 30, 2012**

 Filing number: **201209**

 The following set of standard charge terms shall be deemed to be included in every Charge in which the set is referred to by its filing number, as provided in section 9 of the *Land Registration Reform Act*.

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## 1. DEFINITIONS

The parties hereto agree that the following terms shall for the purpose of this Charge have the following meanings:

**Charge:** means, for the electronic registration system, the charge/mortgage given by the Member to the Financial Institution pursuant to the signed "authorization and direction", and prepared and registered in the electronic format, and for the non-electronic paper based registration system, the charge/mortgage of land given by the Member to the Financial Institution pursuant to the form prescribed and registered, both pursuant to the *Land Registration Reform Act* of Ontario. Charge shall also include all schedules, renewals, extensions or amendments as well as these Standard Charge Terms;

**Collateral Loan Indebtedness:** means all Indebtedness and all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, revolving or not, at any time owing by the Debtor to the Financial Institution or remaining unpaid by the Debtor to the Financial Institution heretofore or hereafter incurred by or arising from agreement or dealings between the Financial Institution and the Debtor or from any agreement or dealings with any third party by which the Financial Institution may be or become in any manner whatsoever a creditor of the Debtor or however otherwise incurred or arising anywhere within or outside Canada and whether the Debtor be bound alone or with another or others and whether as principal or surety, including all amendments, renewals and substitutions thereto, without limiting the generality of the foregoing all interest, damages, costs, charges or expenses which may become due or payable to the Financial Institution or may be paid or incurred by the Financial Institution upon or in respect of any monies or liabilities referred to in the Charge or any portion of the Charge;

**Condominium Corporation:** means the Condominium Corporation referred to in the legal description of the Lands;

**Debtor:** means a Person who has Collateral Loan Indebtedness owing to the Financial Institution, and who may or may not also be the Member;

**Declaration:** means the registered Declaration which relates to the Condominium Corporation;

**Financial Institution:** means the chargee and includes the successors and assigns of the Financial Institution;

**Guarantor:** shall include the heirs, executors, administrators, successors and assigns of the Guarantor;

**Indebtedness:** means the outstanding Principal Amount, interest, costs and all other amounts payable by the Member to the Financial Institution under this Charge and any other Loan Documents;

**Interest Rate or Rate:** means the Interest Rate set out in the Charge, as amended, provided that if the Member and the Financial Institution have agreed in writing in any agreement that a different rate will apply to all or part of the Indebtedness, then that different rate shall apply;

**Lands:** means the Lands more particularly described in the Charge, as amended, together with all buildings, constructions and improvements whether affixed or otherwise, present or future, including without restricting the generality of the foregoing all fences, installations for heating, plumbing, air conditioning, ventilation, lighting, water heaters, stoves, refrigerators, storm windows and doors and all fixtures;

**Loan Documents:** means collectively, this Charge and any other agreements, documents and instruments relating to the Charge, as amended, supplemented and restated;

**Member:** means the chargor and includes the heirs, executors, administrators, successors and assigns of the Member and anyone to whom the Lands are transferred;

**Obligation:** means all of the Obligations, covenants and provisos that the Member has agreed to perform and all of the Promises that the Member has made under the Charge and the Loan Documents;

**Person:** means any natural person, body of natural persons or body corporate;

**Principal or Principal Amount:** means the amount set out in the Charge;

**Promise:** means an agreement, convention, covenant or promise by which the parties to same pledge themselves to the other that something is either done, or shall be done, or shall not be done, or stipulates for the truth of certain facts; when used as a verb, means that something is either done or shall be done or shall not be done.

**Term:** means the period between the date of registration of the Charge and the date on which the balance of the Indebtedness shall become owing according to the Loan Documents' "Repayment" clause.

## 2. INTERPRETATION

- (a) Unless otherwise provided, whenever two or more Persons are liable under these Standard Charge Terms, such liability shall be both joint and several.
- (b) The Charge shall be exclusively governed and construed in accordance with the laws of Ontario and the applicable federal laws of Canada. The Member exclusively submits to the jurisdiction of the courts of Ontario with respect to the Charge.
- (c) A reference in the Charge to a statute includes the statute as it may be amended and any replacement or substitute statute and its regulations.
- (d) The paragraph headings herein are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.
- (e) Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa.

## 3. STATUTORY COVENANTS EXCLUDED

The parties agree that the Covenants deemed to be included in all charges by reason of the *Land Registration Reform Act*, are excluded from this Charge and replaced by the Promises herein.

## 4. CREATION OF CHARGE

The Member charges in favour of the Financial Institution the Lands described in the Charge as security for the repayment of the Indebtedness, and the performance of all Obligations in accordance with the Charge, together with all remedies, rights and powers available to the Financial Institution at law and under this Charge.

## 5. CHARGE VOID

Subject to the within provisions, this Charge shall be void upon payment to the Financial Institution of all of the Indebtedness owing by the Member in accordance with the terms and Obligations under the Charge.

## 6. INTEREST

Interest is payable at the Rate set out in the Charge until the total Indebtedness has been paid, both before and after the balance due date, before and after default, and before and after obtaining any court judgment against the Member. Payments received by the Financial Institution may be applied by it to any part of the sums due under the Charge, notwithstanding any contrary stipulation by the Member.



**7. COMPOUND ARREARS**

On any default of payment by the Member, the Financial Institution shall charge interest on any overdue portion of the Indebtedness ("Compound Interest"). Compound Interest shall be paid on the regular payment dates. The Financial Institution shall also charge interest, at the Interest Rate, on Compound Interest that is overdue until paid in full, both before and after maturity as well as both before and after default and judgment.

**8. ADVANCES OF PRINCIPAL**

The Member agrees that neither the preparation, execution nor registration of this Charge shall bind the Financial Institution to advance the Principal Amount secured under this Charge. Similarly, the advance of a part of the Principal Amount secured under this Charge shall not bind the Financial Institution to advance any unadvanced portion. Nevertheless this Charge shall take effect immediately upon execution by the Member, and the costs and expenses of the examination of title, all related searches and the preparation of this Charge and valuation are to be secured by this Charge in the event of the whole or any balance of the Principal Amount not being advanced. These costs shall be a charge upon the said Lands and shall without demand, be payable immediately with interest at the Rate set out in the Charge; and in default the Financial Institution may exercise the power of sale and all its remedies, rights and powers available at law and under this Charge.

**9. MUNICIPAL TAXES**

With respect to municipal taxes, school taxes, local improvement rates and all other taxes, orders and levies charged by a competent authority chargeable against the Lands (the "Taxes"), it is agreed as follows:

- (a) Subject to the provisions of this paragraph, the Member shall pay all Taxes chargeable against the Lands as they become due;
- (b) The Member agrees to provide to the Financial Institution, as the Financial Institution may require, receipts confirming the payment of Taxes within a period of thirty (30) days following the date on which they were due;
- (c) The Financial Institution may deduct from the final advance of monies secured by this Charge an amount sufficient to pay the Taxes due at the time of such final advance;
- (d) If required by the Financial Institution, the Member shall, each month, pay to the Financial Institution one twelfth of the amount of the Taxes due for the following year, as estimated by the Financial Institution; the Member shall also pay to the Financial Institution on demand, the amount if any, by which the actual Taxes exceed such estimated amount;
- (e) The Member shall pay interest at the rate set out in the Charge on any debit balance, in the account maintained by the Financial Institution with respect to Taxes, after payment of Taxes by the Financial Institution, until such debit balance is fully repaid and such amount is payable immediately, added to the Charge and shall be a charge on the Lands.

The Financial Institution agrees to apply such deductions and payments to Taxes chargeable against the Lands so long as the Member observes the Promises contained in this Charge. The Financial Institution is not required to pay Taxes more than once a year and the Financial Institution does not hold any money received from the Member for the payment of Taxes in trust for the Member and shall not be required to pay interest to the Member on any monies received for this purpose. If the Taxes imposed are more than the amount collected by the Financial Institution on the Member's behalf, the Member shall immediately pay to the Financial Institution the difference upon being requested to do so. The Member agrees to provide the Financial Institution with all assessment notices, tax bills and other notices affecting the imposition of taxes immediately after receipt of same.

**10. COLLATERAL LOAN CHARGES**

- (1) This section shall apply if the Charge at any time secures Collateral Loan Indebtedness. The Debtor's liability under this Charge shall be limited to the sum of the Collateral Loan Indebtedness due under the Charge.

For good and valuable consideration, including the Collateral Loan Indebtedness, the Financial Institution's agreement to deal with the Debtor and the sum of Two (\$2.00) Dollars of lawful money of Canada now paid by the Financial Institution to the Member, the receipt and sufficiency of which is hereby acknowledged by the Debtor, the Member charges in favour of the Financial Institution the Lands described in the Charge.

Subject to the provisions of the Charge, this Charge will be void following the observation of the Obligations contained in the Charge and upon full payment on demand of the ultimate balance of the Collateral Loan Indebtedness as more fully described in the documents or agreements which created the Collateral Loan Indebtedness.

The parties agree as follows:

- (a) That no part of the Collateral Loan Indebtedness whether existing at the date of this Charge or incurred or arising thereafter shall be deemed to be unsecured by this Charge.
- (b) That this Charge is and shall be a continuing collateral security to the Financial Institution for the amount of such Collateral Loan Indebtedness and shall be deemed to be taken as security for the ultimate balance of such Collateral Loan Indebtedness and the observation of the Promises and Obligations of the Debtor and the Member under this Charge. This Charge shall not merge nor shall anything herein contained operate so as to create any merger or discharge of the Collateral Loan Indebtedness owing to the Financial Institution or of any lien, term loan agreement, bill of exchange or other instrument or security held by or which may hereafter be held by the Financial Institution from the Member or from the Debtor or from any other person and this Charge shall not in any way prejudicially affect any security held or which may hereafter be held by the Financial Institution for the said Collateral Loan Indebtedness or any part thereof, or the liability of any Guarantor or any other person upon any such lien, term loan agreement, bill of exchange or other instrument or security or contract or any renewal thereof held by the Financial Institution for or on account of the said Collateral Loan Indebtedness or any part thereof, nor shall the remedies of the Financial Institution in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of this Charge.
- (c) That any and all payments made in respect of the Collateral Loan Indebtedness and the monies or other proceeds realized from the sale of any securities held therefor, including this Charge, may be applied and reapplied notwithstanding any previous application on such part of such Collateral Loan Indebtedness as the Financial Institution may see fit or may be held unappropriated in a separate account for such time as the Financial Institution may see fit.
- (d) That the Financial Institution may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or from perfecting securities or guarantees of, may accept compositions from and may otherwise deal with the Member, the Debtor, any Guarantors, sureties, security or the Lands, and all other persons as the Financial Institution may see fit, without prejudicing the rights of the Financial Institution under this Charge.
- (e) That the taking of judgment in respect of the said Collateral Loan Indebtedness or any instrument now or hereafter representing or evidencing the said Collateral Loan Indebtedness or under any of the Promises in this Charge or in any such instrument contained or implied shall not operate as a merger of the said Collateral Loan Indebtedness, or of such instrument or Promises nor affect the Financial Institution's right to interest, nor affect nor prejudice any rights or remedies given to the Financial Institution by the terms of this Charge.
- (f) (i) That the Member shall not create or allow to be created any further mortgages, charges or encumbrances (the "Subsequent Charges") secured against the Lands without first obtaining the written consent of the Financial Institution, which consent the Financial Institution may, in its sole discretion, give or refuse.

- (ii) That all Subsequent Charges to which prior written consent is given by the Financial Institution, shall contain a clause postponing all advances under such Subsequent Charges to all advances made or security given under this Charge irrespective of whether such advances are made or security given prior to or subsequent to the Subsequent Charges or any advances under such Subsequent Charges.
  - (iii) Any Subsequent Charges created in contravention of the provisions of this Charge shall be conclusively deemed to contain a clause postponing all advances hereunder to advances made or security given under this Charge irrespective of whether such advances are made or security given prior to or subsequent to the registration of and or advances under such Subsequent Charges.
- (g) This Charge is in addition to, and not in substitution for, any other security held or subsequently obtained by the Financial Institution regarding the Collateral Loan Indebtedness and the Financial Institution may exercise its remedies under this Charge or under any other security given in respect of the Collateral Loan Indebtedness, concurrently or successively, at its sole option and discretion.
- (2) In the event one or more of the Members is not also the Debtor, each such Member which is not also the Debtor jointly and severally Promises the Financial Institution as follows:
- (a) This Charge and the Promises, Obligations and agreements on the part of the Debtor herein contained shall be the continuing obligation and liability of each Member and shall cover all of the Collateral Loan Indebtedness and Obligations of the Debtor hereunder and shall apply to and shall secure any ultimate balance of the Collateral Loan Indebtedness secured by the Charge or intended to be secured by the Charge.
  - (b) The Financial Institution shall not be bound to exhaust its remedies against the Debtor or others or any securities (which term when used in this paragraph includes all guarantees) it may at any time hold before being entitled to payment from each Member of the Collateral Loan Indebtedness secured by this Charge and each Member waives any benefit of division.
  - (c) This Charge, the Collateral Loan Indebtedness and Obligations of each Member thereto shall not be affected by the death or loss or diminution of capacity of the Debtor or of the Member, or by any change in the name of the Debtor or Member or in the membership of the Debtor's or Member's firm, partnership, association or organization through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Debtor's or Member's business by a corporation, or by any change whatsoever in the objects, capital, structure or constitution of the Debtor or Member, or by the Debtor or Member or the Debtor's or Member's business being amalgamated with a corporation or wound up or its corporate existence terminated, but shall notwithstanding the happening of any such event continue to exist and apply to the full extent as if such event had not happened.
  - (d) This Charge, as a continuing collateral security of the Collateral Loan Indebtedness of the Debtor, shall not be considered as wholly or partially satisfied by the payment or liquidation at any time of any sum of money for the time being due or remaining unpaid to the Financial Institution, and all dividends, compositions, proceeds of security valued and payments received by the Financial Institution from the Debtor or from any other person, including a trustee in bankruptcy or receiver, shall be regarded for all purposes as payments in gross without any right on the part of the Member to claim a reduction of its liability under this Charge, the benefit of any such dividends, compositions, proceeds or payments of any securities held by the Financial Institution or proceeds thereof, and no Member shall have the right to be subrogated in any rights of the Financial Institution until the Financial Institution has received payment in full of the Collateral Loan Indebtedness.
- Furthermore, unless the Financial Institution otherwise promises, this Charge shall only be discharged when:
- (i) All the Collateral Loan Indebtedness secured or payable under this Charge is paid in full;
  - (ii) All the Promises and Obligations contained in this Charge are fully satisfied by the Member and the Debtor; and
  - (iii) The Financial Institution has executed and delivered to the Member a discharge registrable in electronic or paper form.
- (e) The Member and each one of them, if there are more than one, shall be jointly and severally liable with the Debtor for the repayment of all the Collateral Loan Indebtedness secured by this Charge. The Financial Institution shall have no obligation to confirm the capacity, status or power of the Debtor, or of its directors, partners or agents, and all sums of money, advances of funds or credit borrowed or obtained from the Financial Institution in the exercise or apparent exercise of its powers shall form part of the Collateral Loan Indebtedness and Obligations secured by this Charge and shall be recoverable by the Financial Institution on demand together, even though the exercise of such powers may not be regular, may lack status or exceed the power or capacity of the Debtor, its directors, partners, or agents.
  - (f) Each Member shall be bound by any account settled between the Financial Institution and the Debtor, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Financial Institution shall be accepted by such Member and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Debtor to the Financial Institution or remains unpaid by the Debtor to the Financial Institution.
- (3) The provisions provided in this section shall be read and interpreted together with other provisions in these Standard Charge Terms applicable to this Charge and, in the event of a conflict between the two, the provisions of this section shall prevail. Furthermore, paragraphs 28, 29, 30, 31, 32, 33 and 34 of these Standard Charge Terms shall be expressly excluded from this section.

## 11. PROMISES OF THE MEMBER

The Member hereby Promises and warrants to the Financial Institution as follows:

### (a) PAYMENT OF PRINCIPAL, INTEREST AND OTHER SUMS AND OBSERVATION OF PROMISES

The Member Promises the Financial Institution to pay, without deduction or abatement, the amounts advanced under the Charge and interest thereon in accordance with the provisions of the Charge; and to pay and satisfy, as they become due, without limiting the generality of the foregoing, all taxes, assessments and other levies imposed by any municipal, local, parliamentary or other competent authority, which may now or hereafter be imposed, charged or levied upon the Lands, including without limiting the generality of the foregoing, any electricity, gas, water or sewer charges, and when required shall leave the receipts therefor with the Financial Institution; to do, observe, perform, fulfil and keep all the provisions, Promises, agreements and stipulations provided in the Charge; and that in the event of default, the Financial Institution shall have quiet possession of the Lands free and clear from all encumbrances.

Without prejudice to the Financial Institution's rights under the *Credit Unions and Caisses Populaires Act, 1994*, the Member authorizes the Financial Institution to withdraw from any account maintained by the Member with the Financial Institution, the instalments or any other amounts due under this Charge.

The Member Promises and warrants to the Financial Institution that all obligations, remittances and source deductions owed or payable by the Member pursuant to the *Income Tax Act*, the *Employment Insurance Act*, the *Canada Pension Plan Act*, the *Excise Tax Act*, the *Retail Sales Tax Act*, and any other similar obligation under any applicable legislation ("Tax Obligations") are up to date and have been paid in full. The Member further Promises and agrees to pay such Tax Obligations as they become due. Where more than one advance is anticipated or occurs, the Member further represents, warrants and agrees to provide satisfactory evidence to the Financial Institution, prior to each advance, that any such Tax Obligations are up to date and have been paid in full. The Member also irrevocably authorizes and directs all appropriate governmental authorities or agencies to provide any and all information to the Financial Institution or the Financial Institution's solicitors, relating to any Tax Obligations that may be payable or outstanding by the Member, either alone or with other parties.



## (b) AUTHORITY TO CHARGE LANDS

The Member Promises and warrants to the Financial Institution that it has good right, full power and absolute authority to charge the Lands, in the manner set out in this Charge.

## (c) TITLE

The Member Promises and warrants to the Financial Institution that at the time of execution of this Charge it has a good and indefeasible estate in fee simple to the Lands, free and clear of all charges, easements, reservations, equitable interests, and other interest of any kind whatsoever, except as disclosed by the records of the land registry office.

## (d) PRIOR ENCUMBRANCES

The Member Promises and warrants to the Financial Institution that it has not by any act, omission, or consent permitted or done anything whereby the Lands are or may hereafter be in any way encumbered by any charge, easement, equitable interest or any other interest whatsoever, except as disclosed in the records of the land registry office.

## (e) INSURANCE

The Member Promises that it will immediately insure and keep insured the buildings now or hereafter erected on the Lands for a sum which shall not be less than their full replacement value and during the continuance of this Charge keep them insured in favour of the Financial Institution against loss and damage by fire and other perils usually covered in fire insurance policies and against any other perils, as the Financial Institution may require. The Member shall deliver to the Financial Institution at least fifteen days prior to the expiry of any insurance policy and at least five days prior to the effective date of any notice of cancellation, evidence that it has renewed or replaced such insurance, failing which the Financial Institution may provide for such insurance and charge the costs of such insurance and interest on such costs at the Interest Rate to the Member and the same shall be payable immediately and shall also be a Charge upon the Lands. It is also agreed that the Financial Institution may at any time require any insurance of the buildings to be cancelled and new insurance effected in a company to be named by the Financial Institution. The Financial Institution may of its own accord effect or maintain any insurance herein provided for, and any amount paid by the Financial Institution therefore shall be payable immediately by the Member with interest at the Interest Rate and shall also be a Charge upon the Lands. All policies of insurance shall provide that loss shall be payable to the Financial Institution as its interest may appear and contain a charge clause in a form approved by the Financial Institution. The Financial Institution may, in its sole discretion, require that all monies received in the event of loss be applied in whole or in part in discharge of any of the monies due under the Charge, whether outstanding or not.

## (f) ACCELERATION ON DEFAULT

In default of payment of interest, of any instalment of Principal, or of any other amount payable by the Member, in whole or in part, under this Charge, or in the event of default by the Member in the observance of any of the Obligations contained in this Charge, the Financial Institution may, in its sole discretion, demand immediate payment of the Indebtedness due under the Charge. In default of payment, the Financial Institution may exercise all of its remedies, rights and powers available at law, and under this Charge, including the power of sale herein contained. It is agreed that the Financial Institution may in writing waive its right to demand immediate payment of the Indebtedness due under the Charge, but notwithstanding such waiver, the Financial Institution may exercise such right at a later time, or in the event of any other default.

The Member Promises with the Financial Institution and warrants that in the event of non-payment of the Principal or interest, and all other amounts payable under this Charge which may become due pursuant to this paragraph it shall not require the Financial Institution to accept payment of the Principal monies without first giving three months' previous notice in writing or paying the indemnity calculated in accordance with the applicable formula provided in these Standard Charge Terms. The Member agrees that this indemnity constitutes a form of compensation payable in consideration for the Member's full repayment of the Indebtedness and is not a penalty.

## (g) DISTRESS

The Financial Institution may, when applicable, distrain for arrears of interest, Principal and with respect to all other amounts due under this Charge. All costs incurred in connection with the Financial Institution's exercise of its remedy of distress are payable by the Member immediately with interest at the Interest Rate and are a Charge on the Lands.

## (h) ENTRY ON DEFAULT

In default of the payment of interest, of any instalment of Principal, or of any other amount payable by the Member, in whole or in part, under this Charge, or in the event of default by the Member in the observance of any of the Obligations contained in this Charge, the Financial Institution may take possession of the Lands and shall have quiet possession of the Lands free and clear from all charges, executions or other encumbrances without the let, suit, hindrance, interruption or denial of the Member.

## (i) FURTHER ASSURANCES

At all times, the Member and any person who shall have a right or claim against the whole or any part of the Lands will, at the Member's expense, execute, deliver or obtain any deed or other instrument and do anything which the Financial Institution or its solicitor may deem necessary for the further, better and more perfectly and absolutely conveying and assuring the Lands hereby charged unto the Financial Institution and such expenses shall be payable immediately by the Member, with interest at the Interest Rate and shall be a Charge on the Lands.

## (j) REPAIR

The Member will keep the Lands in good condition and repair and the Financial Institution may, whenever the Financial Institution deems necessary, in person or through an agent, enter upon and inspect the Lands and make such repairs as the Financial Institution deems necessary. The costs of such inspection and repairs with interest at the Rate set forth in the Charge shall be payable immediately by the Member and be a Charge upon the Lands. If the Member neglects to keep the Lands in good condition and repair or commits or permits any act of waste on the Lands (as to which the Financial Institution shall be the sole judge) the Financial Institution may demand the immediate payment of the Indebtedness secured and due under the Charge and in default of payment, the Financial Institution may exercise all of its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained. The Member also promises to immediately advise the Financial Institution of any order or notice relating to the Lands issued by any competent authority and the Member further agrees that the existence of any such order or notice shall constitute a default under this Charge and in such event, the Financial Institution may exercise all of its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

## (k) POWER OF SALE

In the event of default of payment of the Indebtedness or in the observing, performing, fulfilling or keeping of one or more of the Obligations or Promises contained in the Charge, the Financial Institution may enter into possession of the Lands and take the rents and revenues and, whether in or out of possession of the Lands, may make any lease of the Lands as the Financial Institution shall think fit.

Further, in the event of default in any payment of the Indebtedness or of any failure with respect to observing, performing or fulfilling one or more of the Obligations contained in the Charge, and fifteen (15) days shall have then elapsed without the default having been remedied, the Financial Institution may, after giving thirty-five (35) days' written notice to the persons and in the manner prescribed by the *Mortgages Act*, without any further consent or concurrence of the Member, sell and absolutely dispose of all or any part of the Lands by public auction or private contract, or partly by private contract and partly by public auction, as the Financial Institution shall see fit, and may convey and assure the same when so sold unto the purchaser, its heirs, executors, successors, administrators and assigns, and execute and do all such things as may be found necessary for these purposes. The Financial Institution shall not be responsible for any loss which may arise by reason of any leasing or sale of the Lands unless by reason of its wilful neglect or default.

The production of a Statutory Declaration from the Financial Institution shall be conclusive evidence of default and of the continuance of the Indebtedness by the Member.

After such sale, the Financial Institution shall stand and be possessed of the monies to arise and be produced by such sale, or which shall be received by the Financial Institution by reason of any insurance upon the premises upon the following trusts:

- (i) Firstly, to pay all costs, charges, fees or other expenses related to a completed or attempted sale, lease or conveyance of the Lands;
- (ii) Secondly, to pay and satisfy the Indebtedness secured by the Charge;
- (iii) Thirdly, to the extent that a surplus remains after full payment and satisfaction of the amounts due under this Charge, the Financial Institution shall apply such surplus towards the payment of subsequent encumbrances according to their priorities pursuant to all applicable laws;
- (iv) Fourthly, to the extent that a surplus remains, to the Member.

Notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Financial Institution shall have and be entitled to its right of foreclosure.

Any Notice shall be given to the Member and to such other persons in the manner and as required by law at the time it is given. Where there are no such requirements, notice may be given to the Member, at the Financial Institution's option, by one or more of the following means:

- (i) Personal service at the Member's last known address;
- (ii) Registered mail at the Member's last known address;
- (iii) Publication in a newspaper published in the city, county or district where the Lands are located;
- (iv) Leaving it with an adult on the Member's Lands; or
- (v) Posting it on the Member's Lands.

The Financial Institution may sell any part of the Lands on such terms as shall appear most advantageous and for such price as can be obtained after reasonable efforts. The Financial Institution may bid or buy the Lands at the time of such sale, and may rescind or amend any contract for the sale of the whole or any part of the Lands and resell without being held liable or answerable for loss occasioned thereby. In the case of a sale on credit, the Financial Institution shall be bound to pay to the Member only such monies as have been actually received from the purchaser after the satisfaction of the claims of the Financial Institution. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by expressed notice that any sale or lease is improper. No lack of notice or publication when required shall invalidate any sale or lease.

The Member shall reimburse the Financial Institution for legal fees and disbursements (calculated on a full-indemnity basis), real estate commissions and all other costs incurred by the Financial Institution in exercising the power of sale herein contained and all such fees, commissions and other costs shall bear interest at the Rate provided in the Charge, shall be payable by the Member immediately and shall be a Charge on the Lands.

## 12. SALE OF THE LANDS

- (a) In the event of a sale or other transfer whether voluntary or involuntary, in whole or in part, of the Lands by the Member, the Financial Institution may demand immediate payment of the Indebtedness, together with an indemnity calculated in accordance with the applicable prepayment provisions of these Standard Charge Terms. The Member agrees that such indemnity constitutes a form of compensation payable in consideration for the Member's full repayment of the Indebtedness and is not a penalty.
- (b) It is agreed that no sale or other dealing by the Member with the Lands shall in any way change the liability of the Member or in any way alter the remedies, rights and powers of the Financial Institution available at law and under this Charge as against the Member or any other person liable for payment of the monies secured under this Charge.

## 13. SUBSEQUENT CHARGE

In the event that the Member gives a charge on the Lands to another lender without obtaining the Financial Institution's prior consent, the Financial Institution may, at its sole option and discretion, demand full repayment of the Indebtedness immediately, together with an indemnity calculated in accordance with the applicable prepayment provisions of these Standard Charge Terms. The Member Promises that such indemnity constitutes a form of compensation payable in consideration for the full repayment of the Indebtedness by the Member and is not a penalty.

## 14. PAYMENTS BY THE FINANCIAL INSTITUTION

It is agreed that the Financial Institution may pay all premiums of insurance and all taxes, rates and utility and heating charges which shall fall due with respect to the Lands, and be unpaid by the Member. Any such payments made by the Financial Institution together with all costs, charges, legal fees (on a full-indemnity basis) and expenses incurred in taking, recovering and keeping possession of the Lands, and for negotiating this loan, investigating title, and registering this Charge and other necessary deeds, and all costs incurred in any other proceedings taken in connection with or to realize this security (including real estate commissions incurred in leasing or selling the Lands), shall bear interest at the Rate set forth in this Charge and be a Charge upon the Lands in favour of the Financial Institution. The Financial Institution may pay or satisfy any lien, charge or encumbrance now existing or that shall be created or claimed upon the Lands and all amounts incurred for any such purpose shall likewise be a Charge upon the Lands in favour of the Financial Institution. It is hereby further agreed that all amounts paid by the Financial Institution shall be added to the Indebtedness secured and shall be immediately payable by the Member with interest at the Rate set out in this Charge. In default of payment of any obligation under this paragraph, the Financial Institution may demand immediate payment of the Indebtedness due under the Charge and may exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

## 15. ONTARIO NEW HOME WARRANTIES PLAN ACT

In the event the Financial Institution incurs any cost or expense arising from or relating to the *Ontario New Home Warranties Plan Act*, all such costs and expenses shall be added to the Indebtedness secured under the Charge and be a Charge on the Lands and shall bear interest at the Rate set forth in the Charge, and shall be immediately payable by the Member to the Financial Institution.

## 16. FIXTURES

It is mutually agreed that all erections, improvements and fixtures put upon the Lands, including but without limiting the generality of the foregoing, all buildings, structures, fences, heating, piping, plumbing, aerals, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment pertinent thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the Lands otherwise than by their own weight are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Lands and shall be a portion of the security for the Indebtedness secured under this Charge.



**17. CONSTRUCTION LIEN ACT**

At the time of each advance, the Member shall ensure that there shall be full and complete compliance with all requirements of the *Construction Lien Act*, and the Member shall submit to the Financial Institution satisfactory evidence of such compliance. The Member agrees that the Financial Institution shall be entitled to withhold from any advance, or pay into court as an advance, such amounts as the Financial Institution, in its sole discretion, considers advisable to protect its interests under the provisions of the Act, and to secure the priority of the Charge over any actual or potential construction liens. Nothing in this paragraph shall be construed to make the Financial Institution an "owner" or "payer" as defined by the Act, nor shall there be, or be deemed to be, any obligation by the Financial Institution to retain any holdback or otherwise or to maintain on the Member's behalf any holdback which may be required to be made by the owner or payer. Any such obligation shall remain solely the Member's obligation. The Member hereby promises and agrees to comply in all respects with the provisions of the Act.

If a construction lien is filed against all or part of the Lands, then the Member shall have the lien immediately vacated or discharged. If the Member fails to do so, then the Indebtedness payable under this Charge shall, at the option of the Financial Institution, immediately become due and payable and the Financial Institution may exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained. In addition to its other rights provided herein, the Financial Institution shall be entitled to pay into court a sum sufficient to obtain an order vacating such lien or to purchase a financial guarantee bond in the form prescribed under the Act. All costs, charges and expenses incurred by the Financial Institution in connection with such payment into court or in connection with the purchase of a financial guarantee bond or in connection with any legal proceedings described below, together with interest thereon at the Interest Rate herein provided, shall be added to the sums payable and secured by the Charge and shall be immediately payable by the Member to the Financial Institution. If any person that performs work, labour or services or that provides materials to or for the Lands, names the Financial Institution as a party to any legal proceedings which it takes to enforce a construction lien or trust claim, the Member agrees to reimburse the Financial Institution for, and indemnify the Financial Institution against any and all legal expenses (on a full-indemnity basis) incurred by the Financial Institution in such legal proceedings.

**18. BUILDING MORTGAGE**

The Member agrees that if the Charge is a charge taken with an intention to secure the financing of any improvements on the Lands, or if the Charge is taken out to repay any such charge, the following conditions shall apply:

- (a) All construction on the Lands shall be carried out by reputable contractor(s) with sufficient experience in a project of the nature and size contemplated, and whose construction contract(s) must be previously approved by the Financial Institution in writing, which approval may be unreasonably withheld.
- (b) The renovations to, or construction of, any buildings, structures and improvements on the Lands, shall be performed in a good and workmanlike manner, with all due diligence and in accordance with the plans and specifications delivered to and approved by the Financial Institution, which approval may be unreasonably withheld, and to the satisfaction of all governmental and regulatory authorities having jurisdiction.
- (c) The Member further Promises and agrees that all advances are to be made in such manner, at such times and in such amounts as the Financial Institution, in its sole discretion may determine and subject always to the provision to which the Member hereby agrees that notwithstanding the execution or registration of the Charge or the advancement of any part of the monies, the Financial Institution is not bound to advance the monies or any unadvanced portion of the monies nor make or incur any further loan advance or liability to or for the Member or any other party and the advance of the monies and any part thereof or the making of any loans or advances or the incurring of any liability on behalf of the Member shall be in the sole discretion of the Financial Institution whatever the purpose of this Charge. Without limiting the generality of the foregoing, the Member Promises and agrees to provide to the Financial Institution, prior to each advance, statutory declarations sworn by the Member or, if the Member is a corporation, by an officer of the Member, and outlining the particulars of all contracts entered into by the Member in respect of the supply of services or materials to any improvements on the Lands. Such statutory declarations shall be acceptable to the Financial Institution as to form and content. In addition, the Member Promises and agrees to produce such contracts for examination by the Financial Institution if and whenever the Financial Institution shall so require.
- (d) Provided that should construction on the Lands cease for any reason whatsoever (strikes, material shortages and weather conditions beyond the control of the Member excepted) for a period of at least ten (10) consecutive days, then the Indebtedness payable under the Charge, at the option of the Financial Institution, shall immediately become due and payable and the Financial Institution may exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained. In the event that construction does cease, then the Financial Institution shall also have the right, at its sole option, to assume complete control of the construction in such manner and on such terms as it deems advisable. The cost of completion incurred by the Financial Institution and all incidental costs and expenses together with a management fee of fifteen percent (15%) of the cost of such construction, shall, at the option of the Financial Institution, be added to the sums payable and secured by the Charge together with interest thereon at the Interest Rate provided, and shall be payable by the Member.

Without limiting the generality of the foregoing, at all times the Financial Institution shall be entitled to retain, unadvanced, that portion of the Principal Amount required, in its sole opinion, to complete the construction on the Lands as well as an amount equal to the aggregate of all holdbacks required to be maintained by an "owner" under the *Construction Lien Act*.

**19. ALTERATIONS**

The Member Promises that the Member will not make or permit to be made any alterations or additions to the Lands without the prior consent of the Financial Institution, which consent may be unreasonably withheld, and any failure by the Member to fulfil this Promise shall constitute a default under this Charge and, in the event of default, the Financial Institution shall be entitled to exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

**20. DEFAULT IN PRIOR CHARGES**

The Financial Institution and the Member Promise and agree that, should default be made by the Member in the observance or performance of any of its obligations or Promises pursuant to any agreements, provisos or conditions contained in any mortgage or charge to which this Charge is subject, the Indebtedness due and payable under this Charge shall, at the option of the Financial Institution, immediately become due and payable and all remedies, rights and powers available to the Financial Institution at law and under this Charge may be exercised by the Financial Institution, including the power of sale herein contained.

**21. WAIVER OF DEFAULT**

The Member agrees that the Financial Institution may in writing after default under this Charge waive such default and forego its right to demand immediate payment of the full amount of the Indebtedness due under the Charge, but any such waiver shall apply only to the particular default and shall not operate as a waiver of any other or future default.



**22. PARTIAL RELEASES**

The Financial Institution may release any part or parts of the Lands or any other security or any surety for the Principal Amount and interest secured by this Charge, either with or without any sufficient consideration, without being accountable to the Member except for any monies actually received by the Financial Institution, without responsibility and without releasing any other part of the Lands or any person from this Charge or from any of its Promises. It is expressly agreed that every part or lot into which the Lands are or may be divided does and shall stand charged with the whole Principal Amount secured under this Charge and no person shall have the right to require the Principal Amount to be apportioned.

**23. EXTENSIONS**

No extension of time given by the Financial Institution to the Member or anyone claiming under him or any other dealing by the Financial Institution with the owner of the Lands or of any part thereof shall in any way affect or prejudice the rights of the Financial Institution against the Member or any other person liable for the payment of the Indebtedness secured under this Charge.

**24. RENEWAL**

At the discretion of the Financial Institution, this Charge may be renewed by an agreement in writing entered into in accordance with the provisions of this paragraph, at maturity or earlier, for any term, whether or not there may be subsequent encumbrances. It shall not be necessary to register any such agreement in order to retain the priority of this Charge and of the Indebtedness, even if the Rate should be increased, over any instrument registered subsequent to this Charge.

The Financial Institution may, prior to maturity, provide the Member with a renewal agreement indicating that it is willing to renew this Charge upon the terms and conditions as may be specified in the renewal agreement.

The Member must deliver to the Financial Institution the duly executed renewal agreement indicating its acceptance of the terms of renewal offered in the renewal agreement. However, other arrangements may be made by the Member with the Financial Institution with respect to other terms or conditions of renewal. Further, the Indebtedness due under the Charge may be repaid in full on the date of maturity.

If the Member fails to return to the Financial Institution an executed renewal agreement prior to maturity, this Charge shall be renewed for a term of one (1) year or for a lesser term, at the option of the Financial Institution, in accordance with the terms and conditions applicable to this Charge.

The Member further agrees to execute such further and other documentation as may be required by the Financial Institution to give effect to such renewal, and to enable its registration on title, if necessary.

Nothing contained in this paragraph shall confer any right of renewal upon the Member.

**25. JUDGMENTS**

The taking of a judgment on any of the Promises contained in this Charge shall not operate as a merger of the Promise or affect the Financial Institution's rights including the right to interest at the Rate and times provided in this Charge; further any judgment shall provide that interest thereon shall be computed at the same Rate and in the same manner as provided in this Charge until the judgment has been fully paid and satisfied.

**26. GUARANTOR(S)**

In the event that one or more persons designated as Guarantors have executed the Charge or any schedule attached thereto, the following shall apply:

The Guarantor or if more than one, each of them jointly and severally, in consideration of the Financial Institution making the loan secured by this Charge to the Member, guarantees to the Financial Institution the payment of the Indebtedness and performance and observance by the Member of all Obligations contained in the Charge.

The Guarantor acknowledges that it is responsible as principal debtor and agrees that the Financial Institution may, without notice to the Guarantor, and without limiting or varying the Guarantor's liability, grant extensions, renewals, time, discharges, releases, take other security, release or abandon any security in whole or in part, abstain from taking other sureties or guarantees, or from realizing on sureties or guarantees in its possession, accept proposals and otherwise deal with the Member or any other person including other Guarantors, without releasing, diminishing, or limiting in any way the responsibilities or obligations of the Guarantor to the Financial Institution. The Guarantor further acknowledges that its liability to the Financial Institution shall not be lessened, limited or varied by any deficiency or insufficiency of the security under this Charge nor by any other thing whatsoever including the bankruptcy or insolvency of the Member, the dissolution of the Member, if a corporation, or any want of capacity, or other circumstances rendering the Obligations of the Member void or unenforceable and nothing save the payment in full of the Indebtedness due under this Charge and the performance of all Obligations under this Charge shall discharge the Guarantor. The Guarantor further acknowledges that the Financial Institution shall not be bound to have recourse or to exhaust its recourse against the Member or against any other person or persons or against any security under this Charge or otherwise before enforcing the Financial Institution's remedies, rights and powers available at law and under this Charge against the Guarantor.

**27. CONDOMINIUM**

The following provisions apply to any condominium unit that is part of the charged Lands:

- (a) The Member Promises to comply with the *Condominium Act, 1998*, the Declaration, the by-laws and rules of the Condominium Corporation and agrees to provide to the Financial Institution copies of any notices, assessments, by-laws, rules and financial statements provided to him by the Condominium Corporation, and the Member agrees that any violation of its Obligations shall constitute a violation of a Promise pursuant to the Charge;
- (b) The Member Promises that it will insure all improvements which it or previous owners have made to the unit. This provision is in addition to and does not in any way diminish the Member's Obligations under this Charge;
- (c) The Member irrevocably authorizes the Financial Institution to exercise the Member's right to vote or consent with respect to any matter submitted to Members of the Condominium Corporation for a vote or consent. In the event that the Financial Institution does not exercise such rights, the Member may exercise them and the Member hereby Promises and agrees to exercise its voting or consent rights in accordance with any direction given by the Financial Institution. The Financial Institution shall have no obligation to vote or consent or otherwise protect the Member's interests by reason of the Member's assignment of its right to vote or consent. The Financial Institution's exercise of the right to vote or consent shall not have the effect of deeming the Financial Institution to be a chargee in possession;
- (d) The Member Promises to pay promptly when due any contributions to regular common assessments and special assessments required by it as an owner of the Lands and in the event the Member defaults in doing so or fails to observe the provisions contained in the *Condominium Act, 1998*, the Declaration or the by-laws and rules of the Condominium Corporation, the Financial Institution may effect such compliance and any charges or costs incurred by the Financial Institution shall be immediately payable, together with interest at the Rate set out in the Charge and shall be a Charge against the Lands.

**RESIDENTIAL PROPERTIES**

Unless otherwise provided, paragraphs 28, 29, 30, 31 and 32 apply only to owner-occupied residential properties with four (4) units or less.

**28. CONVERSION TO CLOSED FIXED RATE**

In the case of a Yearly Rate Resetter or Reduced Variable Rate Indebtedness, the Member may, at any time, request that the Financial Institution convert the Indebtedness' Interest Rate to a closed fixed Rate for the remainder of the term. The Interest Rate that shall apply from the time of conversion shall be the Rate then recommended by the Federation of which the Financial Institution is a member for a closed fixed Rate residential mortgage loan, whose term is closest and longer than the remainder of the term. The member may get the interest Rate for such term on the Financial Institution's website, if applicable or by contacting it.

The Financial Institution may also grant a request for conversion to a term longer than the remainder of the term of the Indebtedness.

To carry out this conversion, the Member shall enter into the agreement then in force at the Financial Institution for closed fixed Rate mortgage loans.

**INCREASED SCHEDULED PAYMENTS AND PREPAYMENT****➤ OPEN FIXED RATE**

**29. INCREASED SCHEDULED PAYMENTS:** The Member may, at any time, increase his or her scheduled payments without paying the Financial Institution an indemnity. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has agreed in this Charge.

**30. PREPAYMENT:** The Member may, at any time and without paying the Financial Institution an indemnity, prepay the Indebtedness before the end of the term, either in full or in part. In the case of partial prepayments, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

**➤ CLOSED FIXED RATE**

**29. INCREASED SCHEDULED PAYMENTS:** Once each calendar year, the Member may increase his or her scheduled payments without paying the Financial Institution an indemnity. However, the total increase over the term of the Indebtedness shall not be greater than twice the payment amount to which he or she agreed in this Charge. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has initially agreed in this Charge.

**Example:** The scheduled payment amount to which you agreed at the beginning of the term is \$300 per month. Once each calendar year, you may increase that amount up to twice the initial amount, i.e. \$600 during the life of the term. You may later choose to reduce the scheduled payment to any amount, as long as it is no less than the set minimum of \$300, i.e. the amount to which you initially agreed.

**30. PREPAYMENT****30.1 Partial Indebtedness prepayments**

Each calendar year, the Member may prepay, in one or more payments of at least \$100, a maximum of 15% of the **initial Indebtedness amount** without paying the Financial Institution an indemnity. This privilege cannot be carried forward from year to year. Moreover, the Member may not exercise this privilege on the day that the Indebtedness is repaid in full, unless the balance owing is equal to or lower than the amount that may be prepaid without paying an indemnity.

The Member may also, at any time, prepay any amount in excess of the 15% stated in the previous paragraph, without repaying the Indebtedness in full. In that event, he or she shall pay the Financial Institution an indemnity, calculated on that excess amount as provided for in section 30.2 "Full Indebtedness prepayment", below.

After making a prepayment, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

**Example of calculation: partial Indebtedness repayments**

The Financial Institution has loaned you \$200,000 and you still owe \$100,000. Each calendar year, you may make one or more prepayments of at least \$100, indemnity-free, up to a maximum of \$30,000 (i.e. 15% of \$200,000). In the event that you prepay an amount greater than \$30,000 without repaying the Indebtedness in full (e.g. you prepay \$40,000), the indemnity will be calculated on the excess amount (\$10,000 in this example) as provided for in section 30.2 "Full Indebtedness prepayment", below.

**30.2 Full Indebtedness prepayment**

The Member may prepay the Indebtedness in full at any time. In that event, he or she shall pay the Financial Institution an indemnity equal to the **higher of the following two amounts:**

- (a) an amount equal to **three months' interest** on the amount prepaid, at the Indebtedness' Rate of Interest; **or**
- (b) an amount equal to the interest calculated on the amount thus prepaid, to the end of the term, at an interest Rate equal to the **difference between the following two Rates:**
  - (i) the Interest Rate that applies to the Indebtedness; and
  - (ii) the interest Rate then recommended by the Federation of which the Financial Institution is a member for a closed fixed Rate residential mortgage loan, whose term is closest to the remainder of the term of the Indebtedness. The member may get that interest Rate (hereinafter the "comparison Rate") for such term on the Financial Institution's website, if applicable or by contacting it. If the Member was afforded a reduced Interest Rate, of which he or she was informed in writing when the Indebtedness was granted, the comparison Rate is reduced by a percentage equal to the reduced Interest Rate he or she was afforded.

For purposes of the above calculations, the amount that may be prepaid free of indemnity according to section 30.1 "Partial Indebtedness prepayments" above may not be subtracted from the amount of the prepayment.

If the prepayment is made less than three months before the end of the term, the indemnity shall be equal to the interest calculated on the prepayment amount for the remainder of the term, at the Indebtedness' current Rate of Interest.

**Example of calculation: Indebtedness prepayment in full**

You currently owe \$100,000 on your Indebtedness and the Interest Rate is 6%. You want to prepay your Indebtedness in full before the end of the term.

The indemnity outlined in **paragraph 30.2 (a)** (three months' interest) is calculated as follows:

Balance owing:	\$100,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$ , thus:	$\$100,000 \times 0.06 = \$6,000$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$ , thus:	$\$6,000 \div 12 \times 3 = \$1,500$

The indemnity outlined in **paragraph 30.2 (b)** (difference in Rates) is calculated as follows:

Interest Rate on your Indebtedness:	6% or 0.06 [D]
Comparison Rate according to paragraph 5.2 (b) (ii):	5% or 0.05 [E]
Difference in Rates: $D - E = F$	1% or 0.01 [F]
Balance owing on your Indebtedness:	\$100,000 [G]
Remainder of the term:	2 years and 10 days, i.e. 740 days [H]
Indemnity according to paragraph 30.2 (b):	$G \times F \div 365 \text{ days} \times 740 \text{ days} = \$2,027.40$

You would therefore have to pay \$2,027.40, i.e. the higher of the two indemnities calculated above. However, in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

**Note:** If you were granted a reduced Interest Rate (e.g. 0.50% per year), the comparison Rate (Interest Rate shown in [E]) would be reduced by the same percentage. It would then be 4.5% instead of 5%, and the difference in Rates shown in (F) would be 1.5% (6% - 4.5%) instead of 1%. The indemnity you would pay would therefore be \$3,041.10 instead of \$2,027.40.

**30.3 Proportional cash back repayment**

If the Member received cash back when the Indebtedness was granted and he or she is required to pay a prepayment indemnity, he or she must also repay a portion of that cash back to the Financial Institution. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

**Example of calculation: proportional cash back repayment**

You want to prepay your Indebtedness in full. The amount of cash back to be repaid is calculated as follows:

Amount of cash back received when the Indebtedness was disbursed:	\$1,000 [I]
Term of the Indebtedness:	5 years (60 months) [J]
Remainder of term at time of prepayment:	33 months [K]
Amount of cash back to be repaid: $I \div J \times K$ , thus:	$\$1,000 \div 60 \text{ months} \times 33 \text{ months} = \$550$ [L]

In the case of a **partial** prepayment, the cash back to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free 15%.

Example:

Amount that exceeds the indemnity-free 15%:	\$10,000 [M]
Balance owing:	\$100,000 [N]
Proportion for calculation: $M \div N$ , thus:	$\$10,000 \div \$100,000 = 0.10$
Amount of cash back you have to repay:	$\$550 [L] \times 0.10 = \$55$

Note that in an actual case, the calculation is based on the exact number of days, rather than the number of months, before the end of the term. This amount owing is in addition to the prepayment indemnity.

**30.4 Application of sections 30.1 through 30.3 in any other situation**

The prepayment indemnity described in section 30.1 or 30.2 must be paid to the Financial Institution in any other situation where the Indebtedness is being prepaid by a party other than the Member. The same applies to the proportional repayment of cash back that must be made according to section 30.3, where applicable.

**➤ YEARLY RATE RESETTER**

- 29. INCREASED SCHEDULED PAYMENTS:** Once each calendar year, the Member may increase his or her scheduled payments without paying the Financial Institution an indemnity. However, the total increase over the term of the Indebtedness shall not be greater than twice the payment amount to which he or she agreed in this Charge. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has agreed in this Charge.

**Example:** The scheduled payment amount to which you agreed at the beginning of the term is \$300 per month. Once each calendar year, you may increase that amount up to twice the initial amount, i.e. \$600 during the life of the term. You may later choose to reduce the scheduled payment to any amount, as long as it is no less than the set minimum of \$300, i.e. the amount to which you initially agreed.

**30. PREPAYMENT****30.1 Partial Indebtedness prepayments**

Each calendar year, the Member may prepay, in one or more payments of at least \$100, a maximum of 15% of the **initial Indebtedness amount** without paying the Financial Institution an indemnity. This privilege cannot be carried forward from year to year. Moreover, the Member may not exercise this privilege on the day that the Indebtedness is repaid in full, unless the balance owing is equal to or lower than the amount that may be prepaid without paying an indemnity.

The Member may also, at any time, prepay any amount in excess of the 15% stated in the previous paragraph, without repaying the Indebtedness in full. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest on the excess prepayment amount, at the Indebtedness' current Rate of interest.

After making a prepayment, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.



**Example of calculation: partial Indebtedness prepayments**

The Financial Institution has loaned you \$200,000 and you still owe \$100,000. Each calendar year, you have the option of making one or more prepayments of at least \$100, indemnity-free, up to a maximum of \$30,000 (i.e. 15% of \$200,000).

In the event that you prepay an amount greater than \$30,000 without repaying the Indebtedness in full (e.g. you prepay \$40,000), the indemnity will be calculated on the excess amount (\$10,000, in this example), as follows:

Amount subject to an indemnity:	\$10,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$ , thus:	$\$10,000 \times 0.06 = \$600$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$ , thus:	$\$600 \div 12 \times 3 = \$150$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

**30.2 Full Indebtedness prepayment**

The Member may prepay the Indebtedness in full at any time. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest calculated on the amount of the prepayment, at the Indebtedness' current Rate of interest.

For purposes of the above calculation, the amount that may be prepaid free of indemnity, according to section 30.1 "Partial Indebtedness prepayments" above, may not be subtracted from the amount of the prepayment.

If the prepayment is made less than three months before the end of the term, the indemnity is calculated on the amount of the prepayment for the remainder of the term, at the Indebtedness' current Rate of interest.

**Example of calculation: full Indebtedness prepayment**

You currently owe \$100,000 on your Indebtedness and the Interest Rate is 6%. You want to prepay your Indebtedness in full before the end of the term. The indemnity to be paid to the Financial Institution is calculated as follows:

Balance owing:	\$100,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$ , thus:	$\$100,000 \times 0.06 = \$6,000$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$ , thus:	$\$6,000 \div 12 \times 3 = \$1,500$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

**30.3 Proportional cash back repayment**

If the Member received cash back when the Indebtedness was granted and he or she is required to pay a prepayment indemnity, he or she must also repay a portion of that cash back to the Financial Institution. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

**Example of calculation: proportional cash back repayment**

You want to prepay your Indebtedness in full. The amount of cash back to be repaid is calculated as follows:

Amount of cash back received when the Indebtedness was disbursed:	\$1,000 [D]
Term of the Indebtedness:	5 years (60 months) [E]
Remainder of term at time of prepayment:	33 months [F]
Amount of cash back to be repaid: $D \div E \times F$ , thus:	$\$1,000 \div 60 \text{ months} \times 33 \text{ months} = \$550$ [G]

In the case of a **partial** prepayment, the cash back to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%.

Example:

Amount that exceeds the indemnity-free amount of 15%:	\$10,000 [H]
Balance owing:	\$100,000 [I]
Proportion for calculation: $H \div I$ , thus:	$\$10,000 \div \$100,000 = 0.10$
Amount of cash back to be repaid:	$\$550$ [G] $\times 0.10 = \$55$

Note that in an actual case, the calculation is based on the exact number of days, rather than the number of months, before the end of the term. This amount owing is in addition to the prepayment indemnity.

**30.4 Proportional repayment of interest saved as a result of a reduced Interest Rate in the first year of the term**

If the Member was informed in writing, at the time the Indebtedness was granted, that he or she was afforded a reduced Interest Rate for the first year of the term, and that he or she must pay a prepayment indemnity, the Member must also repay the Financial Institution a portion of the interest he or she saved as a result of that reduced Interest Rate. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against on the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

**Example of calculation: proportional repayment of interest saved as a result of a reduced Interest Rate in the first year of the term**

You want to prepay your Indebtedness in full. You were granted a reduced Interest Rate, applicable to the first year of the term of your Indebtedness and, as a result, you saved \$2,000. The portion of the interest you saved and to be repaid, is calculated as follows:

Interest you saved:	\$2,000 [G]
Term of the Indebtedness:	5 years (60 months) [H]
Remainder of the term of the Indebtedness at time of prepayment:	33 months [I]
Amount of interest you saved and to be repaid: $G \div H \times I$ , thus:	$\$2,000 \div 60 \text{ months} \times 33 \text{ months} = \$1,100$ [J]

In the case of a **partial** prepayment, the interest saved to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%

Example:

Amount that exceeds the indemnity-free amount of 15%:	\$10,000 [K]
Balance owing:	\$100,000 [L]
Proportion for calculation: $K \div L$ , thus:	$\$10,000 \div \$100,000 = 10\%$ or 0.10
Amount of interest you saved and to be repaid:	$\$1,100 [J] \times 0.10 = \$110$

Note that in an actual case, the calculation is based on the exact number of days and not on the number of months before the end of the term. This amount is in addition to the prepayment indemnity.

### 30.5 Application of sections 30.1 through 30.4 in any other situation

The prepayment indemnity described in section 30.1 or 30.2 must be paid to the Financial Institution in any other situation where the Indebtedness is being prepaid by a party other than the Member. The same applies to the proportional repayment of cash back and/or the repayment of interest saved, where applicable, as outlined in sections 30.3 and 30.4.

#### ➤ REGULAR VARIABLE RATE

**29. INCREASED SCHEDULED PAYMENTS:** The Member may, at any time, increase his or her scheduled payments without paying the Financial Institution an indemnity. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has agreed in this Charge.

**30. PREPAYMENT:** The Member may, at any time and without paying the Financial Institution an indemnity, prepay the Indebtedness before the end of the term, either in full or in part. In the case of partial prepayments, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

#### ➤ REDUCED VARIABLE RATE

**29. INCREASED SCHEDULED PAYMENTS:** Once each calendar year, the Member may increase his or her scheduled payments without paying the Financial Institution an indemnity. However, the total increase over the term of the Indebtedness shall not be greater than twice the payment amount to which he or she agreed in this Charge. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has agreed in this Charge.

**Example:** The scheduled payment amount to which you agreed at the beginning of the term is \$300 per month. Once each calendar year, you may increase that amount up to twice the initial amount, i.e. \$600 during the life of the term. You may later choose to reduce the scheduled payment to any amount, as long as it is no less than the set minimum of \$300, i.e. the amount to which you initially agreed.

## 30. PREPAYMENT

### 30.1 Partial Indebtedness prepayments

Each calendar year, the Member may prepay, in one or more payments of at least \$100, a maximum of 15% of the **initial Indebtedness amount** without paying the Financial Institution an indemnity. This privilege cannot be carried forward from year to year. Moreover, the Member may not exercise this privilege on the day that the Indebtedness is repaid in full, unless the balance owing is equal to or lower than the amount that may be prepaid without paying an indemnity.

The Member may also, at any time, prepay any amount in excess of the 15% stated in the previous paragraph, without repaying the Indebtedness in full. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest on the excess prepayment amount, at the Indebtedness' current Rate of interest.

After making a prepayment, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

#### Example of calculation: partial Indebtedness prepayments

The Financial Institution has loaned you \$200,000 and you still owe \$100,000. Each calendar year, you have the option of making one or more prepayments of at least \$100, indemnity-free, up to a maximum of \$30,000 (i.e. 15% of \$200,000).

In the event that you prepay an amount greater than \$30,000 without repaying the Indebtedness in full (e.g. you prepay \$40,000), the indemnity will be calculated on the excess amount (\$10,000, in this example), as follows:

Amount subject to an indemnity:	\$10,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$ , thus:	$\$10,000 \times 0.06 = \$600$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$ , thus:	$\$600 \div 12 \times 3 = \$150$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

### 30.2 Full Indebtedness prepayment

The Member may prepay the Indebtedness in full at any time. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest calculated on the amount of the prepayment, at the Indebtedness' current Rate of interest.

For purposes of the above calculation, the amount that may be prepaid free of indemnity, according to section 30.1 "Partial Indebtedness prepayments" above, may not be subtracted from the amount of the prepayment.

If the prepayment is made less than three months before the end of the term, the indemnity is calculated on the amount of the prepayment for the remainder of the term, at the Indebtedness' current Rate of interest.

#### Example of calculation: full Indebtedness prepayment

You currently owe \$100,000 on your Indebtedness and the Interest Rate is 6%. You want to prepay your Indebtedness in full before the end of the term. The indemnity to be paid to the Financial Institution is calculated as follows:

Balance owing:	\$100,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$ , thus:	$\$100,000 \times 0.06 = \$6,000$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$ , thus:	$\$6,000 \div 12 \times 3 = \$1,500$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

### 30.3 Proportional cash back repayment

If the Member received cash back when the Indebtedness was granted and he or she is required to pay a prepayment indemnity, he or she must also repay a portion of that cash back to the Financial Institution. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

#### Example of calculation: proportional cash back repayment

You want to prepay your Indebtedness in full. The amount of cash back to be repaid is calculated as follows:

Amount of cash back received when the Indebtedness was disbursed:	\$1,000 [D]
Term of the Indebtedness:	5 years (60 months) [E]
Remainder of term at time of prepayment:	33 months [F]
Amount of cash back to be repaid: $D \div E \times F$ , thus:	$\$1,000 \div 60 \text{ months} \times 33 \text{ months} = \$550$ [G]

In the case of a **partial** prepayment, the cash back to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%.

Example:

Amount that exceeds the indemnity-free amount of 15%:	\$10,000 [H]
Balance owing:	\$100,000 [I]
Proportion for calculation: $H \div I$ , thus:	$\$10,000 \div \$100,000 = 0.10$
Amount of cash back to be repaid:	$\$550$ [G] $\times 0.10 = \$55$

Note that in an actual case, the calculation is based on the exact number of days, rather than the number of months, before the end of the term.

This amount owing is in addition to the prepayment indemnity.

### 30.4 Application of sections 30.1 through 30.3 in any other situation

The prepayment indemnity described in section 30.1 or 30.2 must be paid to the Financial Institution in any other situation where the Indebtedness is being prepaid by a party other than the Member. The same applies to the proportional repayment of cash back that must be made according to section 30.3, where applicable.

#### ➤ PROTECTED VARIABLE RATE

**29. INCREASED SCHEDULED PAYMENTS:** Once each calendar year, the Member may increase his or her scheduled payments without paying the Financial Institution an indemnity. However, the total increase over the term of the Indebtedness shall not be greater than twice the payment amount to which he or she agreed in this Charge. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has agreed in this Charge.

**Example:** The scheduled payment amount to which you agreed at the beginning of the term is \$300 per month. Once each calendar year, you may increase that amount up to twice the initial amount, i.e. \$600 during the life of the term. You may later choose to reduce the scheduled payment to any amount, as long as it is no less than the set minimum of \$300, i.e. the amount to which you initially agreed.

## 30. PREPAYMENT

### 30.1 Partial Indebtedness prepayments

Each calendar year, the Member may prepay, in one or more payments of at least \$100, a maximum of 15% of the **initial Indebtedness amount** without paying the Financial Institution an indemnity. This privilege cannot be carried forward from year to year. Moreover, the Member may not exercise this privilege on the day that the Indebtedness is repaid in full, unless the balance owing is equal to or lower than the amount that may be prepaid without paying an indemnity.

The Member may also, at any time, prepay any amount in excess of the 15% stated in the previous paragraph, without repaying the Indebtedness in full. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest on the excess prepayment amount, at the Indebtedness' current Rate of interest.

After making a prepayment, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

#### Example of calculation: partial Indebtedness prepayments

The Financial Institution has loaned you \$200,000 and you still owe \$100,000. Each calendar year, you have the option of making one or more prepayments of at least \$100, indemnity-free, up to a maximum of \$30,000 (i.e. 15% of \$200,000).

In the event that you prepay an amount greater than \$30,000 without repaying the Indebtedness in full (e.g. you prepay \$40,000), the indemnity will be calculated on the excess amount (\$10,000, in this example), as follows:

Amount subject to an indemnity:	\$10,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$ , thus:	$\$10,000 \times 0.06 = \$600$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$ , thus:	$\$600 \div 12 \times 3 = \$150$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

### 30.2 Full Indebtedness prepayment

The Member may prepay the Indebtedness in full at any time. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest calculated on the amount of the prepayment, at the Indebtedness's current Rate of interest.

For purposes of the above calculation, the amount that may be prepaid free of indemnity, according to section 30.1 "Partial Indebtedness prepayments" above, may not be subtracted from the amount of the prepayment.



### 30.3 Proportional cash back repayment

If the Member received cash back when the Indebtedness was granted and he or she is required to pay a prepayment indemnity, he or she must also repay a portion of that cash back to the Financial Institution. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

#### Example of calculation: proportional cash back repayment

You want to prepay your Indebtedness in full. The amount of cash back to be repaid is calculated as follows:

Amount of cash back received when the Indebtedness was disbursed:	\$1,000 [D]
Term of the Indebtedness:	5 years (60 months) [E]
Remainder of term at time of prepayment:	33 months [F]
Amount of cash back to be repaid: $D \div E \times F$ , thus:	$\$1,000 \div 60 \text{ months} \times 33 \text{ months} = \$550$ [G]

In the case of a **partial** prepayment, the cash back to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%.

Example:

Amount that exceeds the indemnity-free amount of 15%:	\$10,000 [H]
Balance owing:	\$100,000 [I]
Proportion for calculation: $H \div I$ , thus:	$\$10,000 \div \$100,000 = 0.10$
Amount of cash back to be repaid:	$\$550$ [G] $\times 0.10 = \$55$

Note that in an actual case, the calculation is based on the exact number of days, rather than the number of months, before the end of the term.

This amount owing is in addition to the prepayment indemnity.

### 30.4 Application of sections 30.1 through 30.3 in any other situation

The prepayment indemnity described in section 30.1 or 30.2 must be paid to the Financial Institution in any other situation where the Indebtedness is being prepaid by a party other than the Member. The same applies to the proportional repayment of cash back that must be made according to section 30.3, where applicable.

## 31. INTEREST CAPITALIZATION

The following terms and conditions apply solely to variable rate Charges.

### (1) Interest Capitalization

Subject to the capitalization limit herein, in the event of a variation in the applicable Interest Rate, if the amount of a regular payment is lower than the interest accrued on the date of the said payment, such unpaid interest shall be capitalized and will thus bear interest at the Charge's current Interest Rate from that date.

### (2) Capitalization Limit

When the total of the Charge's outstanding Principal, plus any and all accrued interest and any other amount due by the Member to the Financial Institution pursuant to this Charge exceeds the Charge's original Principal Amount, the Member shall, at the Financial Institution's request:

- immediately pay to the Financial Institution the aforementioned amount in excess of the original Principal Amount; and
- agree to new payment terms and conditions.

## 32. PORTABILITY

- If the property consists of a residential property and the Member is not in default, the Financial Institution, subject to the conditions which follow, may allow the Member to transfer to a new owner-occupied residential property with four (4) units or less (the "New Dwelling") a Charge (the "New Charge") made upon the same terms and conditions as this Charge, including the Interest Rate charged upon the balance of the Principal Amount secured.
- To avail itself of this privilege, the Member shall submit to the Financial Institution a loan application in respect of the new Charge and shall comply with all requirements and policies of the Financial Institution concerning new loans in effect at such time. If the new Charge satisfies the Financial Institution's lending requirements and policies and if the application for the new Charge is approved, which approval may be unreasonably withheld, a discharge will be provided in respect of the single family residence originally charged following registration, at the expense of the Member, of the New Charge against the New Dwelling. The Member will, under these circumstances, be exonerated from payment of the indemnity which would otherwise be payable as a result of the prepayment of the Charge except to the extent that the New Charge secures a lesser amount than the Principal Amount outstanding under this Charge. The Member will pay all costs and expenses of and incidental to the approval, preparation, execution and registration of the new Charge and discharge.
- The Member may request that the Principal Amount outstanding under the Charge at the time of the transfer (the "Initial Principal") be increased and if the Financial Institution approves the increase, which approval may be unreasonably withheld, the additional amount shall bear interest at the Interest Rate in effect at the time it is advanced. The Financial Institution may request that a single Interest Rate be stipulated in the new Charge representing the weighed average of the rates applicable to the Initial Principal and the additional amount. A similar blend will also occur where the due date for the new Charge exceeds or precedes the due date of the Initial Principal.

## COMMERCIAL PROPERTIES

Paragraph 33 applies to every property that is not an owner-occupied residential property with four (4) units or less.

## 33. PREPAYMENT PRIVILEGES

Subject to the terms and conditions of an offer to finance or other loan contract, all commercial loans or fractions of split loans may be prepaid, in consideration of the payment of the indemnity calculated as stipulated below. For a fraction of a split loan, the word "loan" in the following clauses has been replaced with the word "fraction", and the clauses must be read making the consequent adaptations (collectively "Loan").

### (1) Fixed Rate Loan

The Member may at any time repay the Loan in advance, in whole or in part, on payment to the Financial Institution of an indemnity equal to the greater of:

- An amount equal to three months' interest on the amount prepaid, at the Interest Rate then applicable on the Loan;

- An amount equal to the interest calculated on the amount prepaid, until the Loan expiry date, at an interest rate corresponding to the difference between: i) the Interest Rate then applicable to the Loan, and ii) the rate of return of fixed-term Government of Canada bonds (or U.S. government bonds, for a term Loan in US dollars) with a term of one year if, at the time of the payment, less than 24 months remain until the Loan term expiry date, 2 years if from 24 to 36 months, 3 years if from 36 to 48 months, 4 years if from 48 to 60 months, and 5 years if 60 months or over are left. The rates of return of the said bonds are those established, on the date of prepayment, by the Bloomberg pricing system or, failing that, by another system or entity chosen by the Financial Institution. They are quoted on the Financial Institution's internet site, if one is available.

However, if the payment is made less than three months prior to expiration of the Loan term, the indemnity shall not exceed the interest at the Rate then applicable to the Loan, calculated on the prepaid amount from the payment date until the Loan expiry date.

(2) Variable Rate Loan

The Member may at any time reimburse the Loan before maturity, in whole or in part, provided that it pays to the Financial Institution an indemnity equal to three months' interest on the amount prepaid, at the Interest Rate then applicable to the Loan. However, if the payment is made less than three months before the Loan term expires, the indemnity shall not exceed the interest at the Rate then applicable on the Loan, calculated on the amount prepaid from the date of prepayment to Loan term expiry date.

(3) Periodically Revisable Rate Loan

The Member may at any time prepay the Loan, in whole or in part, provided that the Member pays to the Financial Institution an indemnity equal to six months' interest on the amount prepaid, at the interest Rate then applicable to the Loan. However, if the payment is made less than three months before the Loan term expires, the indemnity shall not exceed the interest at the Rate then applicable on the Loan, calculated on the amount prepaid from the date of prepayment to the Loan term expiry date.

### 34. MULTIPROJECT OPTION

Notwithstanding the partial repayment of the Indebtedness secured by this Charge, or of any amount lent pursuant to this paragraph, by accepting this Charge, the Member may request a fresh advance of the amounts which it has reimbursed, as if they had never been borrowed, providing always that the Indebtedness does not exceed the Principal Amount. The Member's request for such advance must be in writing and must specify the loan's purposes. The Financial Institution may, in its sole discretion, accept or deny the request without prejudice to its rights under this Charge. If the Financial Institution accedes to the Member's request, it may require that the Member pay all administrative fees incurred by the Financial Institution. Upon acceptance of the Member's request and payment of the administrative fees by the Member, the Charge shall secure the repayment in favour of the Financial Institution of all Indebtedness and the provisions of this Charge and the most recent renewal agreement will continue to apply.

The Financial Institution agrees that the Member may request an extension or delay, which request must be made in writing. The Financial Institution may, in its sole discretion, accept or deny such request without prejudice to its rights under this Charge. No act of the Financial Institution, such as an extension or a delay granted as herein provided, shall affect the rights of the Financial Institution as against the Member with respect to the payment of the Principal Amount secured under this Charge.

With respect to all amounts advanced in accordance with this paragraph, all references made to the Indebtedness or the Charge shall also include a reference to the amounts subsequently advanced. The entire advance must be made within the time limits determined by the Financial Institution, in its sole discretion, failing which the Financial Institution may, in its sole discretion, refuse to make any further advance. The Financial Institution shall maintain all its remedies, rights and powers available at law and under this Charge.

The Member may waive at any time its right to request further advances from the Financial Institution in accordance with this paragraph by giving written notice to this effect to the Financial Institution. This waiver shall neither affect nor prejudice the remedies, rights and powers of the Financial Institution available at law and under this Charge for sums already advanced.

### 35. DISCHARGES

Subject to the provisions of this Charge, after receipt in full of the Indebtedness due under this Charge or upon forgiveness in full by the Financial Institution, the Financial Institution shall prepare and execute a discharge of this Charge and shall have a reasonable amount of time to do so. An administrative fee and legal and other expenses incurred for the preparation of such discharge shall be borne and paid by the Member prior to its entitlement to receive an executed discharge of the Charge.

### 36. ASSIGNMENT OF RENTS

For due consideration and as security for the repayment of all amounts payable by the Member to the Financial Institution under this Charge and the performance and observance of all of the Obligations contained in this Charge, the Member assigns, transfers and conveys to the Financial Institution all rents payable under all leases of the charged Lands or any part thereof together with the benefit of all covenants, agreements and provisos contained in the leases in favour of the Member including the benefit of all guarantees and indemnities, and grants to and charges the Financial Institution the reversion to all such leases. The Member Promises that it will, after making a lease of the charged Lands or any part thereof, immediately execute and deliver to the Financial Institution, an assignment in the Financial Institution's usual form of all rents payable under the lease, and will execute and deliver to the Financial Institution all notices and other documents as may be required by the Financial Institution to make such assignment effectual in law. Provided that no lease of the charged Lands or any part thereof made by the Member without the consent in writing of the Financial Institution, which consent may be unreasonably withheld, shall have priority over this Charge or any renewal or extension. Provided further that the Financial Institution shall not be responsible for the collection of rents payable under any lease of the charged Lands or any part thereof or for the performance of any covenants, terms or conditions contained in any such lease and the Financial Institution shall not by virtue of this section be deemed a chargee in possession of the charged Lands. The Financial Institution gives to the Member, provided the Member is not in default under the Charge, the right to collect rents until default under this Charge and the Financial Institution shall be liable to account to the Member for only such rents as are collected less reasonable collection charges.

### 37. BANKRUPTCY OF MEMBER

In the event the Member makes an assignment for the benefit of creditors or is the subject of an execution or distress or is bankrupt or insolvent, subject to the provisions of the *Bankruptcy and Insolvency Act*, the Charge shall be deemed to be in default and the Financial Institution may exercise all of its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

### 38. RECEIVERSHIP OF MEMBER

Notwithstanding anything in this Charge, upon default of any of these provisions, the Financial Institution may, with or without entry into possession of the Lands, by instrument in writing appoint any person, whether an officer or an employee of the Financial Institution or not, to be a receiver of the Lands, and of the rents and profits with or without security, and may by similar writing remove any receiver and appoint another in its place and in making any such appointment or removal, the Financial Institution shall be deemed to be acting as the agent or attorney for the Member, but no such appointment shall be revocable by the Member. Upon the appointment of any such receiver the following provisions shall apply:



- (a) Every such receiver shall have unlimited access to the Lands as agent and attorney for the Member (which right of access shall not be revocable by the Member) and shall have full power and unlimited authority to:
- (i) collect the rents and profits from tenancies or operation of the Lands whether created before or after the Charge,
  - (ii) rent or operate any portion of the Lands which may become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases,
  - (iii) complete the construction of any building or other erections or improvements on the Lands left by the Member in an unfinished state or award the same to others to complete and purchase, repair and/or maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Member's materials, supplies, plans, tools, appliances, equipment and property of every kind and description,
  - (iv) manage, operate, repair, alter or extend the Lands or any part thereof.
- The Member undertakes to ratify and confirm whatever any such receiver or agent may do.
- (b) The Financial Institution may in its sole discretion vest the receiver with all or any of the rights and powers of the Financial Institution.
- (c) The Financial Institution may fix the reasonable remuneration of the receiver who shall be entitled to deduct same out of the revenue or the sale proceeds of the Lands.
- (d) Every such receiver shall be deemed the agent or attorney of the Member and not, in any event, the agent of the Financial Institution. The Financial Institution shall not be responsible for his or her acts or omissions.
- (e) The appointment of any such receiver by the Financial Institution shall not result in or create any liability or obligation on the part of the Financial Institution to the receiver or to the Member or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Financial Institution a chargee in possession of the Lands.
- (f) No such receiver shall be liable to the Member to account for monies other than monies actually received by him in respect of the Lands, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:
- (i) the receiver's remuneration as aforesaid;
  - (ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of his or her remedies, rights and powers available at law and authority hereby conferred;
  - (iii) interest, Principal and other money which may be or become Charged upon the Lands in priority to the Charge, including taxes;
  - (iv) to the Financial Institution all interest, Principal and other amounts due under the Charge to be paid in such order as the Financial Institution in its sole discretion shall determine;
- Thereafter, every such receiver shall be accountable to the Member for any surplus.
- The remuneration and expenses of the receiver shall be paid by the Member on demand and shall be a charge on the Lands and shall bear interest from the date of demand at the same Rate as applies to the Principal Amount secured by this Charge.
- (g) Save as to claims for accounting under sub-paragraph (f) of this paragraph, the Member hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not which arise or be caused to the Member or any person claiming through or under him or her by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.
- (h) The Financial Institution may, at any time, terminate any such receivership by notice in writing to the Member and to any such receiver.
- (i) The statutory declaration of an officer of the Financial Institution as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the terms of this Charge shall be sufficient proof, as regards to such default and appointment
- (j) The rights and powers conferred in respect of the receiver are supplemental to and not in substitution of any other remedies, rights and powers available at law which the Financial Institution may have.

### 39. ENVIRONMENT

#### (a) Definitions

The following definitions apply to this paragraph:

**Abutting Property:** means any property which abuts or is contiguous to the Project.

**Adverse Effect:** means one or more of the following:

- (i) impairment of the quality of the natural environment for any use that can be made of it,
- (ii) injury or damage to property, plant or animal life,
- (iii) harm or material discomfort to any person,
- (iv) alteration to the health of any person, animal or vegetation,
- (v) impairment of the safety of any person,
- (vi) rendering any property, plant or animal life unfit for human use,
- (vii) loss of enjoyment of normal use of property,
- (viii) interference with the normal conduct of business.

**Contaminant:** means any solid, liquid, gas, sound, heat, odour, vibration, radiation, pollutant or combination of any of them resulting directly or indirectly from human activities that may cause an Adverse Effect.

**Discharge:** includes addition, deposit, loss, emission, spill or leaking; when used as a verb, it includes to add, deposit, lose, emit, spill or leak.

**Document:** includes a sound recording, video tape, film, photograph, chart, graph, map, plan, survey, study, audit, book of accounts and information recorded or stored by means of any device and includes statements of account, bank statements, letters, notices, files and any other writing or thing relating to the Project, the activities of the Member, the property upon which the Member exercises its activities or relating to any other discussion or matter of the Member or any activity exercised by the Member which may have an environmental effect.

**Environmental Laws:** includes all international, federal, provincial, and municipal legislation, all regulations, treaties, by-laws, codes, agreements presently in force or which may come into force in the future which have as object the protection of the environment or which relate to or govern Hazardous Products, the transportation of Hazardous Products, the sources of contamination, toxic Discharges, toxic waste, Contaminants and pollutants and, without limiting the generality of the foregoing, includes the *Environmental Protection Act* of Ontario and the *Canadian Environmental Protection Act, 1999*.

**Hazardous Product:** means collectively any Contaminant, toxic substance or any other substance which, if it was Discharged in the environment, could cause immediately or in the future, an Adverse Effect.

**Project:** includes the Lands including all surface land of the Project (which is not contained in a building), immersed land, any body of water or watercourse running over the Lands, sub-soil or any combination or part thereof and any activity exercised on the Lands.

**Source of Contamination:** means anything that Discharges any Contaminant into the natural environment.

**Surrounding Property:** means all property which may suffer an Adverse Effect from the Source of Contamination.

In the event the definitions set forth in this paragraph are given a broader meaning than the one used herein pursuant to any amendment to any applicable law, the definitions found in this paragraph shall include such broader meaning.

**(b) Promises**

The Member promises the Financial Institution and warrants the following:

- (i) The Member shall not cause or permit to be caused the Discharge of Hazardous Products or Contaminants upon the Project or from the Project upon any Abutting Property or Surrounding Property or in a body of water or watercourse located on the Project or on any Abutting Property or Surrounding Property;
- (ii) The Member shall at all times comply with Environmental Laws and shall take all measures in order to ensure that any person that has been given permission to use, occupy, manage or operate the Project, complies with Environmental Laws;
- (iii) The Member hereby grants to the Financial Institution the absolute right to conduct, at the Member's expense, tests, inspections, studies, verifications or environmental audits, including the right to conduct soil tests or water tests or air tests or any other thing and take samples of the Project;
- (iv) The Member hereby gives unlimited access to the Financial Institution to all of the Member's Documents relating to the Project and this right shall include the right to make copies of such Documents and maintain control thereof;
- (v) The Member shall not exercise and shall not permit any person to exercise any activity which could lead to the imposition of a penalty, directive, fine, order, injunction, action, judgment or liability under the Environmental Laws or which could have the effect of creating any lien upon the Project;
- (vi) The Member shall comply with all requirements of the Environmental Laws and without limiting the generality of the foregoing, shall obtain all required permits, licenses and other authorizations relating to the Project;
- (vii) The Member promises to immediately advise the Financial Institution of any Discharge of a Hazardous Product or Contaminant upon the Project or from the Project and promises to immediately provide the Financial Institution with copies of any order, by-law, notice, permit, application, judgment, penalty, procedure, communication or Document relating to the Discharge or to any other environmental matter which may have an effect on the Project;
- (viii) The Member promises and undertakes to promptly remove, at its cost, all Hazardous Products or Contaminants upon the Project, Abutting Property, Surrounding Property and body of water or watercourse affected;
- (ix) The Member shall not install or permit to be installed upon the Project any urea formaldehyde foam insulation, asbestos, or any other Hazardous Product;
- (x) The Member shall immediately advise the Financial Institution of any possible violation, anticipated or effective, of the Environmental Laws and any inquiry completed, being completed or anticipated;
- (xi) Upon request of the Financial Institution, the Member shall, at its expense, provide to the Financial Institution copies of all environmental audits of the Project or verifications including copies of updates of such audits or verifications;
- (xii) Upon receipt of any documentation relating to the Project which raises an environmental issue, the Member undertakes to immediately provide a copy thereof to the Financial Institution.

**(c) Indemnity**

The Member undertakes to indemnify and save harmless the Financial Institution, its agents, officers, directors, employees, receivers and receiver-managers, with respect to all losses, liabilities, claims, damages, costs, expenses, legal fees, disbursements and any other prejudice it may suffer:

- (i) Pursuant to the Environmental Laws, including any lien;
- (ii) By reason of the Discharge of Hazardous Products or Contaminants into the environment and without limiting the generality of the foregoing, including all costs necessary to defend and/or sustain a cross-claim, a counterclaim or a third party claim and for all costs, liabilities and damages resulting from a settlement made by the Financial Institution; and
- (iii) By reason of the obligation to comply with the requirements of an order, by-law, injunction, judgment, regulation or other similar obligation issued because of the deposit, storage, destruction, burying, injection, spill, Discharge, placement or installation upon the Project, the Abutting Property or Surrounding Property of Hazardous Products or Contaminants, notwithstanding the degree of involvement or knowledge of the Member and, for the application of this paragraph, it is inconsequential that the events giving rise to this obligation took place prior to or after the date of this Charge.

The Obligations and Promises of this paragraph shall survive the foreclosure, extinction or other release or discharge of the Charge. Any amount for which the Member shall be accountable to the Financial Institution pursuant to this paragraph and which the Financial Institution shall itself have to pay shall, subject to the within indemnity, be added to the debt and shall bear interest at the Rate provided in the Charge.

**(d) Right of access and other rights of the Financial Institution**

In the event of a Discharge of a Hazardous Product or Contaminant, whether or not the source of the contamination is the Project, or in the event the Member is in default of its obligations under the Environmental Laws, the Financial Institution may, in its sole discretion and without any obligation whatsoever, give any notice and conduct any work which the Financial Institution deems necessary and reasonable for the Project and take any other measure to remedy the spill, Discharge or emission or to remedy the Member's default.

The Financial Institution may, at all times, in its sole discretion and without any obligation whatsoever, whether or not there is default, enter upon the Project to inspect it, conduct tests, studies, verifications, audits or other environmental measures deemed necessary.

It is understood that any exercise by the Financial Institution of its right to enter, conduct work, require information and be advised of environmental measures, in no way constitutes and shall not be deemed to constitute the entering into possession of the Project by the Financial Institution and nothing in the foregoing and in these Standard Charge Terms shall be interpreted to find or deem the Financial Institution to be having the control, responsibility, management or occupation of the Project.

The Member Promises that any failure to comply or fulfil the obligations contained in this paragraph shall constitute a default under the Charge and the Financial Institution shall be entitled, in its sole discretion and without any obligation whatsoever, to exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

**40. SPOUSE'S CONSENT**

The spouse of the Member consents to the transaction evidenced by the Charge and releases all interest in the charged Lands to the extent necessary to give effect to the rights of the Financial Institution hereunder, and agrees that the Financial Institution may, without further notice, deal with the Member regarding the Lands and the Indebtedness created by the Charge as the Financial Institution may see fit. The Financial Institution may, in its sole and unfettered discretion, require the spouse of the Member to obtain independent legal advice prior to advancing money under the Charge.



**41. NOTIFICATION OF CHANGES**

The Member agrees to advise and to provide evidence to the Financial Institution immediately after any change or happening affecting any of the following:

- (a) the spousal status of the Member;
- (b) the qualification of the Lands as a matrimonial home within the meaning of the *Family Law Act*; or
- (c) the ownership of the Lands,

in order that the Financial Institution be kept fully informed of the names and addresses of the owners of the Lands and of any person who has a right of possession in the Lands by virtue of the *Family Law Act*.

**42. CORPORATIONS**

The Member and the Financial Institution Promise and agree that the following events shall constitute a default under this Charge, where the Member is a corporation and same:

- (a) ceases to operate all or part of its business activities, is dissolved, wound up or distributed, makes an assignment for the benefit of creditors, goes into receivership, is bankrupt or the subject of an execution or distress;
- (b) is in default pursuant to any other loan obligations;
- (c) changes the effective control of the corporation; or
- (d) reorganizes, amalgamates, transfers the Lands to a non-arms-length party, without the prior written consent of the Financial Institution, which consent may be unreasonably withheld.

**43. BUSINESS ADMINISTRATION**

The Member shall administer and operate its business on the Lands in a diligent and prudent manner, and provide the Financial Institution with any information it may reasonably request in that respect, including all documents relating to the administration or operation of the business and evidencing the performance of its Obligations under this Charge. The Member agrees that it shall not sell, lease, transfer, amalgamate, discontinue, interrupt or cease all or part of its operations for any period of time, or wind up its business without the prior written consent of the Financial Institution, which consent may be unreasonably withheld, failing which the Financial Institution may, in its sole and absolute discretion, demand immediate payment of the Indebtedness and may exercise all of its remedies, rights and powers available at law and under this Charge, including the power of sale contained herein.

**44. ADVERSE CHANGE**

The Member Promises and agrees to inform the Financial Institution immediately of any circumstances, events, actions, claims or changes which have or may have an adverse effect on the Member's financial situation or the Lands.

Where there has been such an adverse effect, as determined by the Financial Institution, in its sole and absolute discretion, in:

- (i) the financial situation of the Member or any Guarantor;
- (ii) the Member's or any Guarantor's representations and warranties made in connection with the Charge; or
- (iii) the Lands,

then, the Financial Institution may, at its option, demand immediate payment of the Indebtedness under the Charge and may exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale contained herein.

**45. FINANCIAL STATEMENTS AND INFORMATION**

If any part of the Lands are or become income-producing or are used for agricultural, commercial or industrial purposes, the following provisions shall apply:

- (a) The Member agrees to deliver to the Financial Institution annually, within ninety (90) days of each fiscal year-end of the Member :
  - (i) the financial statements of the Member and any Guarantor;
  - (ii) an operating statement including a detailed statement of income and expenses and supporting documentation in respect of the Lands; and
  - (iii) a current rent roll for the Lands indicating the tenants, area occupied, annual rental, term of tenancy agreements, renewal options and monthly sales information from all reporting tenants,
 in each case prepared in accordance with generally accepted accounting principles, consistently applied, and in form and content approved by the Financial Institution.
- (b) The Member agrees to deliver to the Financial Institution within thirty (30) days of a written request from the Financial Institution, the following:
  - (i) a rent roll for the Lands dated as of the last day of the preceding calendar quarter identifying all of the leases of the Lands by the term, renewal options, space occupied, rental and other charges required to be paid, security deposit paid, taxes paid by tenants, common area charges paid by tenants, tenant pass throughs, any rental concessions or special provisions or inducements, rent arrears, rent escalations, amounts taken in settlement of outstanding arrears, collections of rent for more than one month in advance, continuous operation obligations, cancellations or "go dark" provisions and non-competition provisions;
  - (ii) monthly and year-to-date operating statements, each of which shall include an itemization of actual capital expenditures during applicable periods;
  - (iii) a property balance sheet for each such month;
  - (iv) such further financial information as required by the Financial Institution,
 in each case prepared in accordance with generally accepted accounting principles, consistently applied, and in form and content approved by the Financial Institution.
- (c) The Member promises and agrees with the Financial Institution to maintain at all times proper records and books of account with respect to the Lands and the business of the Member.
- (d) The Financial Institution may, either by its officers or authorized agents at any time during normal business hours, inspect and examine the records and books of account of the Member relating to the Lands and the business of the Member pertaining thereto and make copies or extracts from them and generally conduct such examination of the records and books of account and other records of the Member as the Financial Institution may deem necessary and the Member will, immediately upon the request of the Financial Institution, advise where the records and books of account are maintained and will render such assistance in connection with such examination as the Financial Institution deems necessary, including providing the Financial Institution with any receipts or other supporting documentation it may require.

**46. PAYMENT AUTHORIZATION AND FAILED WITHDRAWAL ATTEMPTS**

The Member hereby expressly authorizes the Financial Institution to withdraw the loan payments directly from the Member's personal chequing account (the "PCA").

In the event sufficient funds are unavailable in the account from which the loan payments are to be withdrawn, when such payment is due, the Financial Institution may, subject to its rights and remedies, request that the Member pay the applicable fees in order to compensate the Financial Institution for reasonable expenses it incurred in attempting to withdraw said payment. The Member may at any time inquire at the Financial Institution to ascertain the applicable fees.

**47. LEASED LANDS**

If the Lands are leased, the Member promises and confirms with the Financial Institution that:

- (a) The Member owns the leasehold interest in the Lands.
- (b) The Member has the right to charge the lease and sublet the Land to the Financial Institution; if required under the lease, it has obtained the landlord's consent to the Charge.
- (c) Neither the Member nor any other person has charged or otherwise encumbered the lease or its rights under the lease.
- (d) The lease is a valid, existing lease and has not been amended except as has been advised to the Financial Institution in writing; and it has paid and performed its obligations under the lease up to the date it signed the Charge and there is no default under the lease.
- (e) The Member shall not amend, surrender or terminate the lease without the Financial Institution's prior approval. The Member shall pay the rent under the lease and perform its obligations under the lease as long as the Indebtedness is outstanding. The Member shall provide the Financial Institution with any notice of default under the lease that it receives. The Member shall indemnify the Financial Institution from all actions, claims and demands relating to defaults under the lease.
- (f) The Member shall assign the last day of the term of the lease, or any renewal terms, which it holds in trust for the Financial Institution, as it may direct.
- (g) The Member charges the leased Lands to the Financial Institution as security only and not as a complete assignment of its interest. The Member subleases the leased Land to the Financial Institution to the extent required by law for the Charge to be effective for the remainder of the term of the lease, except for the last day of the term of the lease (including the last day of any renewal). The Member holds all other rights under the lease in trust for the Financial Institution, including the last day of the term, and any right of renewal or right to purchase.
- (h) The Member hereby irrevocably appoints the Financial Institution as its agent. If there is default under the Charge, the Financial Institution may, as the Member's agent, assign the lease and the last day of the term of the lease as the Financial Institution may determine in its sole and absolute discretion. If the Financial Institution sells the leased Land pursuant to its enforcement rights stipulated herein, the Financial Institution may assign the Member's interest in the lease to a purchaser. The Financial Institution may at any time remove the Member or any other person from being a trustee of the lease under the trust set out in subsection (g) and appoint a new trustee in the Member's place.
- (i) At the Financial Institution's request but at the Member's cost, the Member shall assign to the Financial Institution the last day of the term of the lease or any renewal or substituted term. If the Financial Institution sells the leased Lands under the power of sale the Member shall hold the leased Lands and the last day of the term in trust for any purchaser.
- (j) If the Member neglects or refuses to renew the lease then the Financial Institution may renew the lease in its own name so that the lease will continue to be security for the Charge.
- (k) If the Member has not performed its obligations for fifteen (15) days, then the Financial Institution may, on at least thirty-five (35) days written notice to the Member as required by the *Mortgages Act*, assign the lease. Any assignment may be on the terms set out in these Standard Charge Terms.
- (l) No sale or other dealing by the Member with the lease or the leased Lands and no extension of time given by the Financial Institution to the Member, or anyone claiming under the Member, or any dealing with the Financial Institution with the landlord or the lease, shall in any way affect or prejudice the Financial Institution's rights against the Member or any other person liable to repay the Indebtedness.
- (m) If the Member acquires additional interest in the leased Lands, then by the Charge the Member charges that additional interest to the Financial Institution without the Member or the Financial Institution having to do anything further.

**48. CONFLICT**

If there is any conflict between the terms of the Charge and the terms of any offer to finance, the offer to finance shall prevail. If there is any conflict between the terms of the Charge and the terms of any credit agreement, the credit agreement shall prevail. If there is any conflict between the terms of the Charge and the terms of any renewal agreement, the renewal agreement shall prevail. If there is any conflict between any schedule attached to the Charge and these Standard Charge Terms, the schedule attached to the Charge shall prevail.

**49. CONSENTS AND DISCLOSURE**

- (a) The Member consents to the Financial Institution transferring, selling or assigning the Charge and all of its rights under the Charge;
- (b) If the Financial Institution transfers, sells or assigns the Charge, it may disclose information about the Member and the Charge to anyone to whom the Financial Institution transfers, sells or assigns its rights;
- (c) The Financial Institution may also disclose information about the Member and the Charge to an insurer or other third party from whom the Financial Institution may obtain benefits that protect its security; and
- (d) The Member consents to insurers and other third parties that provide benefits or services to the Financial Institution with respect to obtaining information about the Member from credit reporting agencies and other lenders to evaluate the Member and the Charge.

**50. NATIONAL HOUSING ACT**

All Canada Mortgage and Housing Corporation insured Charges are made according to the *National Housing Act*.

**51. COMPLIANCE WITH LAWS**

The Member promises and agrees to promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directives, ordinances, and regulations of every governmental authority and agency concerning the Lands and will, at its own expense, make any and all improvements or alterations, structural or otherwise, which may be required at any time by any such present or future law, rule, requirement, order, directive, ordinance or regulation. The Financial Institution, whenever it deems necessary, may by its land surveyor or agent enter upon and inspect the Lands and make such improvements and alterations as the Financial Institution deems necessary to render the Lands in compliance with such laws, rules, requirements, orders, directives, ordinances or regulations and the reasonable cost of such inspection, improvements and alterations, with interest at the Rate set forth in the Charge, shall be payable immediately and be a Charge upon the Lands.

**52. NOTICE**

Unless otherwise provided at law or in the Charge, any notice required or contemplated pursuant to this Charge, including all demands for payment, shall be made in writing and:

- (a) if given to the Member, may be sent by registered mail or courier service to the last known address for the Member as shown in the Financial Institution's files or delivered personally to the Member at that address;
  - (b) if given to the Financial Institution, may be sent by registered mail or courier service to the office of the Financial Institution where the payments under this Charge are required to be made or delivered personally at that address;
- and such notices shall be deemed to have been given and received on the date on which they were delivered personally or, if sent by registered mail or courier service, the third working day following the date on which they were mailed or given to the courier service, whether or not they are received.

**53. SEVERABILITY OF INVALID PROVISIONS**

It is agreed that in the event that any provision of these Standard Charge Terms is illegal, invalid, inapplicable or inconsistent with the provisions of any applicable statute or would by reason of the provisions of any such statute render the Financial Institution unable to collect the amount of any loss sustained by it as a result of making this Charge which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is deemed illegal, invalid, inapplicable, or inconsistent and this Charge shall remain executory notwithstanding such provision.

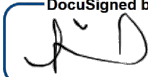
**54. EQUIVALENT INTEREST RATES**

The following information is provided in the event the interest payable under this Charge is calculated monthly, not in advance, and/or is a variable interest and the current Rate may be expected to change.

Columns A set forth the Interest Rate calculated monthly and not in advance, whereas columns B set forth the equivalent Rate calculated half-yearly, not in advance.

A	B	A	B	A	B	A	B	A	B	A	B
2.500	2.5131	5.625	5.6913	8.750	8.9111	11.875	12.1727	15.000	15.4766	18.125	18.8233
2.625	2.6394	5.750	5.8193	8.875	9.0407	12.000	12.3040	15.125	15.6097	18.250	18.9581
2.750	2.7658	5.875	5.9474	9.000	9.1704	12.125	12.4354	15.250	15.7428	18.375	19.0929
2.875	2.8923	6.000	6.0755	9.125	9.3002	12.250	12.5669	15.375	15.8760	18.500	19.2278
3.000	3.0188	6.125	6.2037	9.250	9.4301	12.375	12.6985	15.500	16.0092	18.625	19.3628
3.125	3.1454	6.250	6.3319	9.375	9.5600	12.500	12.8301	15.625	16.1425	18.750	19.4979
3.250	3.2721	6.375	6.4603	9.500	9.6900	12.625	12.9618	15.750	16.2759	18.875	19.6330
3.375	3.3988	6.500	6.5887	9.625	9.8201	12.750	13.0935	15.875	16.4094	19.000	19.7682
3.500	3.5256	6.625	6.7171	9.750	9.9502	12.875	13.2253	16.000	16.5429	19.125	19.9034
3.625	3.6525	6.750	6.8456	9.875	10.0804	13.000	13.3572	16.125	16.6765	19.250	20.0387
3.750	3.7794	6.875	6.9742	10.000	10.2107	13.125	13.4892	16.250	16.8102	19.375	20.1741
3.875	3.9064	7.000	7.1029	10.125	10.3410	13.250	13.6212	16.375	16.9439	19.500	20.3096
4.000	4.0335	7.125	7.2316	10.250	10.4714	13.375	13.7533	16.500	17.0777	19.625	20.4451
4.125	4.1606	7.250	7.3604	10.375	10.6019	13.500	13.8854	16.625	17.2116	19.750	20.5807
4.250	4.2878	7.375	7.4892	10.500	10.7324	13.625	14.0177	16.750	17.3455	19.875	20.7163
4.375	4.4151	7.500	7.6182	10.625	10.8630	13.750	14.1499	16.875	17.4795	20.000	20.8521
4.500	4.5424	7.625	7.7472	10.750	10.9937	13.875	14.2823	17.000	17.6136	20.125	20.9879
4.625	4.6698	7.750	7.8762	10.875	11.1244	14.000	14.4147	17.125	17.7477	20.250	21.1238
4.750	4.7973	7.875	8.0053	11.000	11.2552	14.125	14.5472	17.250	17.8819	20.375	21.2597
4.875	4.9248	8.000	8.1345	11.125	11.3861	14.250	14.6798	17.375	18.0162	20.500	21.3957
5.000	5.0524	8.125	8.2638	11.250	11.5170	14.375	14.8124	17.500	18.1506	20.625	21.5318
5.125	5.1800	8.250	8.3931	11.375	11.6480	14.500	14.9451	17.625	18.2850	20.750	21.6680
5.250	5.3078	8.375	8.5225	11.500	11.7791	14.625	15.0779	17.750	18.4195	20.875	21.8042
5.375	5.4355	8.500	8.6519	11.625	11.9102	14.750	15.2108	17.875	18.5540	21.000	21.9405
5.500	5.5634	8.625	8.7815	11.750	12.0414	14.875	15.3437	18.000	18.6887	21.125	22.0768

THIS IS **EXHIBIT “H”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840E...

---

*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.

**Properties**

*PIN* 31470 - 0096 LT *Interest/Estate* Fee Simple  
*Description* LT 15 RCP H759; LAIRD  
*Address* 201 RIVERSIDE DRIVE  
 ECHO BAY

**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* SPRINGER AEROSPACE HOLDINGS LIMITED  
*Address for Service* 377 Lakeshore Road  
 Echo Bay, ON  
 P0S 1C0

I, Christopher Grant, Treasurer and Vice President and Richard Picard, Secretary and 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* CAISSE POPULAIRE VERMILLON INC.  
*Address for Service* 43 RUE NOTRE-DAME  
 C. P. 550  
 AZILDA, ON  
 P0M 1B0

**Provisions**

*Principal* \$350,000.00 *Currency* CDN  
*Calculation Period* ON DEMAND  
*Balance Due Date* ON DEMAND  
*Interest Rate* Prime plus 10%  
*Payments*  
*Interest Adjustment Date*  
*Payment Date* ON DEMAND  
*First Payment Date*  
*Last Payment Date*  
*Standard Charge Terms* 201909  
*Insurance Amount* Full insurable value  
*Guarantor*

**Signed By**

Steven Gregory Shoemaker 390 Bay Street 5th Floor acting for Signed 2019 12 17  
 Sault Ste. Marie Chargor(s)  
 P6A 1X2

Tel 705-949-6700

Fax 705-949-2465

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

**Submitted By**

WISHART LAW FIRM LLP 390 Bay Street 5th Floor 2019 12 17  
 Sault Ste. Marie  
 P6A 1X2

Tel 705-949-6700

Fax 705-949-2465

**Fees/Taxes/Payment**

*Statutory Registration Fee* \$65.05  
*Total Paid* \$65.05



**File Number**

Chargor Client File Number : 16595-1

Chargee Client File Number : 480229



**STANDARD CHARGE TERMS**
*Land Registration Reform Act*

 Filed by: **LA FÉDÉRATION DES CAISSES POPULAIRES DE L'ONTARIO INC.**

 Filing date: **August 30, 2012**

 Filing number: **201209**

 The following set of standard charge terms shall be deemed to be included in every Charge in which the set is referred to by its filing number, as provided in section 9 of the *Land Registration Reform Act*.

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## 1. DEFINITIONS

The parties hereto agree that the following terms shall for the purpose of this Charge have the following meanings:

**Charge:** means, for the electronic registration system, the charge/mortgage given by the Member to the Financial Institution pursuant to the signed "authorization and direction", and prepared and registered in the electronic format, and for the non-electronic paper based registration system, the charge/mortgage of land given by the Member to the Financial Institution pursuant to the form prescribed and registered, both pursuant to the *Land Registration Reform Act* of Ontario. Charge shall also include all schedules, renewals, extensions or amendments as well as these Standard Charge Terms;

**Collateral Loan Indebtedness:** means all Indebtedness and all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, revolving or not, at any time owing by the Debtor to the Financial Institution or remaining unpaid by the Debtor to the Financial Institution heretofore or hereafter incurred by or arising from agreement or dealings between the Financial Institution and the Debtor or from any agreement or dealings with any third party by which the Financial Institution may be or become in any manner whatsoever a creditor of the Debtor or however otherwise incurred or arising anywhere within or outside Canada and whether the Debtor be bound alone or with another or others and whether as principal or surety, including all amendments, renewals and substitutions thereto, without limiting the generality of the foregoing all interest, damages, costs, charges or expenses which may become due or payable to the Financial Institution or may be paid or incurred by the Financial Institution upon or in respect of any monies or liabilities referred to in the Charge or any portion of the Charge;

**Condominium Corporation:** means the Condominium Corporation referred to in the legal description of the Lands;

**Debtor:** means a Person who has Collateral Loan Indebtedness owing to the Financial Institution, and who may or may not also be the Member;

**Declaration:** means the registered Declaration which relates to the Condominium Corporation;

**Financial Institution:** means the chargee and includes the successors and assigns of the Financial Institution;

**Guarantor:** shall include the heirs, executors, administrators, successors and assigns of the Guarantor;

**Indebtedness:** means the outstanding Principal Amount, interest, costs and all other amounts payable by the Member to the Financial Institution under this Charge and any other Loan Documents;

**Interest Rate or Rate:** means the Interest Rate set out in the Charge, as amended, provided that if the Member and the Financial Institution have agreed in writing in any agreement that a different rate will apply to all or part of the Indebtedness, then that different rate shall apply;

**Lands:** means the Lands more particularly described in the Charge, as amended, together with all buildings, constructions and improvements whether affixed or otherwise, present or future, including without restricting the generality of the foregoing all fences, installations for heating, plumbing, air conditioning, ventilation, lighting, water heaters, stoves, refrigerators, storm windows and doors and all fixtures;

**Loan Documents:** means collectively, this Charge and any other agreements, documents and instruments relating to the Charge, as amended, supplemented and restated;

**Member:** means the chargor and includes the heirs, executors, administrators, successors and assigns of the Member and anyone to whom the Lands are transferred;

**Obligation:** means all of the Obligations, covenants and provisos that the Member has agreed to perform and all of the Promises that the Member has made under the Charge and the Loan Documents;

**Person:** means any natural person, body of natural persons or body corporate;

**Principal or Principal Amount:** means the amount set out in the Charge;

**Promise:** means an agreement, convention, covenant or promise by which the parties to same pledge themselves to the other that something is either done, or shall be done, or shall not be done, or stipulates for the truth of certain facts; when used as a verb, means that something is either done or shall be done or shall not be done.

**Term:** means the period between the date of registration of the Charge and the date on which the balance of the Indebtedness shall become owing according to the Loan Documents' "Repayment" clause.

## 2. INTERPRETATION

- (a) Unless otherwise provided, whenever two or more Persons are liable under these Standard Charge Terms, such liability shall be both joint and several.
- (b) The Charge shall be exclusively governed and construed in accordance with the laws of Ontario and the applicable federal laws of Canada. The Member exclusively submits to the jurisdiction of the courts of Ontario with respect to the Charge.
- (c) A reference in the Charge to a statute includes the statute as it may be amended and any replacement or substitute statute and its regulations.
- (d) The paragraph headings herein are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.
- (e) Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa.

## 3. STATUTORY COVENANTS EXCLUDED

The parties agree that the Covenants deemed to be included in all charges by reason of the *Land Registration Reform Act*, are excluded from this Charge and replaced by the Promises herein.

## 4. CREATION OF CHARGE

The Member charges in favour of the Financial Institution the Lands described in the Charge as security for the repayment of the Indebtedness, and the performance of all Obligations in accordance with the Charge, together with all remedies, rights and powers available to the Financial Institution at law and under this Charge.

## 5. CHARGE VOID

Subject to the within provisions, this Charge shall be void upon payment to the Financial Institution of all of the Indebtedness owing by the Member in accordance with the terms and Obligations under the Charge.

## 6. INTEREST

Interest is payable at the Rate set out in the Charge until the total Indebtedness has been paid, both before and after the balance due date, before and after default, and before and after obtaining any court judgment against the Member. Payments received by the Financial Institution may be applied by it to any part of the sums due under the Charge, notwithstanding any contrary stipulation by the Member.



**7. COMPOUND ARREARS**

On any default of payment by the Member, the Financial Institution shall charge interest on any overdue portion of the Indebtedness ("Compound Interest"). Compound Interest shall be paid on the regular payment dates. The Financial Institution shall also charge interest, at the Interest Rate, on Compound Interest that is overdue until paid in full, both before and after maturity as well as both before and after default and judgment.

**8. ADVANCES OF PRINCIPAL**

The Member agrees that neither the preparation, execution nor registration of this Charge shall bind the Financial Institution to advance the Principal Amount secured under this Charge. Similarly, the advance of a part of the Principal Amount secured under this Charge shall not bind the Financial Institution to advance any unadvanced portion. Nevertheless this Charge shall take effect immediately upon execution by the Member, and the costs and expenses of the examination of title, all related searches and the preparation of this Charge and valuation are to be secured by this Charge in the event of the whole or any balance of the Principal Amount not being advanced. These costs shall be a charge upon the said Lands and shall without demand, be payable immediately with interest at the Rate set out in the Charge; and in default the Financial Institution may exercise the power of sale and all its remedies, rights and powers available at law and under this Charge.

**9. MUNICIPAL TAXES**

With respect to municipal taxes, school taxes, local improvement rates and all other taxes, orders and levies charged by a competent authority chargeable against the Lands (the "Taxes"), it is agreed as follows:

- (a) Subject to the provisions of this paragraph, the Member shall pay all Taxes chargeable against the Lands as they become due;
- (b) The Member agrees to provide to the Financial Institution, as the Financial Institution may require, receipts confirming the payment of Taxes within a period of thirty (30) days following the date on which they were due;
- (c) The Financial Institution may deduct from the final advance of monies secured by this Charge an amount sufficient to pay the Taxes due at the time of such final advance;
- (d) If required by the Financial Institution, the Member shall, each month, pay to the Financial Institution one twelfth of the amount of the Taxes due for the following year, as estimated by the Financial Institution; the Member shall also pay to the Financial Institution on demand, the amount if any, by which the actual Taxes exceed such estimated amount;
- (e) The Member shall pay interest at the rate set out in the Charge on any debit balance, in the account maintained by the Financial Institution with respect to Taxes, after payment of Taxes by the Financial Institution, until such debit balance is fully repaid and such amount is payable immediately, added to the Charge and shall be a charge on the Lands.

The Financial Institution agrees to apply such deductions and payments to Taxes chargeable against the Lands so long as the Member observes the Promises contained in this Charge. The Financial Institution is not required to pay Taxes more than once a year and the Financial Institution does not hold any money received from the Member for the payment of Taxes in trust for the Member and shall not be required to pay interest to the Member on any monies received for this purpose. If the Taxes imposed are more than the amount collected by the Financial Institution on the Member's behalf, the Member shall immediately pay to the Financial Institution the difference upon being requested to do so. The Member agrees to provide the Financial Institution with all assessment notices, tax bills and other notices affecting the imposition of taxes immediately after receipt of same.

**10. COLLATERAL LOAN CHARGES**

- (1) This section shall apply if the Charge at any time secures Collateral Loan Indebtedness. The Debtor's liability under this Charge shall be limited to the sum of the Collateral Loan Indebtedness due under the Charge.

For good and valuable consideration, including the Collateral Loan Indebtedness, the Financial Institution's agreement to deal with the Debtor and the sum of Two (\$2.00) Dollars of lawful money of Canada now paid by the Financial Institution to the Member, the receipt and sufficiency of which is hereby acknowledged by the Debtor, the Member charges in favour of the Financial Institution the Lands described in the Charge.

Subject to the provisions of the Charge, this Charge will be void following the observation of the Obligations contained in the Charge and upon full payment on demand of the ultimate balance of the Collateral Loan Indebtedness as more fully described in the documents or agreements which created the Collateral Loan Indebtedness.

The parties agree as follows:

- (a) That no part of the Collateral Loan Indebtedness whether existing at the date of this Charge or incurred or arising thereafter shall be deemed to be unsecured by this Charge.
- (b) That this Charge is and shall be a continuing collateral security to the Financial Institution for the amount of such Collateral Loan Indebtedness and shall be deemed to be taken as security for the ultimate balance of such Collateral Loan Indebtedness and the observation of the Promises and Obligations of the Debtor and the Member under this Charge. This Charge shall not merge nor shall anything herein contained operate so as to create any merger or discharge of the Collateral Loan Indebtedness owing to the Financial Institution or of any lien, term loan agreement, bill of exchange or other instrument or security held by or which may hereafter be held by the Financial Institution from the Member or from the Debtor or from any other person and this Charge shall not in any way prejudicially affect any security held or which may hereafter be held by the Financial Institution for the said Collateral Loan Indebtedness or any part thereof, or the liability of any Guarantor or any other person upon any such lien, term loan agreement, bill of exchange or other instrument or security or contract or any renewal thereof held by the Financial Institution for or on account of the said Collateral Loan Indebtedness or any part thereof, nor shall the remedies of the Financial Institution in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of this Charge.
- (c) That any and all payments made in respect of the Collateral Loan Indebtedness and the monies or other proceeds realized from the sale of any securities held therefor, including this Charge, may be applied and reapplied notwithstanding any previous application on such part of such Collateral Loan Indebtedness as the Financial Institution may see fit or may be held unappropriated in a separate account for such time as the Financial Institution may see fit.
- (d) That the Financial Institution may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or from perfecting securities or guarantees of, may accept compositions from and may otherwise deal with the Member, the Debtor, any Guarantors, sureties, security or the Lands, and all other persons as the Financial Institution may see fit, without prejudicing the rights of the Financial Institution under this Charge.
- (e) That the taking of judgment in respect of the said Collateral Loan Indebtedness or any instrument now or hereafter representing or evidencing the said Collateral Loan Indebtedness or under any of the Promises in this Charge or in any such instrument contained or implied shall not operate as a merger of the said Collateral Loan Indebtedness, or of such instrument or Promises nor affect the Financial Institution's right to interest, nor affect nor prejudice any rights or remedies given to the Financial Institution by the terms of this Charge.
- (f) (i) That the Member shall not create or allow to be created any further mortgages, charges or encumbrances (the "Subsequent Charges") secured against the Lands without first obtaining the written consent of the Financial Institution, which consent the Financial Institution may, in its sole discretion, give or refuse.

- (ii) That all Subsequent Charges to which prior written consent is given by the Financial Institution, shall contain a clause postponing all advances under such Subsequent Charges to all advances made or security given under this Charge irrespective of whether such advances are made or security given prior to or subsequent to the Subsequent Charges or any advances under such Subsequent Charges.
  - (iii) Any Subsequent Charges created in contravention of the provisions of this Charge shall be conclusively deemed to contain a clause postponing all advances hereunder to advances made or security given under this Charge irrespective of whether such advances are made or security given prior to or subsequent to the registration of and or advances under such Subsequent Charges.
- (g) This Charge is in addition to, and not in substitution for, any other security held or subsequently obtained by the Financial Institution regarding the Collateral Loan Indebtedness and the Financial Institution may exercise its remedies under this Charge or under any other security given in respect of the Collateral Loan Indebtedness, concurrently or successively, at its sole option and discretion.
- (2) In the event one or more of the Members is not also the Debtor, each such Member which is not also the Debtor jointly and severally Promises the Financial Institution as follows:
- (a) This Charge and the Promises, Obligations and agreements on the part of the Debtor herein contained shall be the continuing obligation and liability of each Member and shall cover all of the Collateral Loan Indebtedness and Obligations of the Debtor hereunder and shall apply to and shall secure any ultimate balance of the Collateral Loan Indebtedness secured by the Charge or intended to be secured by the Charge.
  - (b) The Financial Institution shall not be bound to exhaust its remedies against the Debtor or others or any securities (which term when used in this paragraph includes all guarantees) it may at any time hold before being entitled to payment from each Member of the Collateral Loan Indebtedness secured by this Charge and each Member waives any benefit of division.
  - (c) This Charge, the Collateral Loan Indebtedness and Obligations of each Member thereto shall not be affected by the death or loss or diminution of capacity of the Debtor or of the Member, or by any change in the name of the Debtor or Member or in the membership of the Debtor's or Member's firm, partnership, association or organization through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Debtor's or Member's business by a corporation, or by any change whatsoever in the objects, capital, structure or constitution of the Debtor or Member, or by the Debtor or Member or the Debtor's or Member's business being amalgamated with a corporation or wound up or its corporate existence terminated, but shall notwithstanding the happening of any such event continue to exist and apply to the full extent as if such event had not happened.
  - (d) This Charge, as a continuing collateral security of the Collateral Loan Indebtedness of the Debtor, shall not be considered as wholly or partially satisfied by the payment or liquidation at any time of any sum of money for the time being due or remaining unpaid to the Financial Institution, and all dividends, compositions, proceeds of security valued and payments received by the Financial Institution from the Debtor or from any other person, including a trustee in bankruptcy or receiver, shall be regarded for all purposes as payments in gross without any right on the part of the Member to claim a reduction of its liability under this Charge, the benefit of any such dividends, compositions, proceeds or payments of any securities held by the Financial Institution or proceeds thereof, and no Member shall have the right to be subrogated in any rights of the Financial Institution until the Financial Institution has received payment in full of the Collateral Loan Indebtedness.
- Furthermore, unless the Financial Institution otherwise promises, this Charge shall only be discharged when:
- (i) All the Collateral Loan Indebtedness secured or payable under this Charge is paid in full;
  - (ii) All the Promises and Obligations contained in this Charge are fully satisfied by the Member and the Debtor; and
  - (iii) The Financial Institution has executed and delivered to the Member a discharge registrable in electronic or paper form.
- (e) The Member and each one of them, if there are more than one, shall be jointly and severally liable with the Debtor for the repayment of all the Collateral Loan Indebtedness secured by this Charge. The Financial Institution shall have no obligation to confirm the capacity, status or power of the Debtor, or of its directors, partners or agents, and all sums of money, advances of funds or credit borrowed or obtained from the Financial Institution in the exercise or apparent exercise of its powers shall form part of the Collateral Loan Indebtedness and Obligations secured by this Charge and shall be recoverable by the Financial Institution on demand together, even though the exercise of such powers may not be regular, may lack status or exceed the power or capacity of the Debtor, its directors, partners, or agents.
  - (f) Each Member shall be bound by any account settled between the Financial Institution and the Debtor, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Financial Institution shall be accepted by such Member and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the Debtor to the Financial Institution or remains unpaid by the Debtor to the Financial Institution.
- (3) The provisions provided in this section shall be read and interpreted together with other provisions in these Standard Charge Terms applicable to this Charge and, in the event of a conflict between the two, the provisions of this section shall prevail. Furthermore, paragraphs 28, 29, 30, 31, 32, 33 and 34 of these Standard Charge Terms shall be expressly excluded from this section.

## 11. PROMISES OF THE MEMBER

The Member hereby Promises and warrants to the Financial Institution as follows:

### (a) PAYMENT OF PRINCIPAL, INTEREST AND OTHER SUMS AND OBSERVATION OF PROMISES

The Member Promises the Financial Institution to pay, without deduction or abatement, the amounts advanced under the Charge and interest thereon in accordance with the provisions of the Charge; and to pay and satisfy, as they become due, without limiting the generality of the foregoing, all taxes, assessments and other levies imposed by any municipal, local, parliamentary or other competent authority, which may now or hereafter be imposed, charged or levied upon the Lands, including without limiting the generality of the foregoing, any electricity, gas, water or sewer charges, and when required shall leave the receipts therefor with the Financial Institution; to do, observe, perform, fulfil and keep all the provisions, Promises, agreements and stipulations provided in the Charge; and that in the event of default, the Financial Institution shall have quiet possession of the Lands free and clear from all encumbrances.

Without prejudice to the Financial Institution's rights under the *Credit Unions and Caisses Populaires Act, 1994*, the Member authorizes the Financial Institution to withdraw from any account maintained by the Member with the Financial Institution, the instalments or any other amounts due under this Charge.

The Member Promises and warrants to the Financial Institution that all obligations, remittances and source deductions owed or payable by the Member pursuant to the *Income Tax Act*, the *Employment Insurance Act*, the *Canada Pension Plan Act*, the *Excise Tax Act*, the *Retail Sales Tax Act*, and any other similar obligation under any applicable legislation ("Tax Obligations") are up to date and have been paid in full. The Member further Promises and agrees to pay such Tax Obligations as they become due. Where more than one advance is anticipated or occurs, the Member further represents, warrants and agrees to provide satisfactory evidence to the Financial Institution, prior to each advance, that any such Tax Obligations are up to date and have been paid in full. The Member also irrevocably authorizes and directs all appropriate governmental authorities or agencies to provide any and all information to the Financial Institution or the Financial Institution's solicitors, relating to any Tax Obligations that may be payable or outstanding by the Member, either alone or with other parties.



## (b) AUTHORITY TO CHARGE LANDS

The Member Promises and warrants to the Financial Institution that it has good right, full power and absolute authority to charge the Lands, in the manner set out in this Charge.

## (c) TITLE

The Member Promises and warrants to the Financial Institution that at the time of execution of this Charge it has a good and indefeasible estate in fee simple to the Lands, free and clear of all charges, easements, reservations, equitable interests, and other interest of any kind whatsoever, except as disclosed by the records of the land registry office.

## (d) PRIOR ENCUMBRANCES

The Member Promises and warrants to the Financial Institution that it has not by any act, omission, or consent permitted or done anything whereby the Lands are or may hereafter be in any way encumbered by any charge, easement, equitable interest or any other interest whatsoever, except as disclosed in the records of the land registry office.

## (e) INSURANCE

The Member Promises that it will immediately insure and keep insured the buildings now or hereafter erected on the Lands for a sum which shall not be less than their full replacement value and during the continuance of this Charge keep them insured in favour of the Financial Institution against loss and damage by fire and other perils usually covered in fire insurance policies and against any other perils, as the Financial Institution may require. The Member shall deliver to the Financial Institution at least fifteen days prior to the expiry of any insurance policy and at least five days prior to the effective date of any notice of cancellation, evidence that it has renewed or replaced such insurance, failing which the Financial Institution may provide for such insurance and charge the costs of such insurance and interest on such costs at the Interest Rate to the Member and the same shall be payable immediately and shall also be a Charge upon the Lands. It is also agreed that the Financial Institution may at any time require any insurance of the buildings to be cancelled and new insurance effected in a company to be named by the Financial Institution. The Financial Institution may of its own accord effect or maintain any insurance herein provided for, and any amount paid by the Financial Institution therefore shall be payable immediately by the Member with interest at the Interest Rate and shall also be a Charge upon the Lands. All policies of insurance shall provide that loss shall be payable to the Financial Institution as its interest may appear and contain a charge clause in a form approved by the Financial Institution. The Financial Institution may, in its sole discretion, require that all monies received in the event of loss be applied in whole or in part in discharge of any of the monies due under the Charge, whether outstanding or not.

## (f) ACCELERATION ON DEFAULT

In default of payment of interest, of any instalment of Principal, or of any other amount payable by the Member, in whole or in part, under this Charge, or in the event of default by the Member in the observance of any of the Obligations contained in this Charge, the Financial Institution may, in its sole discretion, demand immediate payment of the Indebtedness due under the Charge. In default of payment, the Financial Institution may exercise all of its remedies, rights and powers available at law, and under this Charge, including the power of sale herein contained. It is agreed that the Financial Institution may in writing waive its right to demand immediate payment of the Indebtedness due under the Charge, but notwithstanding such waiver, the Financial Institution may exercise such right at a later time, or in the event of any other default.

The Member Promises with the Financial Institution and warrants that in the event of non-payment of the Principal or interest, and all other amounts payable under this Charge which may become due pursuant to this paragraph it shall not require the Financial Institution to accept payment of the Principal monies without first giving three months' previous notice in writing or paying the indemnity calculated in accordance with the applicable formula provided in these Standard Charge Terms. The Member agrees that this indemnity constitutes a form of compensation payable in consideration for the Member's full repayment of the Indebtedness and is not a penalty.

## (g) DISTRESS

The Financial Institution may, when applicable, distrain for arrears of interest, Principal and with respect to all other amounts due under this Charge. All costs incurred in connection with the Financial Institution's exercise of its remedy of distress are payable by the Member immediately with interest at the Interest Rate and are a Charge on the Lands.

## (h) ENTRY ON DEFAULT

In default of the payment of interest, of any instalment of Principal, or of any other amount payable by the Member, in whole or in part, under this Charge, or in the event of default by the Member in the observance of any of the Obligations contained in this Charge, the Financial Institution may take possession of the Lands and shall have quiet possession of the Lands free and clear from all charges, executions or other encumbrances without the let, suit, hindrance, interruption or denial of the Member.

## (i) FURTHER ASSURANCES

At all times, the Member and any person who shall have a right or claim against the whole or any part of the Lands will, at the Member's expense, execute, deliver or obtain any deed or other instrument and do anything which the Financial Institution or its solicitor may deem necessary for the further, better and more perfectly and absolutely conveying and assuring the Lands hereby charged unto the Financial Institution and such expenses shall be payable immediately by the Member, with interest at the Interest Rate and shall be a Charge on the Lands.

## (j) REPAIR

The Member will keep the Lands in good condition and repair and the Financial Institution may, whenever the Financial Institution deems necessary, in person or through an agent, enter upon and inspect the Lands and make such repairs as the Financial Institution deems necessary. The costs of such inspection and repairs with interest at the Rate set forth in the Charge shall be payable immediately by the Member and be a Charge upon the Lands. If the Member neglects to keep the Lands in good condition and repair or commits or permits any act of waste on the Lands (as to which the Financial Institution shall be the sole judge) the Financial Institution may demand the immediate payment of the Indebtedness secured and due under the Charge and in default of payment, the Financial Institution may exercise all of its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained. The Member also promises to immediately advise the Financial Institution of any order or notice relating to the Lands issued by any competent authority and the Member further agrees that the existence of any such order or notice shall constitute a default under this Charge and in such event, the Financial Institution may exercise all of its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

## (k) POWER OF SALE

In the event of default of payment of the Indebtedness or in the observing, performing, fulfilling or keeping of one or more of the Obligations or Promises contained in the Charge, the Financial Institution may enter into possession of the Lands and take the rents and revenues and, whether in or out of possession of the Lands, may make any lease of the Lands as the Financial Institution shall think fit.

Further, in the event of default in any payment of the Indebtedness or of any failure with respect to observing, performing or fulfilling one or more of the Obligations contained in the Charge, and fifteen (15) days shall have then elapsed without the default having been remedied, the Financial Institution may, after giving thirty-five (35) days' written notice to the persons and in the manner prescribed by the *Mortgages Act*, without any further consent or concurrence of the Member, sell and absolutely dispose of all or any part of the Lands by public auction or private contract, or partly by private contract and partly by public auction, as the Financial Institution shall see fit, and may convey and assure the same when so sold unto the purchaser, its heirs, executors, successors, administrators and assigns, and execute and do all such things as may be found necessary for these purposes. The Financial Institution shall not be responsible for any loss which may arise by reason of any leasing or sale of the Lands unless by reason of its wilful neglect or default.

The production of a Statutory Declaration from the Financial Institution shall be conclusive evidence of default and of the continuance of the Indebtedness by the Member.

After such sale, the Financial Institution shall stand and be possessed of the monies to arise and be produced by such sale, or which shall be received by the Financial Institution by reason of any insurance upon the premises upon the following trusts:

- (i) Firstly, to pay all costs, charges, fees or other expenses related to a completed or attempted sale, lease or conveyance of the Lands;
- (ii) Secondly, to pay and satisfy the Indebtedness secured by the Charge;
- (iii) Thirdly, to the extent that a surplus remains after full payment and satisfaction of the amounts due under this Charge, the Financial Institution shall apply such surplus towards the payment of subsequent encumbrances according to their priorities pursuant to all applicable laws;
- (iv) Fourthly, to the extent that a surplus remains, to the Member.

Notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Financial Institution shall have and be entitled to its right of foreclosure.

Any Notice shall be given to the Member and to such other persons in the manner and as required by law at the time it is given. Where there are no such requirements, notice may be given to the Member, at the Financial Institution's option, by one or more of the following means:

- (i) Personal service at the Member's last known address;
- (ii) Registered mail at the Member's last known address;
- (iii) Publication in a newspaper published in the city, county or district where the Lands are located;
- (iv) Leaving it with an adult on the Member's Lands; or
- (v) Posting it on the Member's Lands.

The Financial Institution may sell any part of the Lands on such terms as shall appear most advantageous and for such price as can be obtained after reasonable efforts. The Financial Institution may bid or buy the Lands at the time of such sale, and may rescind or amend any contract for the sale of the whole or any part of the Lands and resell without being held liable or answerable for loss occasioned thereby. In the case of a sale on credit, the Financial Institution shall be bound to pay to the Member only such monies as have been actually received from the purchaser after the satisfaction of the claims of the Financial Institution. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by expressed notice that any sale or lease is improper. No lack of notice or publication when required shall invalidate any sale or lease.

The Member shall reimburse the Financial Institution for legal fees and disbursements (calculated on a full-indemnity basis), real estate commissions and all other costs incurred by the Financial Institution in exercising the power of sale herein contained and all such fees, commissions and other costs shall bear interest at the Rate provided in the Charge, shall be payable by the Member immediately and shall be a Charge on the Lands.

## 12. SALE OF THE LANDS

- (a) In the event of a sale or other transfer whether voluntary or involuntary, in whole or in part, of the Lands by the Member, the Financial Institution may demand immediate payment of the Indebtedness, together with an indemnity calculated in accordance with the applicable prepayment provisions of these Standard Charge Terms. The Member agrees that such indemnity constitutes a form of compensation payable in consideration for the Member's full repayment of the Indebtedness and is not a penalty.
- (b) It is agreed that no sale or other dealing by the Member with the Lands shall in any way change the liability of the Member or in any way alter the remedies, rights and powers of the Financial Institution available at law and under this Charge as against the Member or any other person liable for payment of the monies secured under this Charge.

## 13. SUBSEQUENT CHARGE

In the event that the Member gives a charge on the Lands to another lender without obtaining the Financial Institution's prior consent, the Financial Institution may, at its sole option and discretion, demand full repayment of the Indebtedness immediately, together with an indemnity calculated in accordance with the applicable prepayment provisions of these Standard Charge Terms. The Member Promises that such indemnity constitutes a form of compensation payable in consideration for the full repayment of the Indebtedness by the Member and is not a penalty.

## 14. PAYMENTS BY THE FINANCIAL INSTITUTION

It is agreed that the Financial Institution may pay all premiums of insurance and all taxes, rates and utility and heating charges which shall fall due with respect to the Lands, and be unpaid by the Member. Any such payments made by the Financial Institution together with all costs, charges, legal fees (on a full-indemnity basis) and expenses incurred in taking, recovering and keeping possession of the Lands, and for negotiating this loan, investigating title, and registering this Charge and other necessary deeds, and all costs incurred in any other proceedings taken in connection with or to realize this security (including real estate commissions incurred in leasing or selling the Lands), shall bear interest at the Rate set forth in this Charge and be a Charge upon the Lands in favour of the Financial Institution. The Financial Institution may pay or satisfy any lien, charge or encumbrance now existing or that shall be created or claimed upon the Lands and all amounts incurred for any such purpose shall likewise be a Charge upon the Lands in favour of the Financial Institution. It is hereby further agreed that all amounts paid by the Financial Institution shall be added to the Indebtedness secured and shall be immediately payable by the Member with interest at the Rate set out in this Charge. In default of payment of any obligation under this paragraph, the Financial Institution may demand immediate payment of the Indebtedness due under the Charge and may exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

## 15. ONTARIO NEW HOME WARRANTIES PLAN ACT

In the event the Financial Institution incurs any cost or expense arising from or relating to the *Ontario New Home Warranties Plan Act*, all such costs and expenses shall be added to the Indebtedness secured under the Charge and be a Charge on the Lands and shall bear interest at the Rate set forth in the Charge, and shall be immediately payable by the Member to the Financial Institution.

## 16. FIXTURES

It is mutually agreed that all erections, improvements and fixtures put upon the Lands, including but without limiting the generality of the foregoing, all buildings, structures, fences, heating, piping, plumbing, aerals, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment pertinent thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the Lands otherwise than by their own weight are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Lands and shall be a portion of the security for the Indebtedness secured under this Charge.



**17. CONSTRUCTION LIEN ACT**

At the time of each advance, the Member shall ensure that there shall be full and complete compliance with all requirements of the *Construction Lien Act*, and the Member shall submit to the Financial Institution satisfactory evidence of such compliance. The Member agrees that the Financial Institution shall be entitled to withhold from any advance, or pay into court as an advance, such amounts as the Financial Institution, in its sole discretion, considers advisable to protect its interests under the provisions of the Act, and to secure the priority of the Charge over any actual or potential construction liens. Nothing in this paragraph shall be construed to make the Financial Institution an "owner" or "payer" as defined by the Act, nor shall there be, or be deemed to be, any obligation by the Financial Institution to retain any holdback or otherwise or to maintain on the Member's behalf any holdback which may be required to be made by the owner or payer. Any such obligation shall remain solely the Member's obligation. The Member hereby promises and agrees to comply in all respects with the provisions of the Act.

If a construction lien is filed against all or part of the Lands, then the Member shall have the lien immediately vacated or discharged. If the Member fails to do so, then the Indebtedness payable under this Charge shall, at the option of the Financial Institution, immediately become due and payable and the Financial Institution may exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained. In addition to its other rights provided herein, the Financial Institution shall be entitled to pay into court a sum sufficient to obtain an order vacating such lien or to purchase a financial guarantee bond in the form prescribed under the Act. All costs, charges and expenses incurred by the Financial Institution in connection with such payment into court or in connection with the purchase of a financial guarantee bond or in connection with any legal proceedings described below, together with interest thereon at the Interest Rate herein provided, shall be added to the sums payable and secured by the Charge and shall be immediately payable by the Member to the Financial Institution. If any person that performs work, labour or services or that provides materials to or for the Lands, names the Financial Institution as a party to any legal proceedings which it takes to enforce a construction lien or trust claim, the Member agrees to reimburse the Financial Institution for, and indemnify the Financial Institution against any and all legal expenses (on a full-indemnity basis) incurred by the Financial Institution in such legal proceedings.

**18. BUILDING MORTGAGE**

The Member agrees that if the Charge is a charge taken with an intention to secure the financing of any improvements on the Lands, or if the Charge is taken out to repay any such charge, the following conditions shall apply:

- (a) All construction on the Lands shall be carried out by reputable contractor(s) with sufficient experience in a project of the nature and size contemplated, and whose construction contract(s) must be previously approved by the Financial Institution in writing, which approval may be unreasonably withheld.
- (b) The renovations to, or construction of, any buildings, structures and improvements on the Lands, shall be performed in a good and workmanlike manner, with all due diligence and in accordance with the plans and specifications delivered to and approved by the Financial Institution, which approval may be unreasonably withheld, and to the satisfaction of all governmental and regulatory authorities having jurisdiction.
- (c) The Member further Promises and agrees that all advances are to be made in such manner, at such times and in such amounts as the Financial Institution, in its sole discretion may determine and subject always to the provision to which the Member hereby agrees that notwithstanding the execution or registration of the Charge or the advancement of any part of the monies, the Financial Institution is not bound to advance the monies or any unadvanced portion of the monies nor make or incur any further loan advance or liability to or for the Member or any other party and the advance of the monies and any part thereof or the making of any loans or advances or the incurring of any liability on behalf of the Member shall be in the sole discretion of the Financial Institution whatever the purpose of this Charge. Without limiting the generality of the foregoing, the Member Promises and agrees to provide to the Financial Institution, prior to each advance, statutory declarations sworn by the Member or, if the Member is a corporation, by an officer of the Member, and outlining the particulars of all contracts entered into by the Member in respect of the supply of services or materials to any improvements on the Lands. Such statutory declarations shall be acceptable to the Financial Institution as to form and content. In addition, the Member Promises and agrees to produce such contracts for examination by the Financial Institution if and whenever the Financial Institution shall so require.
- (d) Provided that should construction on the Lands cease for any reason whatsoever (strikes, material shortages and weather conditions beyond the control of the Member excepted) for a period of at least ten (10) consecutive days, then the Indebtedness payable under the Charge, at the option of the Financial Institution, shall immediately become due and payable and the Financial Institution may exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained. In the event that construction does cease, then the Financial Institution shall also have the right, at its sole option, to assume complete control of the construction in such manner and on such terms as it deems advisable. The cost of completion incurred by the Financial Institution and all incidental costs and expenses together with a management fee of fifteen percent (15%) of the cost of such construction, shall, at the option of the Financial Institution, be added to the sums payable and secured by the Charge together with interest thereon at the Interest Rate provided, and shall be payable by the Member.

Without limiting the generality of the foregoing, at all times the Financial Institution shall be entitled to retain, unadvanced, that portion of the Principal Amount required, in its sole opinion, to complete the construction on the Lands as well as an amount equal to the aggregate of all holdbacks required to be maintained by an "owner" under the *Construction Lien Act*.

**19. ALTERATIONS**

The Member Promises that the Member will not make or permit to be made any alterations or additions to the Lands without the prior consent of the Financial Institution, which consent may be unreasonably withheld, and any failure by the Member to fulfil this Promise shall constitute a default under this Charge and, in the event of default, the Financial Institution shall be entitled to exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

**20. DEFAULT IN PRIOR CHARGES**

The Financial Institution and the Member Promise and agree that, should default be made by the Member in the observance or performance of any of its obligations or Promises pursuant to any agreements, provisos or conditions contained in any mortgage or charge to which this Charge is subject, the Indebtedness due and payable under this Charge shall, at the option of the Financial Institution, immediately become due and payable and all remedies, rights and powers available to the Financial Institution at law and under this Charge may be exercised by the Financial Institution, including the power of sale herein contained.

**21. WAIVER OF DEFAULT**

The Member agrees that the Financial Institution may in writing after default under this Charge waive such default and forego its right to demand immediate payment of the full amount of the Indebtedness due under the Charge, but any such waiver shall apply only to the particular default and shall not operate as a waiver of any other or future default.



**22. PARTIAL RELEASES**

The Financial Institution may release any part or parts of the Lands or any other security or any surety for the Principal Amount and interest secured by this Charge, either with or without any sufficient consideration, without being accountable to the Member except for any monies actually received by the Financial Institution, without responsibility and without releasing any other part of the Lands or any person from this Charge or from any of its Promises. It is expressly agreed that every part or lot into which the Lands are or may be divided does and shall stand charged with the whole Principal Amount secured under this Charge and no person shall have the right to require the Principal Amount to be apportioned.

**23. EXTENSIONS**

No extension of time given by the Financial Institution to the Member or anyone claiming under him or any other dealing by the Financial Institution with the owner of the Lands or of any part thereof shall in any way affect or prejudice the rights of the Financial Institution against the Member or any other person liable for the payment of the Indebtedness secured under this Charge.

**24. RENEWAL**

At the discretion of the Financial Institution, this Charge may be renewed by an agreement in writing entered into in accordance with the provisions of this paragraph, at maturity or earlier, for any term, whether or not there may be subsequent encumbrances. It shall not be necessary to register any such agreement in order to retain the priority of this Charge and of the Indebtedness, even if the Rate should be increased, over any instrument registered subsequent to this Charge.

The Financial Institution may, prior to maturity, provide the Member with a renewal agreement indicating that it is willing to renew this Charge upon the terms and conditions as may be specified in the renewal agreement.

The Member must deliver to the Financial Institution the duly executed renewal agreement indicating its acceptance of the terms of renewal offered in the renewal agreement. However, other arrangements may be made by the Member with the Financial Institution with respect to other terms or conditions of renewal. Further, the Indebtedness due under the Charge may be repaid in full on the date of maturity.

If the Member fails to return to the Financial Institution an executed renewal agreement prior to maturity, this Charge shall be renewed for a term of one (1) year or for a lesser term, at the option of the Financial Institution, in accordance with the terms and conditions applicable to this Charge.

The Member further agrees to execute such further and other documentation as may be required by the Financial Institution to give effect to such renewal, and to enable its registration on title, if necessary.

Nothing contained in this paragraph shall confer any right of renewal upon the Member.

**25. JUDGMENTS**

The taking of a judgment on any of the Promises contained in this Charge shall not operate as a merger of the Promise or affect the Financial Institution's rights including the right to interest at the Rate and times provided in this Charge; further any judgment shall provide that interest thereon shall be computed at the same Rate and in the same manner as provided in this Charge until the judgment has been fully paid and satisfied.

**26. GUARANTOR(S)**

In the event that one or more persons designated as Guarantors have executed the Charge or any schedule attached thereto, the following shall apply:

The Guarantor or if more than one, each of them jointly and severally, in consideration of the Financial Institution making the loan secured by this Charge to the Member, guarantees to the Financial Institution the payment of the Indebtedness and performance and observance by the Member of all Obligations contained in the Charge.

The Guarantor acknowledges that it is responsible as principal debtor and agrees that the Financial Institution may, without notice to the Guarantor, and without limiting or varying the Guarantor's liability, grant extensions, renewals, time, discharges, releases, take other security, release or abandon any security in whole or in part, abstain from taking other sureties or guarantees, or from realizing on sureties or guarantees in its possession, accept proposals and otherwise deal with the Member or any other person including other Guarantors, without releasing, diminishing, or limiting in any way the responsibilities or obligations of the Guarantor to the Financial Institution. The Guarantor further acknowledges that its liability to the Financial Institution shall not be lessened, limited or varied by any deficiency or insufficiency of the security under this Charge nor by any other thing whatsoever including the bankruptcy or insolvency of the Member, the dissolution of the Member, if a corporation, or any want of capacity, or other circumstances rendering the Obligations of the Member void or unenforceable and nothing save the payment in full of the Indebtedness due under this Charge and the performance of all Obligations under this Charge shall discharge the Guarantor. The Guarantor further acknowledges that the Financial Institution shall not be bound to have recourse or to exhaust its recourse against the Member or against any other person or persons or against any security under this Charge or otherwise before enforcing the Financial Institution's remedies, rights and powers available at law and under this Charge against the Guarantor.

**27. CONDOMINIUM**

The following provisions apply to any condominium unit that is part of the charged Lands:

- (a) The Member Promises to comply with the *Condominium Act, 1998*, the Declaration, the by-laws and rules of the Condominium Corporation and agrees to provide to the Financial Institution copies of any notices, assessments, by-laws, rules and financial statements provided to him by the Condominium Corporation, and the Member agrees that any violation of its Obligations shall constitute a violation of a Promise pursuant to the Charge;
- (b) The Member Promises that it will insure all improvements which it or previous owners have made to the unit. This provision is in addition to and does not in any way diminish the Member's Obligations under this Charge;
- (c) The Member irrevocably authorizes the Financial Institution to exercise the Member's right to vote or consent with respect to any matter submitted to Members of the Condominium Corporation for a vote or consent. In the event that the Financial Institution does not exercise such rights, the Member may exercise them and the Member hereby Promises and agrees to exercise its voting or consent rights in accordance with any direction given by the Financial Institution. The Financial Institution shall have no obligation to vote or consent or otherwise protect the Member's interests by reason of the Member's assignment of its right to vote or consent. The Financial Institution's exercise of the right to vote or consent shall not have the effect of deeming the Financial Institution to be a chargee in possession;
- (d) The Member Promises to pay promptly when due any contributions to regular common assessments and special assessments required by it as an owner of the Lands and in the event the Member defaults in doing so or fails to observe the provisions contained in the *Condominium Act, 1998*, the Declaration or the by-laws and rules of the Condominium Corporation, the Financial Institution may effect such compliance and any charges or costs incurred by the Financial Institution shall be immediately payable, together with interest at the Rate set out in the Charge and shall be a Charge against the Lands.

## RESIDENTIAL PROPERTIES

Unless otherwise provided, paragraphs 28, 29, 30, 31 and 32 apply only to owner-occupied residential properties with four (4) units or less.

### 28. CONVERSION TO CLOSED FIXED RATE

In the case of a Yearly Rate Resetter or Reduced Variable Rate Indebtedness, the Member may, at any time, request that the Financial Institution convert the Indebtedness' Interest Rate to a closed fixed Rate for the remainder of the term. The Interest Rate that shall apply from the time of conversion shall be the Rate then recommended by the Federation of which the Financial Institution is a member for a closed fixed Rate residential mortgage loan, whose term is closest and longer than the remainder of the term. The member may get the interest Rate for such term on the Financial Institution's website, if applicable or by contacting it.

The Financial Institution may also grant a request for conversion to a term longer than the remainder of the term of the Indebtedness.

To carry out this conversion, the Member shall enter into the agreement then in force at the Financial Institution for closed fixed Rate mortgage loans.

## INCREASED SCHEDULED PAYMENTS AND PREPAYMENT

### ➤ OPEN FIXED RATE

**29. INCREASED SCHEDULED PAYMENTS:** The Member may, at any time, increase his or her scheduled payments without paying the Financial Institution an indemnity. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has agreed in this Charge.

**30. PREPAYMENT:** The Member may, at any time and without paying the Financial Institution an indemnity, prepay the Indebtedness before the end of the term, either in full or in part. In the case of partial prepayments, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

### ➤ CLOSED FIXED RATE

**29. INCREASED SCHEDULED PAYMENTS:** Once each calendar year, the Member may increase his or her scheduled payments without paying the Financial Institution an indemnity. However, the total increase over the term of the Indebtedness shall not be greater than twice the payment amount to which he or she agreed in this Charge. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has initially agreed in this Charge.

**Example:** The scheduled payment amount to which you agreed at the beginning of the term is \$300 per month. Once each calendar year, you may increase that amount up to twice the initial amount, i.e. \$600 during the life of the term. You may later choose to reduce the scheduled payment to any amount, as long as it is no less than the set minimum of \$300, i.e. the amount to which you initially agreed.

### 30. PREPAYMENT

#### 30.1 Partial Indebtedness prepayments

Each calendar year, the Member may prepay, in one or more payments of at least \$100, a maximum of 15% of the **initial Indebtedness amount** without paying the Financial Institution an indemnity. This privilege cannot be carried forward from year to year. Moreover, the Member may not exercise this privilege on the day that the Indebtedness is repaid in full, unless the balance owing is equal to or lower than the amount that may be prepaid without paying an indemnity.

The Member may also, at any time, prepay any amount in excess of the 15% stated in the previous paragraph, without repaying the Indebtedness in full. In that event, he or she shall pay the Financial Institution an indemnity, calculated on that excess amount as provided for in section 30.2 "Full Indebtedness prepayment", below.

After making a prepayment, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

#### **Example of calculation: partial Indebtedness repayments**

The Financial Institution has loaned you \$200,000 and you still owe \$100,000. Each calendar year, you may make one or more prepayments of at least \$100, indemnity-free, up to a maximum of \$30,000 (i.e. 15% of \$200,000). In the event that you prepay an amount greater than \$30,000 without repaying the Indebtedness in full (e.g. you prepay \$40,000), the indemnity will be calculated on the excess amount (\$10,000 in this example) as provided for in section 30.2 "Full Indebtedness prepayment", below.

#### 30.2 Full Indebtedness prepayment

The Member may prepay the Indebtedness in full at any time. In that event, he or she shall pay the Financial Institution an indemnity equal to the **higher of the following two amounts**:

- (a) an amount equal to **three months' interest** on the amount prepaid, at the Indebtedness' Rate of Interest; **or**
- (b) an amount equal to the interest calculated on the amount thus prepaid, to the end of the term, at an interest Rate equal to the **difference between the following two Rates**:
  - (i) the Interest Rate that applies to the Indebtedness; and
  - (ii) the interest Rate then recommended by the Federation of which the Financial Institution is a member for a closed fixed Rate residential mortgage loan, whose term is closest to the remainder of the term of the Indebtedness. The member may get that interest Rate (hereinafter the "comparison Rate") for such term on the Financial Institution's website, if applicable or by contacting it. If the Member was afforded a reduced Interest Rate, of which he or she was informed in writing when the Indebtedness was granted, the comparison Rate is reduced by a percentage equal to the reduced Interest Rate he or she was afforded.

For purposes of the above calculations, the amount that may be prepaid free of indemnity according to section 30.1 "Partial Indebtedness prepayments" above may not be subtracted from the amount of the prepayment.

If the prepayment is made less than three months before the end of the term, the indemnity shall be equal to the interest calculated on the prepayment amount for the remainder of the term, at the Indebtedness' current Rate of Interest.

**Example of calculation: Indebtedness prepayment in full**

You currently owe \$100,000 on your Indebtedness and the Interest Rate is 6%. You want to prepay your Indebtedness in full before the end of the term.

The indemnity outlined in **paragraph 30.2 (a)** (three months' interest) is calculated as follows:

Balance owing:	\$100,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$ , thus:	$\$100,000 \times 0.06 = \$6,000$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$ , thus:	$\$6,000 \div 12 \times 3 = \$1,500$

The indemnity outlined in **paragraph 30.2 (b)** (difference in Rates) is calculated as follows:

Interest Rate on your Indebtedness:	6% or 0.06 [D]
Comparison Rate according to paragraph 5.2 (b) (ii):	5% or 0.05 [E]
Difference in Rates: $D - E = F$	1% or 0.01 [F]
Balance owing on your Indebtedness:	\$100,000 [G]
Remainder of the term:	2 years and 10 days, i.e. 740 days [H]
Indemnity according to paragraph 30.2 (b):	$G \times F \div 365 \text{ days} \times 740 \text{ days} = \$2,027.40$

You would therefore have to pay \$2,027.40, i.e. the higher of the two indemnities calculated above. However, in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

**Note:** If you were granted a reduced Interest Rate (e.g. 0.50% per year), the comparison Rate (Interest Rate shown in [E]) would be reduced by the same percentage. It would then be 4.5% instead of 5%, and the difference in Rates shown in (F) would be 1.5% (6% - 4.5%) instead of 1%. The indemnity you would pay would therefore be \$3,041.10 instead of \$2,027.40.

**30.3 Proportional cash back repayment**

If the Member received cash back when the Indebtedness was granted and he or she is required to pay a prepayment indemnity, he or she must also repay a portion of that cash back to the Financial Institution. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

**Example of calculation: proportional cash back repayment**

You want to prepay your Indebtedness in full. The amount of cash back to be repaid is calculated as follows:

Amount of cash back received when the Indebtedness was disbursed:	\$1,000 [I]
Term of the Indebtedness:	5 years (60 months) [J]
Remainder of term at time of prepayment:	33 months [K]
Amount of cash back to be repaid: $I \div J \times K$ , thus:	$\$1,000 \div 60 \text{ months} \times 33 \text{ months} = \$550$ [L]

In the case of a **partial** prepayment, the cash back to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free 15%.

Example:

Amount that exceeds the indemnity-free 15%:	\$10,000 [M]
Balance owing:	\$100,000 [N]
Proportion for calculation: $M \div N$ , thus:	$\$10,000 \div \$100,000 = 0.10$
Amount of cash back you have to repay:	$\$550 [L] \times 0.10 = \$55$

Note that in an actual case, the calculation is based on the exact number of days, rather than the number of months, before the end of the term. This amount owing is in addition to the prepayment indemnity.

**30.4 Application of sections 30.1 through 30.3 in any other situation**

The prepayment indemnity described in section 30.1 or 30.2 must be paid to the Financial Institution in any other situation where the Indebtedness is being prepaid by a party other than the Member. The same applies to the proportional repayment of cash back that must be made according to section 30.3, where applicable.

**➤ YEARLY RATE RESETTER**

- 29. INCREASED SCHEDULED PAYMENTS:** Once each calendar year, the Member may increase his or her scheduled payments without paying the Financial Institution an indemnity. However, the total increase over the term of the Indebtedness shall not be greater than twice the payment amount to which he or she agreed in this Charge. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has agreed in this Charge.

**Example:** The scheduled payment amount to which you agreed at the beginning of the term is \$300 per month. Once each calendar year, you may increase that amount up to twice the initial amount, i.e. \$600 during the life of the term. You may later choose to reduce the scheduled payment to any amount, as long as it is no less than the set minimum of \$300, i.e. the amount to which you initially agreed.

**30. PREPAYMENT****30.1 Partial Indebtedness prepayments**

Each calendar year, the Member may prepay, in one or more payments of at least \$100, a maximum of 15% of the **initial Indebtedness amount** without paying the Financial Institution an indemnity. This privilege cannot be carried forward from year to year. Moreover, the Member may not exercise this privilege on the day that the Indebtedness is repaid in full, unless the balance owing is equal to or lower than the amount that may be prepaid without paying an indemnity.

The Member may also, at any time, prepay any amount in excess of the 15% stated in the previous paragraph, without repaying the Indebtedness in full. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest on the excess prepayment amount, at the Indebtedness' current Rate of interest.

After making a prepayment, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.



**Example of calculation: partial Indebtedness prepayments**

The Financial Institution has loaned you \$200,000 and you still owe \$100,000. Each calendar year, you have the option of making one or more prepayments of at least \$100, indemnity-free, up to a maximum of \$30,000 (i.e. 15% of \$200,000).

In the event that you prepay an amount greater than \$30,000 without repaying the Indebtedness in full (e.g. you prepay \$40,000), the indemnity will be calculated on the excess amount (\$10,000, in this example), as follows:

Amount subject to an indemnity:	\$10,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$ , thus:	$\$10,000 \times 0.06 = \$600$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$ , thus:	$\$600 \div 12 \times 3 = \$150$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

**30.2 Full Indebtedness prepayment**

The Member may prepay the Indebtedness in full at any time. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest calculated on the amount of the prepayment, at the Indebtedness' current Rate of interest.

For purposes of the above calculation, the amount that may be prepaid free of indemnity, according to section 30.1 "Partial Indebtedness prepayments" above, may not be subtracted from the amount of the prepayment.

If the prepayment is made less than three months before the end of the term, the indemnity is calculated on the amount of the prepayment for the remainder of the term, at the Indebtedness' current Rate of interest.

**Example of calculation: full Indebtedness prepayment**

You currently owe \$100,000 on your Indebtedness and the Interest Rate is 6%. You want to prepay your Indebtedness in full before the end of the term. The indemnity to be paid to the Financial Institution is calculated as follows:

Balance owing:	\$100,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$ , thus:	$\$100,000 \times 0.06 = \$6,000$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$ , thus:	$\$6,000 \div 12 \times 3 = \$1,500$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

**30.3 Proportional cash back repayment**

If the Member received cash back when the Indebtedness was granted and he or she is required to pay a prepayment indemnity, he or she must also repay a portion of that cash back to the Financial Institution. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

**Example of calculation: proportional cash back repayment**

You want to prepay your Indebtedness in full. The amount of cash back to be repaid is calculated as follows:

Amount of cash back received when the Indebtedness was disbursed:	\$1,000 [D]
Term of the Indebtedness:	5 years (60 months) [E]
Remainder of term at time of prepayment:	33 months [F]
Amount of cash back to be repaid: $D \div E \times F$ , thus:	$\$1,000 \div 60 \text{ months} \times 33 \text{ months} = \$550$ [G]

In the case of a **partial** prepayment, the cash back to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%.

Example:

Amount that exceeds the indemnity-free amount of 15%:	\$10,000 [H]
Balance owing:	\$100,000 [I]
Proportion for calculation: $H \div I$ , thus:	$\$10,000 \div \$100,000 = 0.10$
Amount of cash back to be repaid:	$\$550$ [G] $\times 0.10 = \$55$

Note that in an actual case, the calculation is based on the exact number of days, rather than the number of months, before the end of the term. This amount owing is in addition to the prepayment indemnity.

**30.4 Proportional repayment of interest saved as a result of a reduced Interest Rate in the first year of the term**

If the Member was informed in writing, at the time the Indebtedness was granted, that he or she was afforded a reduced Interest Rate for the first year of the term, and that he or she must pay a prepayment indemnity, the Member must also repay the Financial Institution a portion of the interest he or she saved as a result of that reduced Interest Rate. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against on the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

**Example of calculation: proportional repayment of interest saved as a result of a reduced Interest Rate in the first year of the term**

You want to prepay your Indebtedness in full. You were granted a reduced Interest Rate, applicable to the first year of the term of your Indebtedness and, as a result, you saved \$2,000. The portion of the interest you saved and to be repaid, is calculated as follows:

Interest you saved:	\$2,000 [G]
Term of the Indebtedness:	5 years (60 months) [H]
Remainder of the term of the Indebtedness at time of prepayment:	33 months [I]
Amount of interest you saved and to be repaid: $G \div H \times I$ , thus:	$\$2,000 \div 60 \text{ months} \times 33 \text{ months} = \$1,100$ [J]

In the case of a **partial** prepayment, the interest saved to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%

Example:

Amount that exceeds the indemnity-free amount of 15%:	\$10,000 [K]
Balance owing:	\$100,000 [L]
Proportion for calculation: $K \div L$ , thus:	$\$10,000 \div \$100,000 = 10\%$ or 0.10
Amount of interest you saved and to be repaid:	$\$1,100 [J] \times 0.10 = \$110$

Note that in an actual case, the calculation is based on the exact number of days and not on the number of months before the end of the term. This amount is in addition to the prepayment indemnity.

### 30.5 Application of sections 30.1 through 30.4 in any other situation

The prepayment indemnity described in section 30.1 or 30.2 must be paid to the Financial Institution in any other situation where the Indebtedness is being prepaid by a party other than the Member. The same applies to the proportional repayment of cash back and/or the repayment of interest saved, where applicable, as outlined in sections 30.3 and 30.4.

#### ➤ REGULAR VARIABLE RATE

**29. INCREASED SCHEDULED PAYMENTS:** The Member may, at any time, increase his or her scheduled payments without paying the Financial Institution an indemnity. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has agreed in this Charge.

**30. PREPAYMENT:** The Member may, at any time and without paying the Financial Institution an indemnity, prepay the Indebtedness before the end of the term, either in full or in part. In the case of partial prepayments, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

#### ➤ REDUCED VARIABLE RATE

**29. INCREASED SCHEDULED PAYMENTS:** Once each calendar year, the Member may increase his or her scheduled payments without paying the Financial Institution an indemnity. However, the total increase over the term of the Indebtedness shall not be greater than twice the payment amount to which he or she agreed in this Charge. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has agreed in this Charge.

**Example:** The scheduled payment amount to which you agreed at the beginning of the term is \$300 per month. Once each calendar year, you may increase that amount up to twice the initial amount, i.e. \$600 during the life of the term. You may later choose to reduce the scheduled payment to any amount, as long as it is no less than the set minimum of \$300, i.e. the amount to which you initially agreed.

## 30. PREPAYMENT

### 30.1 Partial Indebtedness prepayments

Each calendar year, the Member may prepay, in one or more payments of at least \$100, a maximum of 15% of the **initial Indebtedness amount** without paying the Financial Institution an indemnity. This privilege cannot be carried forward from year to year. Moreover, the Member may not exercise this privilege on the day that the Indebtedness is repaid in full, unless the balance owing is equal to or lower than the amount that may be prepaid without paying an indemnity.

The Member may also, at any time, prepay any amount in excess of the 15% stated in the previous paragraph, without repaying the Indebtedness in full. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest on the excess prepayment amount, at the Indebtedness' current Rate of interest.

After making a prepayment, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

#### Example of calculation: partial Indebtedness prepayments

The Financial Institution has loaned you \$200,000 and you still owe \$100,000. Each calendar year, you have the option of making one or more prepayments of at least \$100, indemnity-free, up to a maximum of \$30,000 (i.e. 15% of \$200,000).

In the event that you prepay an amount greater than \$30,000 without repaying the Indebtedness in full (e.g. you prepay \$40,000), the indemnity will be calculated on the excess amount (\$10,000, in this example), as follows:

Amount subject to an indemnity:	\$10,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$ , thus:	$\$10,000 \times 0.06 = \$600$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$ , thus:	$\$600 \div 12 \times 3 = \$150$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

### 30.2 Full Indebtedness prepayment

The Member may prepay the Indebtedness in full at any time. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest calculated on the amount of the prepayment, at the Indebtedness' current Rate of interest.

For purposes of the above calculation, the amount that may be prepaid free of indemnity, according to section 30.1 "Partial Indebtedness prepayments" above, may not be subtracted from the amount of the prepayment.

If the prepayment is made less than three months before the end of the term, the indemnity is calculated on the amount of the prepayment for the remainder of the term, at the Indebtedness' current Rate of interest.

#### Example of calculation: full Indebtedness prepayment

You currently owe \$100,000 on your Indebtedness and the Interest Rate is 6%. You want to prepay your Indebtedness in full before the end of the term. The indemnity to be paid to the Financial Institution is calculated as follows:

Balance owing:	\$100,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$ , thus:	$\$100,000 \times 0.06 = \$6,000$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$ , thus:	$\$6,000 \div 12 \times 3 = \$1,500$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

### 30.3 Proportional cash back repayment

If the Member received cash back when the Indebtedness was granted and he or she is required to pay a prepayment indemnity, he or she must also repay a portion of that cash back to the Financial Institution. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

#### Example of calculation: proportional cash back repayment

You want to prepay your Indebtedness in full. The amount of cash back to be repaid is calculated as follows:

Amount of cash back received when the Indebtedness was disbursed:	\$1,000 [D]
Term of the Indebtedness:	5 years (60 months) [E]
Remainder of term at time of prepayment:	33 months [F]
Amount of cash back to be repaid: $D \div E \times F$ , thus:	$\$1,000 \div 60 \text{ months} \times 33 \text{ months} = \$550$ [G]

In the case of a **partial** prepayment, the cash back to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%.

Example:

Amount that exceeds the indemnity-free amount of 15%:	\$10,000 [H]
Balance owing:	\$100,000 [I]
Proportion for calculation: $H \div I$ , thus:	$\$10,000 \div \$100,000 = 0.10$
Amount of cash back to be repaid:	$\$550$ [G] $\times 0.10 = \$55$

Note that in an actual case, the calculation is based on the exact number of days, rather than the number of months, before the end of the term.

This amount owing is in addition to the prepayment indemnity.

### 30.4 Application of sections 30.1 through 30.3 in any other situation

The prepayment indemnity described in section 30.1 or 30.2 must be paid to the Financial Institution in any other situation where the Indebtedness is being prepaid by a party other than the Member. The same applies to the proportional repayment of cash back that must be made according to section 30.3, where applicable.

## ➤ PROTECTED VARIABLE RATE

**29. INCREASED SCHEDULED PAYMENTS:** Once each calendar year, the Member may increase his or her scheduled payments without paying the Financial Institution an indemnity. However, the total increase over the term of the Indebtedness shall not be greater than twice the payment amount to which he or she agreed in this Charge. The Member may later choose to decrease his or her payments to any amount, limited to no less than the amount to which he or she has agreed in this Charge.

**Example:** The scheduled payment amount to which you agreed at the beginning of the term is \$300 per month. Once each calendar year, you may increase that amount up to twice the initial amount, i.e. \$600 during the life of the term. You may later choose to reduce the scheduled payment to any amount, as long as it is no less than the set minimum of \$300, i.e. the amount to which you initially agreed.

## 30. PREPAYMENT

### 30.1 Partial Indebtedness prepayments

Each calendar year, the Member may prepay, in one or more payments of at least \$100, a maximum of 15% of the **initial Indebtedness amount** without paying the Financial Institution an indemnity. This privilege cannot be carried forward from year to year. Moreover, the Member may not exercise this privilege on the day that the Indebtedness is repaid in full, unless the balance owing is equal to or lower than the amount that may be prepaid without paying an indemnity.

The Member may also, at any time, prepay any amount in excess of the 15% stated in the previous paragraph, without repaying the Indebtedness in full. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest on the excess prepayment amount, at the Indebtedness' current Rate of interest.

After making a prepayment, the Member must continue to make the scheduled payments to which he or she has agreed in this Charge.

#### Example of calculation: partial Indebtedness prepayments

The Financial Institution has loaned you \$200,000 and you still owe \$100,000. Each calendar year, you have the option of making one or more prepayments of at least \$100, indemnity-free, up to a maximum of \$30,000 (i.e. 15% of \$200,000).

In the event that you prepay an amount greater than \$30,000 without repaying the Indebtedness in full (e.g. you prepay \$40,000), the indemnity will be calculated on the excess amount (\$10,000, in this example), as follows:

Amount subject to an indemnity:	\$10,000 [A]
Interest Rate on your Indebtedness:	6% or 0.06 [B]
Interest cost for one year: $A \times B = C$ , thus:	$\$10,000 \times 0.06 = \$600$ [C]
Interest cost for three months: $C \div 12 \text{ months} \times 3 \text{ months}$ , thus:	$\$600 \div 12 \times 3 = \$150$

Note that in an actual case, the indemnity would be lower because it would be calculated using software that applies financial principles that are favourable to you.

### 30.2 Full Indebtedness prepayment

The Member may prepay the Indebtedness in full at any time. In that event, he or she shall pay the Financial Institution an indemnity equal to three months' interest calculated on the amount of the prepayment, at the Indebtedness's current Rate of interest.

For purposes of the above calculation, the amount that may be prepaid free of indemnity, according to section 30.1 "Partial Indebtedness prepayments" above, may not be subtracted from the amount of the prepayment.



### 30.3 Proportional cash back repayment

If the Member received cash back when the Indebtedness was granted and he or she is required to pay a prepayment indemnity, he or she must also repay a portion of that cash back to the Financial Institution. The amount to be repaid is proportional to the remainder of the term in relation to its length. In the case of a partial prepayment, the amount to be repaid is also calculated in proportion to the prepayment amount that exceeds 15%, as outlined in section 30.1 "Partial Indebtedness prepayments", above; this proportional calculation is made against the balance owing.

This proportional repayment obligation remains in force until the end of the term of the Indebtedness, even if it is not stated in any Loan Documents relating to the Indebtedness that the Member may enter into with the Financial Institution in the meantime.

#### Example of calculation: proportional cash back repayment

You want to prepay your Indebtedness in full. The amount of cash back to be repaid is calculated as follows:

Amount of cash back received when the Indebtedness was disbursed:	\$1,000 [D]
Term of the Indebtedness:	5 years (60 months) [E]
Remainder of term at time of prepayment:	33 months [F]
Amount of cash back to be repaid: $D \div E \times F$ , thus:	$\$1,000 \div 60 \text{ months} \times 33 \text{ months} = \$550$ [G]

In the case of a **partial** prepayment, the cash back to be repaid is also calculated in proportion to the prepayment amount that exceeds the indemnity-free amount of 15%.

Example:

Amount that exceeds the indemnity-free amount of 15%:	\$10,000 [H]
Balance owing:	\$100,000 [I]
Proportion for calculation: $H \div I$ , thus:	$\$10,000 \div \$100,000 = 0.10$
Amount of cash back to be repaid:	$\$550$ [G] $\times 0.10 = \$55$

Note that in an actual case, the calculation is based on the exact number of days, rather than the number of months, before the end of the term.

This amount owing is in addition to the prepayment indemnity.

### 30.4 Application of sections 30.1 through 30.3 in any other situation

The prepayment indemnity described in section 30.1 or 30.2 must be paid to the Financial Institution in any other situation where the Indebtedness is being prepaid by a party other than the Member. The same applies to the proportional repayment of cash back that must be made according to section 30.3, where applicable.

## 31. INTEREST CAPITALIZATION

The following terms and conditions apply solely to variable rate Charges.

### (1) Interest Capitalization

Subject to the capitalization limit herein, in the event of a variation in the applicable Interest Rate, if the amount of a regular payment is lower than the interest accrued on the date of the said payment, such unpaid interest shall be capitalized and will thus bear interest at the Charge's current Interest Rate from that date.

### (2) Capitalization Limit

When the total of the Charge's outstanding Principal, plus any and all accrued interest and any other amount due by the Member to the Financial Institution pursuant to this Charge exceeds the Charge's original Principal Amount, the Member shall, at the Financial Institution's request:

- immediately pay to the Financial Institution the aforementioned amount in excess of the original Principal Amount; and
- agree to new payment terms and conditions.

## 32. PORTABILITY

- If the property consists of a residential property and the Member is not in default, the Financial Institution, subject to the conditions which follow, may allow the Member to transfer to a new owner-occupied residential property with four (4) units or less (the "New Dwelling") a Charge (the "New Charge") made upon the same terms and conditions as this Charge, including the Interest Rate charged upon the balance of the Principal Amount secured.
- To avail itself of this privilege, the Member shall submit to the Financial Institution a loan application in respect of the new Charge and shall comply with all requirements and policies of the Financial Institution concerning new loans in effect at such time. If the new Charge satisfies the Financial Institution's lending requirements and policies and if the application for the new Charge is approved, which approval may be unreasonably withheld, a discharge will be provided in respect of the single family residence originally charged following registration, at the expense of the Member, of the New Charge against the New Dwelling. The Member will, under these circumstances, be exonerated from payment of the indemnity which would otherwise be payable as a result of the prepayment of the Charge except to the extent that the New Charge secures a lesser amount than the Principal Amount outstanding under this Charge. The Member will pay all costs and expenses of and incidental to the approval, preparation, execution and registration of the new Charge and discharge.
- The Member may request that the Principal Amount outstanding under the Charge at the time of the transfer (the "Initial Principal") be increased and if the Financial Institution approves the increase, which approval may be unreasonably withheld, the additional amount shall bear interest at the Interest Rate in effect at the time it is advanced. The Financial Institution may request that a single Interest Rate be stipulated in the new Charge representing the weighed average of the rates applicable to the Initial Principal and the additional amount. A similar blend will also occur where the due date for the new Charge exceeds or precedes the due date of the Initial Principal.

## COMMERCIAL PROPERTIES

Paragraph 33 applies to every property that is not an owner-occupied residential property with four (4) units or less.

## 33. PREPAYMENT PRIVILEGES

Subject to the terms and conditions of an offer to finance or other loan contract, all commercial loans or fractions of split loans may be prepaid, in consideration of the payment of the indemnity calculated as stipulated below. For a fraction of a split loan, the word "loan" in the following clauses has been replaced with the word "fraction", and the clauses must be read making the consequent adaptations (collectively "Loan").

### (1) Fixed Rate Loan

The Member may at any time repay the Loan in advance, in whole or in part, on payment to the Financial Institution of an indemnity equal to the greater of:

- An amount equal to three months' interest on the amount prepaid, at the Interest Rate then applicable on the Loan;

- An amount equal to the interest calculated on the amount prepaid, until the Loan expiry date, at an interest rate corresponding to the difference between: i) the Interest Rate then applicable to the Loan, and ii) the rate of return of fixed-term Government of Canada bonds (or U.S. government bonds, for a term Loan in US dollars) with a term of one year if, at the time of the payment, less than 24 months remain until the Loan term expiry date, 2 years if from 24 to 36 months, 3 years if from 36 to 48 months, 4 years if from 48 to 60 months, and 5 years if 60 months or over are left. The rates of return of the said bonds are those established, on the date of prepayment, by the Bloomberg pricing system or, failing that, by another system or entity chosen by the Financial Institution. They are quoted on the Financial Institution's internet site, if one is available.

However, if the payment is made less than three months prior to expiration of the Loan term, the indemnity shall not exceed the interest at the Rate then applicable to the Loan, calculated on the prepaid amount from the payment date until the Loan expiry date.

(2) Variable Rate Loan

The Member may at any time reimburse the Loan before maturity, in whole or in part, provided that it pays to the Financial Institution an indemnity equal to three months' interest on the amount prepaid, at the Interest Rate then applicable to the Loan. However, if the payment is made less than three months before the Loan term expires, the indemnity shall not exceed the interest at the Rate then applicable on the Loan, calculated on the amount prepaid from the date of prepayment to Loan term expiry date.

(3) Periodically Revisable Rate Loan

The Member may at any time prepay the Loan, in whole or in part, provided that the Member pays to the Financial Institution an indemnity equal to six months' interest on the amount prepaid, at the interest Rate then applicable to the Loan. However, if the payment is made less than three months before the Loan term expires, the indemnity shall not exceed the interest at the Rate then applicable on the Loan, calculated on the amount prepaid from the date of prepayment to the Loan term expiry date.

### 34. MULTIPROJECT OPTION

Notwithstanding the partial repayment of the Indebtedness secured by this Charge, or of any amount lent pursuant to this paragraph, by accepting this Charge, the Member may request a fresh advance of the amounts which it has reimbursed, as if they had never been borrowed, providing always that the Indebtedness does not exceed the Principal Amount. The Member's request for such advance must be in writing and must specify the loan's purposes. The Financial Institution may, in its sole discretion, accept or deny the request without prejudice to its rights under this Charge. If the Financial Institution accedes to the Member's request, it may require that the Member pay all administrative fees incurred by the Financial Institution. Upon acceptance of the Member's request and payment of the administrative fees by the Member, the Charge shall secure the repayment in favour of the Financial Institution of all Indebtedness and the provisions of this Charge and the most recent renewal agreement will continue to apply.

The Financial Institution agrees that the Member may request an extension or delay, which request must be made in writing. The Financial Institution may, in its sole discretion, accept or deny such request without prejudice to its rights under this Charge. No act of the Financial Institution, such as an extension or a delay granted as herein provided, shall affect the rights of the Financial Institution as against the Member with respect to the payment of the Principal Amount secured under this Charge.

With respect to all amounts advanced in accordance with this paragraph, all references made to the Indebtedness or the Charge shall also include a reference to the amounts subsequently advanced. The entire advance must be made within the time limits determined by the Financial Institution, in its sole discretion, failing which the Financial Institution may, in its sole discretion, refuse to make any further advance. The Financial Institution shall maintain all its remedies, rights and powers available at law and under this Charge.

The Member may waive at any time its right to request further advances from the Financial Institution in accordance with this paragraph by giving written notice to this effect to the Financial Institution. This waiver shall neither affect nor prejudice the remedies, rights and powers of the Financial Institution available at law and under this Charge for sums already advanced.

### 35. DISCHARGES

Subject to the provisions of this Charge, after receipt in full of the Indebtedness due under this Charge or upon forgiveness in full by the Financial Institution, the Financial Institution shall prepare and execute a discharge of this Charge and shall have a reasonable amount of time to do so. An administrative fee and legal and other expenses incurred for the preparation of such discharge shall be borne and paid by the Member prior to its entitlement to receive an executed discharge of the Charge.

### 36. ASSIGNMENT OF RENTS

For due consideration and as security for the repayment of all amounts payable by the Member to the Financial Institution under this Charge and the performance and observance of all of the Obligations contained in this Charge, the Member assigns, transfers and conveys to the Financial Institution all rents payable under all leases of the charged Lands or any part thereof together with the benefit of all covenants, agreements and provisos contained in the leases in favour of the Member including the benefit of all guarantees and indemnities, and grants to and charges the Financial Institution the reversion to all such leases. The Member Promises that it will, after making a lease of the charged Lands or any part thereof, immediately execute and deliver to the Financial Institution, an assignment in the Financial Institution's usual form of all rents payable under the lease, and will execute and deliver to the Financial Institution all notices and other documents as may be required by the Financial Institution to make such assignment effectual in law. Provided that no lease of the charged Lands or any part thereof made by the Member without the consent in writing of the Financial Institution, which consent may be unreasonably withheld, shall have priority over this Charge or any renewal or extension. Provided further that the Financial Institution shall not be responsible for the collection of rents payable under any lease of the charged Lands or any part thereof or for the performance of any covenants, terms or conditions contained in any such lease and the Financial Institution shall not by virtue of this section be deemed a chargee in possession of the charged Lands. The Financial Institution gives to the Member, provided the Member is not in default under the Charge, the right to collect rents until default under this Charge and the Financial Institution shall be liable to account to the Member for only such rents as are collected less reasonable collection charges.

### 37. BANKRUPTCY OF MEMBER

In the event the Member makes an assignment for the benefit of creditors or is the subject of an execution or distress or is bankrupt or insolvent, subject to the provisions of the *Bankruptcy and Insolvency Act*, the Charge shall be deemed to be in default and the Financial Institution may exercise all of its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

### 38. RECEIVERSHIP OF MEMBER

Notwithstanding anything in this Charge, upon default of any of these provisions, the Financial Institution may, with or without entry into possession of the Lands, by instrument in writing appoint any person, whether an officer or an employee of the Financial Institution or not, to be a receiver of the Lands, and of the rents and profits with or without security, and may by similar writing remove any receiver and appoint another in its place and in making any such appointment or removal, the Financial Institution shall be deemed to be acting as the agent or attorney for the Member, but no such appointment shall be revocable by the Member. Upon the appointment of any such receiver the following provisions shall apply:



- (a) Every such receiver shall have unlimited access to the Lands as agent and attorney for the Member (which right of access shall not be revocable by the Member) and shall have full power and unlimited authority to:
- (i) collect the rents and profits from tenancies or operation of the Lands whether created before or after the Charge,
  - (ii) rent or operate any portion of the Lands which may become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases,
  - (iii) complete the construction of any building or other erections or improvements on the Lands left by the Member in an unfinished state or award the same to others to complete and purchase, repair and/or maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Member's materials, supplies, plans, tools, appliances, equipment and property of every kind and description,
  - (iv) manage, operate, repair, alter or extend the Lands or any part thereof.
- The Member undertakes to ratify and confirm whatever any such receiver or agent may do.
- (b) The Financial Institution may in its sole discretion vest the receiver with all or any of the rights and powers of the Financial Institution.
- (c) The Financial Institution may fix the reasonable remuneration of the receiver who shall be entitled to deduct same out of the revenue or the sale proceeds of the Lands.
- (d) Every such receiver shall be deemed the agent or attorney of the Member and not, in any event, the agent of the Financial Institution. The Financial Institution shall not be responsible for his or her acts or omissions.
- (e) The appointment of any such receiver by the Financial Institution shall not result in or create any liability or obligation on the part of the Financial Institution to the receiver or to the Member or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Financial Institution a chargee in possession of the Lands.
- (f) No such receiver shall be liable to the Member to account for monies other than monies actually received by him in respect of the Lands, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:
- (i) the receiver's remuneration as aforesaid;
  - (ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of his or her remedies, rights and powers available at law and authority hereby conferred;
  - (iii) interest, Principal and other money which may be or become Charged upon the Lands in priority to the Charge, including taxes;
  - (iv) to the Financial Institution all interest, Principal and other amounts due under the Charge to be paid in such order as the Financial Institution in its sole discretion shall determine;
- Thereafter, every such receiver shall be accountable to the Member for any surplus.
- The remuneration and expenses of the receiver shall be paid by the Member on demand and shall be a charge on the Lands and shall bear interest from the date of demand at the same Rate as applies to the Principal Amount secured by this Charge.
- (g) Save as to claims for accounting under sub-paragraph (f) of this paragraph, the Member hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not which arise or be caused to the Member or any person claiming through or under him or her by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.
- (h) The Financial Institution may, at any time, terminate any such receivership by notice in writing to the Member and to any such receiver.
- (i) The statutory declaration of an officer of the Financial Institution as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the terms of this Charge shall be sufficient proof, as regards to such default and appointment
- (j) The rights and powers conferred in respect of the receiver are supplemental to and not in substitution of any other remedies, rights and powers available at law which the Financial Institution may have.

### 39. ENVIRONMENT

#### (a) Definitions

The following definitions apply to this paragraph:

**Abutting Property:** means any property which abuts or is contiguous to the Project.

**Adverse Effect:** means one or more of the following:

- (i) impairment of the quality of the natural environment for any use that can be made of it,
- (ii) injury or damage to property, plant or animal life,
- (iii) harm or material discomfort to any person,
- (iv) alteration to the health of any person, animal or vegetation,
- (v) impairment of the safety of any person,
- (vi) rendering any property, plant or animal life unfit for human use,
- (vii) loss of enjoyment of normal use of property,
- (viii) interference with the normal conduct of business.

**Contaminant:** means any solid, liquid, gas, sound, heat, odour, vibration, radiation, pollutant or combination of any of them resulting directly or indirectly from human activities that may cause an Adverse Effect.

**Discharge:** includes addition, deposit, loss, emission, spill or leaking; when used as a verb, it includes to add, deposit, lose, emit, spill or leak.

**Document:** includes a sound recording, video tape, film, photograph, chart, graph, map, plan, survey, study, audit, book of accounts and information recorded or stored by means of any device and includes statements of account, bank statements, letters, notices, files and any other writing or thing relating to the Project, the activities of the Member, the property upon which the Member exercises its activities or relating to any other discussion or matter of the Member or any activity exercised by the Member which may have an environmental effect.

**Environmental Laws:** includes all international, federal, provincial, and municipal legislation, all regulations, treaties, by-laws, codes, agreements presently in force or which may come into force in the future which have as object the protection of the environment or which relate to or govern Hazardous Products, the transportation of Hazardous Products, the sources of contamination, toxic Discharges, toxic waste, Contaminants and pollutants and, without limiting the generality of the foregoing, includes the *Environmental Protection Act* of Ontario and the *Canadian Environmental Protection Act, 1999*.

**Hazardous Product:** means collectively any Contaminant, toxic substance or any other substance which, if it was Discharged in the environment, could cause immediately or in the future, an Adverse Effect.

**Project:** includes the Lands including all surface land of the Project (which is not contained in a building), immersed land, any body of water or watercourse running over the Lands, sub-soil or any combination or part thereof and any activity exercised on the Lands.

**Source of Contamination:** means anything that Discharges any Contaminant into the natural environment.

**Surrounding Property:** means all property which may suffer an Adverse Effect from the Source of Contamination.

In the event the definitions set forth in this paragraph are given a broader meaning than the one used herein pursuant to any amendment to any applicable law, the definitions found in this paragraph shall include such broader meaning.

**(b) Promises**

The Member promises the Financial Institution and warrants the following:

- (i) The Member shall not cause or permit to be caused the Discharge of Hazardous Products or Contaminants upon the Project or from the Project upon any Abutting Property or Surrounding Property or in a body of water or watercourse located on the Project or on any Abutting Property or Surrounding Property;
- (ii) The Member shall at all times comply with Environmental Laws and shall take all measures in order to ensure that any person that has been given permission to use, occupy, manage or operate the Project, complies with Environmental Laws;
- (iii) The Member hereby grants to the Financial Institution the absolute right to conduct, at the Member's expense, tests, inspections, studies, verifications or environmental audits, including the right to conduct soil tests or water tests or air tests or any other thing and take samples of the Project;
- (iv) The Member hereby gives unlimited access to the Financial Institution to all of the Member's Documents relating to the Project and this right shall include the right to make copies of such Documents and maintain control thereof;
- (v) The Member shall not exercise and shall not permit any person to exercise any activity which could lead to the imposition of a penalty, directive, fine, order, injunction, action, judgment or liability under the Environmental Laws or which could have the effect of creating any lien upon the Project;
- (vi) The Member shall comply with all requirements of the Environmental Laws and without limiting the generality of the foregoing, shall obtain all required permits, licenses and other authorizations relating to the Project;
- (vii) The Member promises to immediately advise the Financial Institution of any Discharge of a Hazardous Product or Contaminant upon the Project or from the Project and promises to immediately provide the Financial Institution with copies of any order, by-law, notice, permit, application, judgment, penalty, procedure, communication or Document relating to the Discharge or to any other environmental matter which may have an effect on the Project;
- (viii) The Member promises and undertakes to promptly remove, at its cost, all Hazardous Products or Contaminants upon the Project, Abutting Property, Surrounding Property and body of water or watercourse affected;
- (ix) The Member shall not install or permit to be installed upon the Project any urea formaldehyde foam insulation, asbestos, or any other Hazardous Product;
- (x) The Member shall immediately advise the Financial Institution of any possible violation, anticipated or effective, of the Environmental Laws and any inquiry completed, being completed or anticipated;
- (xi) Upon request of the Financial Institution, the Member shall, at its expense, provide to the Financial Institution copies of all environmental audits of the Project or verifications including copies of updates of such audits or verifications;
- (xii) Upon receipt of any documentation relating to the Project which raises an environmental issue, the Member undertakes to immediately provide a copy thereof to the Financial Institution.

**(c) Indemnity**

The Member undertakes to indemnify and save harmless the Financial Institution, its agents, officers, directors, employees, receivers and receiver-managers, with respect to all losses, liabilities, claims, damages, costs, expenses, legal fees, disbursements and any other prejudice it may suffer:

- (i) Pursuant to the Environmental Laws, including any lien;
- (ii) By reason of the Discharge of Hazardous Products or Contaminants into the environment and without limiting the generality of the foregoing, including all costs necessary to defend and/or sustain a cross-claim, a counterclaim or a third party claim and for all costs, liabilities and damages resulting from a settlement made by the Financial Institution; and
- (iii) By reason of the obligation to comply with the requirements of an order, by-law, injunction, judgment, regulation or other similar obligation issued because of the deposit, storage, destruction, burying, injection, spill, Discharge, placement or installation upon the Project, the Abutting Property or Surrounding Property of Hazardous Products or Contaminants, notwithstanding the degree of involvement or knowledge of the Member and, for the application of this paragraph, it is inconsequential that the events giving rise to this obligation took place prior to or after the date of this Charge.

The Obligations and Promises of this paragraph shall survive the foreclosure, extinction or other release or discharge of the Charge. Any amount for which the Member shall be accountable to the Financial Institution pursuant to this paragraph and which the Financial Institution shall itself have to pay shall, subject to the within indemnity, be added to the debt and shall bear interest at the Rate provided in the Charge.

**(d) Right of access and other rights of the Financial Institution**

In the event of a Discharge of a Hazardous Product or Contaminant, whether or not the source of the contamination is the Project, or in the event the Member is in default of its obligations under the Environmental Laws, the Financial Institution may, in its sole discretion and without any obligation whatsoever, give any notice and conduct any work which the Financial Institution deems necessary and reasonable for the Project and take any other measure to remedy the spill, Discharge or emission or to remedy the Member's default.

The Financial Institution may, at all times, in its sole discretion and without any obligation whatsoever, whether or not there is default, enter upon the Project to inspect it, conduct tests, studies, verifications, audits or other environmental measures deemed necessary.

It is understood that any exercise by the Financial Institution of its right to enter, conduct work, require information and be advised of environmental measures, in no way constitutes and shall not be deemed to constitute the entering into possession of the Project by the Financial Institution and nothing in the foregoing and in these Standard Charge Terms shall be interpreted to find or deem the Financial Institution to be having the control, responsibility, management or occupation of the Project.

The Member Promises that any failure to comply or fulfil the obligations contained in this paragraph shall constitute a default under the Charge and the Financial Institution shall be entitled, in its sole discretion and without any obligation whatsoever, to exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale herein contained.

**40. SPOUSE'S CONSENT**

The spouse of the Member consents to the transaction evidenced by the Charge and releases all interest in the charged Lands to the extent necessary to give effect to the rights of the Financial Institution hereunder, and agrees that the Financial Institution may, without further notice, deal with the Member regarding the Lands and the Indebtedness created by the Charge as the Financial Institution may see fit. The Financial Institution may, in its sole and unfettered discretion, require the spouse of the Member to obtain independent legal advice prior to advancing money under the Charge.



**41. NOTIFICATION OF CHANGES**

The Member agrees to advise and to provide evidence to the Financial Institution immediately after any change or happening affecting any of the following:

- (a) the spousal status of the Member;
- (b) the qualification of the Lands as a matrimonial home within the meaning of the *Family Law Act*; or
- (c) the ownership of the Lands,

in order that the Financial Institution be kept fully informed of the names and addresses of the owners of the Lands and of any person who has a right of possession in the Lands by virtue of the *Family Law Act*.

**42. CORPORATIONS**

The Member and the Financial Institution Promise and agree that the following events shall constitute a default under this Charge, where the Member is a corporation and same:

- (a) ceases to operate all or part of its business activities, is dissolved, wound up or distributed, makes an assignment for the benefit of creditors, goes into receivership, is bankrupt or the subject of an execution or distress;
- (b) is in default pursuant to any other loan obligations;
- (c) changes the effective control of the corporation; or
- (d) reorganizes, amalgamates, transfers the Lands to a non-arms-length party, without the prior written consent of the Financial Institution, which consent may be unreasonably withheld.

**43. BUSINESS ADMINISTRATION**

The Member shall administer and operate its business on the Lands in a diligent and prudent manner, and provide the Financial Institution with any information it may reasonably request in that respect, including all documents relating to the administration or operation of the business and evidencing the performance of its Obligations under this Charge. The Member agrees that it shall not sell, lease, transfer, amalgamate, discontinue, interrupt or cease all or part of its operations for any period of time, or wind up its business without the prior written consent of the Financial Institution, which consent may be unreasonably withheld, failing which the Financial Institution may, in its sole and absolute discretion, demand immediate payment of the Indebtedness and may exercise all of its remedies, rights and powers available at law and under this Charge, including the power of sale contained herein.

**44. ADVERSE CHANGE**

The Member Promises and agrees to inform the Financial Institution immediately of any circumstances, events, actions, claims or changes which have or may have an adverse effect on the Member's financial situation or the Lands.

Where there has been such an adverse effect, as determined by the Financial Institution, in its sole and absolute discretion, in:

- (i) the financial situation of the Member or any Guarantor;
- (ii) the Member's or any Guarantor's representations and warranties made in connection with the Charge; or
- (iii) the Lands,

then, the Financial Institution may, at its option, demand immediate payment of the Indebtedness under the Charge and may exercise all its remedies, rights and powers available at law and under this Charge, including the power of sale contained herein.

**45. FINANCIAL STATEMENTS AND INFORMATION**

If any part of the Lands are or become income-producing or are used for agricultural, commercial or industrial purposes, the following provisions shall apply:

- (a) The Member agrees to deliver to the Financial Institution annually, within ninety (90) days of each fiscal year-end of the Member :
  - (i) the financial statements of the Member and any Guarantor;
  - (ii) an operating statement including a detailed statement of income and expenses and supporting documentation in respect of the Lands; and
  - (iii) a current rent roll for the Lands indicating the tenants, area occupied, annual rental, term of tenancy agreements, renewal options and monthly sales information from all reporting tenants,
 in each case prepared in accordance with generally accepted accounting principles, consistently applied, and in form and content approved by the Financial Institution.
- (b) The Member agrees to deliver to the Financial Institution within thirty (30) days of a written request from the Financial Institution, the following:
  - (i) a rent roll for the Lands dated as of the last day of the preceding calendar quarter identifying all of the leases of the Lands by the term, renewal options, space occupied, rental and other charges required to be paid, security deposit paid, taxes paid by tenants, common area charges paid by tenants, tenant pass throughs, any rental concessions or special provisions or inducements, rent arrears, rent escalations, amounts taken in settlement of outstanding arrears, collections of rent for more than one month in advance, continuous operation obligations, cancellations or "go dark" provisions and non-competition provisions;
  - (ii) monthly and year-to-date operating statements, each of which shall include an itemization of actual capital expenditures during applicable periods;
  - (iii) a property balance sheet for each such month;
  - (iv) such further financial information as required by the Financial Institution,
 in each case prepared in accordance with generally accepted accounting principles, consistently applied, and in form and content approved by the Financial Institution.
- (c) The Member promises and agrees with the Financial Institution to maintain at all times proper records and books of account with respect to the Lands and the business of the Member.
- (d) The Financial Institution may, either by its officers or authorized agents at any time during normal business hours, inspect and examine the records and books of account of the Member relating to the Lands and the business of the Member pertaining thereto and make copies or extracts from them and generally conduct such examination of the records and books of account and other records of the Member as the Financial Institution may deem necessary and the Member will, immediately upon the request of the Financial Institution, advise where the records and books of account are maintained and will render such assistance in connection with such examination as the Financial Institution deems necessary, including providing the Financial Institution with any receipts or other supporting documentation it may require.

**46. PAYMENT AUTHORIZATION AND FAILED WITHDRAWAL ATTEMPTS**

The Member hereby expressly authorizes the Financial Institution to withdraw the loan payments directly from the Member's personal chequing account (the "PCA").

In the event sufficient funds are unavailable in the account from which the loan payments are to be withdrawn, when such payment is due, the Financial Institution may, subject to its rights and remedies, request that the Member pay the applicable fees in order to compensate the Financial Institution for reasonable expenses it incurred in attempting to withdraw said payment. The Member may at any time inquire at the Financial Institution to ascertain the applicable fees.

**47. LEASED LANDS**

If the Lands are leased, the Member promises and confirms with the Financial Institution that:

- (a) The Member owns the leasehold interest in the Lands.
- (b) The Member has the right to charge the lease and sublet the Land to the Financial Institution; if required under the lease, it has obtained the landlord's consent to the Charge.
- (c) Neither the Member nor any other person has charged or otherwise encumbered the lease or its rights under the lease.
- (d) The lease is a valid, existing lease and has not been amended except as has been advised to the Financial Institution in writing; and it has paid and performed its obligations under the lease up to the date it signed the Charge and there is no default under the lease.
- (e) The Member shall not amend, surrender or terminate the lease without the Financial Institution's prior approval. The Member shall pay the rent under the lease and perform its obligations under the lease as long as the Indebtedness is outstanding. The Member shall provide the Financial Institution with any notice of default under the lease that it receives. The Member shall indemnify the Financial Institution from all actions, claims and demands relating to defaults under the lease.
- (f) The Member shall assign the last day of the term of the lease, or any renewal terms, which it holds in trust for the Financial Institution, as it may direct.
- (g) The Member charges the leased Lands to the Financial Institution as security only and not as a complete assignment of its interest. The Member subleases the leased Land to the Financial Institution to the extent required by law for the Charge to be effective for the remainder of the term of the lease, except for the last day of the term of the lease (including the last day of any renewal). The Member holds all other rights under the lease in trust for the Financial Institution, including the last day of the term, and any right of renewal or right to purchase.
- (h) The Member hereby irrevocably appoints the Financial Institution as its agent. If there is default under the Charge, the Financial Institution may, as the Member's agent, assign the lease and the last day of the term of the lease as the Financial Institution may determine in its sole and absolute discretion. If the Financial Institution sells the leased Land pursuant to its enforcement rights stipulated herein, the Financial Institution may assign the Member's interest in the lease to a purchaser. The Financial Institution may at any time remove the Member or any other person from being a trustee of the lease under the trust set out in subsection (g) and appoint a new trustee in the Member's place.
- (i) At the Financial Institution's request but at the Member's cost, the Member shall assign to the Financial Institution the last day of the term of the lease or any renewal or substituted term. If the Financial Institution sells the leased Lands under the power of sale the Member shall hold the leased Lands and the last day of the term in trust for any purchaser.
- (j) If the Member neglects or refuses to renew the lease then the Financial Institution may renew the lease in its own name so that the lease will continue to be security for the Charge.
- (k) If the Member has not performed its obligations for fifteen (15) days, then the Financial Institution may, on at least thirty-five (35) days written notice to the Member as required by the *Mortgages Act*, assign the lease. Any assignment may be on the terms set out in these Standard Charge Terms.
- (l) No sale or other dealing by the Member with the lease or the leased Lands and no extension of time given by the Financial Institution to the Member, or anyone claiming under the Member, or any dealing with the Financial Institution with the landlord or the lease, shall in any way affect or prejudice the Financial Institution's rights against the Member or any other person liable to repay the Indebtedness.
- (m) If the Member acquires additional interest in the leased Lands, then by the Charge the Member charges that additional interest to the Financial Institution without the Member or the Financial Institution having to do anything further.

**48. CONFLICT**

If there is any conflict between the terms of the Charge and the terms of any offer to finance, the offer to finance shall prevail. If there is any conflict between the terms of the Charge and the terms of any credit agreement, the credit agreement shall prevail. If there is any conflict between the terms of the Charge and the terms of any renewal agreement, the renewal agreement shall prevail. If there is any conflict between any schedule attached to the Charge and these Standard Charge Terms, the schedule attached to the Charge shall prevail.

**49. CONSENTS AND DISCLOSURE**

- (a) The Member consents to the Financial Institution transferring, selling or assigning the Charge and all of its rights under the Charge;
- (b) If the Financial Institution transfers, sells or assigns the Charge, it may disclose information about the Member and the Charge to anyone to whom the Financial Institution transfers, sells or assigns its rights;
- (c) The Financial Institution may also disclose information about the Member and the Charge to an insurer or other third party from whom the Financial Institution may obtain benefits that protect its security; and
- (d) The Member consents to insurers and other third parties that provide benefits or services to the Financial Institution with respect to obtaining information about the Member from credit reporting agencies and other lenders to evaluate the Member and the Charge.

**50. NATIONAL HOUSING ACT**

All Canada Mortgage and Housing Corporation insured Charges are made according to the *National Housing Act*.

**51. COMPLIANCE WITH LAWS**

The Member promises and agrees to promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directives, ordinances, and regulations of every governmental authority and agency concerning the Lands and will, at its own expense, make any and all improvements or alterations, structural or otherwise, which may be required at any time by any such present or future law, rule, requirement, order, directive, ordinance or regulation. The Financial Institution, whenever it deems necessary, may by its land surveyor or agent enter upon and inspect the Lands and make such improvements and alterations as the Financial Institution deems necessary to render the Lands in compliance with such laws, rules, requirements, orders, directives, ordinances or regulations and the reasonable cost of such inspection, improvements and alterations, with interest at the Rate set forth in the Charge, shall be payable immediately and be a Charge upon the Lands.

**52. NOTICE**

Unless otherwise provided at law or in the Charge, any notice required or contemplated pursuant to this Charge, including all demands for payment, shall be made in writing and:

- (a) if given to the Member, may be sent by registered mail or courier service to the last known address for the Member as shown in the Financial Institution's files or delivered personally to the Member at that address;
  - (b) if given to the Financial Institution, may be sent by registered mail or courier service to the office of the Financial Institution where the payments under this Charge are required to be made or delivered personally at that address;
- and such notices shall be deemed to have been given and received on the date on which they were delivered personally or, if sent by registered mail or courier service, the third working day following the date on which they were mailed or given to the courier service, whether or not they are received.

**53. SEVERABILITY OF INVALID PROVISIONS**

It is agreed that in the event that any provision of these Standard Charge Terms is illegal, invalid, inapplicable or inconsistent with the provisions of any applicable statute or would by reason of the provisions of any such statute render the Financial Institution unable to collect the amount of any loss sustained by it as a result of making this Charge which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is deemed illegal, invalid, inapplicable, or inconsistent and this Charge shall remain executory notwithstanding such provision.

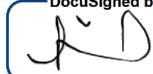
**54. EQUIVALENT INTEREST RATES**

The following information is provided in the event the interest payable under this Charge is calculated monthly, not in advance, and/or is a variable interest and the current Rate may be expected to change.

Columns A set forth the Interest Rate calculated monthly and not in advance, whereas columns B set forth the equivalent Rate calculated half-yearly, not in advance.

A	B	A	B	A	B	A	B	A	B	A	B
2.500	2.5131	5.625	5.6913	8.750	8.9111	11.875	12.1727	15.000	15.4766	18.125	18.8233
2.625	2.6394	5.750	5.8193	8.875	9.0407	12.000	12.3040	15.125	15.6097	18.250	18.9581
2.750	2.7658	5.875	5.9474	9.000	9.1704	12.125	12.4354	15.250	15.7428	18.375	19.0929
2.875	2.8923	6.000	6.0755	9.125	9.3002	12.250	12.5669	15.375	15.8760	18.500	19.2278
3.000	3.0188	6.125	6.2037	9.250	9.4301	12.375	12.6985	15.500	16.0092	18.625	19.3628
3.125	3.1454	6.250	6.3319	9.375	9.5600	12.500	12.8301	15.625	16.1425	18.750	19.4979
3.250	3.2721	6.375	6.4603	9.500	9.6900	12.625	12.9618	15.750	16.2759	18.875	19.6330
3.375	3.3988	6.500	6.5887	9.625	9.8201	12.750	13.0935	15.875	16.4094	19.000	19.7682
3.500	3.5256	6.625	6.7171	9.750	9.9502	12.875	13.2253	16.000	16.5429	19.125	19.9034
3.625	3.6525	6.750	6.8456	9.875	10.0804	13.000	13.3572	16.125	16.6765	19.250	20.0387
3.750	3.7794	6.875	6.9742	10.000	10.2107	13.125	13.4892	16.250	16.8102	19.375	20.1741
3.875	3.9064	7.000	7.1029	10.125	10.3410	13.250	13.6212	16.375	16.9439	19.500	20.3096
4.000	4.0335	7.125	7.2316	10.250	10.4714	13.375	13.7533	16.500	17.0777	19.625	20.4451
4.125	4.1606	7.250	7.3604	10.375	10.6019	13.500	13.8854	16.625	17.2116	19.750	20.5807
4.250	4.2878	7.375	7.4892	10.500	10.7324	13.625	14.0177	16.750	17.3455	19.875	20.7163
4.375	4.4151	7.500	7.6182	10.625	10.8630	13.750	14.1499	16.875	17.4795	20.000	20.8521
4.500	4.5424	7.625	7.7472	10.750	10.9937	13.875	14.2823	17.000	17.6136	20.125	20.9879
4.625	4.6698	7.750	7.8762	10.875	11.1244	14.000	14.4147	17.125	17.7477	20.250	21.1238
4.750	4.7973	7.875	8.0053	11.000	11.2552	14.125	14.5472	17.250	17.8819	20.375	21.2597
4.875	4.9248	8.000	8.1345	11.125	11.3861	14.250	14.6798	17.375	18.0162	20.500	21.3957
5.000	5.0524	8.125	8.2638	11.250	11.5170	14.375	14.8124	17.500	18.1506	20.625	21.5318
5.125	5.1800	8.250	8.3931	11.375	11.6480	14.500	14.9451	17.625	18.2850	20.750	21.6680
5.250	5.3078	8.375	8.5225	11.500	11.7791	14.625	15.0779	17.750	18.4195	20.875	21.8042
5.375	5.4355	8.500	8.6519	11.625	11.9102	14.750	15.2108	17.875	18.5540	21.000	21.9405
5.500	5.5634	8.625	8.7815	11.750	12.0414	14.875	15.3437	18.000	18.6887	21.125	22.0768

THIS IS **EXHIBIT “I”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840E

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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.



**GENERAL SECURITY AGREEMENT (Business)**This Agreement is entered into this 30 day of NOVEMBER 2018BETWEEN: SPRINGER AEROSPACE HOLDINGS LIMITED(hereinafter called the "Borrower")AND: CAISSE POPULAIRE VERMILLON INC.(hereinafter called the "Financial Institution")

Whereas the Financial Institution agreed to provide certain financing to the Borrower and the Borrower agreed to provide the Financial Institution with security for payment of all of the Borrower's Obligations to the Financial Institution;

NOW THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants and agreements of the Borrower and the Financial Institution hereunder and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto) IT IS AGREED AS FOLLOWS:

**ARTICLE ONE - DEFINITIONS AND INTERPRETATION**

1.1 **Definitions.** In this Agreement unless something in the subject matter or context is inconsistent therewith:

- (a) "Act" means the *Personal Property Security Act* (Ontario) and the regulations thereunder, as amended from time to time, or any legislation that may be substituted therefor;
- (b) "Agreement" means this agreement, including any and all Schedules thereto and any amendments hereto agreed to by all of the parties evidenced in writing;
- (c) "Collateral" means, subject to Section 2.4, any and all of the undertaking, property and assets of the Borrower which are now or at any time hereafter owned by the Borrower or in which the Borrower now has or at any time hereafter acquires any interest of any nature whatsoever, including those specific assets more particularly described on Schedule "A" hereto and including, without in any way limiting the generality of the foregoing:
  - (i) all present and future equipment of the Borrower, including all machinery, fixtures, plant, tools, furniture, vehicles of any kind or description, all spare parts, accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto;
  - (ii) all present and future inventory of the Borrower, including all raw materials, materials used or consumed in the business or profession of the Borrower, work-in-progress, finished goods, goods used for packing, materials used in the business of the Borrower not intended for sale, and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service ("Inventory");
  - (iii) all present and future debts, demands and amounts due or accruing due to the Borrower whether or not earned by performance, including without limitation its book debts, accounts receivable and claims under policies of insurance; and all contracts, security interests and other rights and benefits in respect thereof ("Accounts");
  - (iv) all present and future intangible personal property of the Borrower, including all contract rights, goodwill, patents, trade marks, trade names, business styles, copyrights and other industrial property, and all other choses in action of the Borrower of every kind, whether due at the present time or hereafter to become due or owing;
  - (v) all present and future documents of title of the Borrower, whether negotiable or otherwise including all warehouse receipts and bills of lading;
  - (vi) all present and future agreements made between the Borrower as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods ("Chattel Paper");
  - (vii) all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)), and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment ("Instruments");
  - (viii) all present and future money of the Borrower, whether authorized or adopted by the Parliament of Canada as part of its currency or any foreign government as part of its currency;
  - (ix) all present and future securities held by the Borrower, including shares, options, rights, warrants, joint venture interests, interests in limited partnerships, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Borrower in property or in an enterprise or which constitute evidence of an obligation of the issuer; and including an uncertificated security within the meaning of Part VI (Investment Securities) of the *Business Corporations Act* (Ontario) and all substitutions therefor and dividends and income derived therefrom ("Securities");
  - (x) all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating to the undertaking, property and assets of the Borrower which are subject to the Security Interest; and
  - (xi) all Proceeds.
- (d) "Deficiency" means, at any time, the difference, if any, between:
  - (i) the aggregate of (A) the amount of the Obligations at that time and (B) the Reasonable Expenses incurred prior to that time; and
  - (ii) the proceeds of disposition received by the Financial Institution from a disposition of the Collateral in accordance with subsection 4.1(h);
- (e) "Event of Default" means the occurrence of one or more of the following events:
  - (i) if the Borrower fails to pay to the Financial Institution any indebtedness forming part of the Obligations as and when the same shall be due and payable by the Borrower to the Financial Institution;
  - (ii) if the Borrower neglects to carry out or fails to observe any representation, warranty, covenant term or condition herein or in any of the Obligations, or in any agreement, certificate or other document delivered pursuant thereto provided the Borrower shall have fifteen (15) days to make good such default before the Borrower shall be deemed to be in default hereunder;

**SCANNED**

- (iii) if the Borrower defaults in the performance of any provision of, or an Event of Default occurs under, any agreement or instrument to which the Borrower is a party or by which it or any of its assets is bound (including, without limitation, any agreement relating to a line of credit and/or any other credit agreement made available from time to time by the Financial Institution or any affiliate thereof to the Borrower, any security therefor or any other agreement or instrument relating thereto) unless the same has been waived by each relevant party affected thereby or unless such default is capable of being remedied and the period specified in such agreement or instrument for remedying such default has not expired;
  - (iv) if the Collateral is damaged, stolen or destroyed, or other seizure, forced sale or sequestration involving the Collateral or the Borrower takes place;
  - (v) if the Borrower becomes insolvent or makes a bulk sale of its assets or makes a general assignment for the benefit of creditors, or if any proceeding or filing is instituted or made by the Borrower seeking relief, or to adjudicate it as bankrupt or insolvent, or seeking the liquidation, winding up, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets or takes any action to authorize, or in furtherance, of any of the foregoing;
  - (vi) if an encumbrancer shall lawfully take possession of the property of the Borrower which, in the opinion of the Financial Institution, represents a substantial portion of the property or if a distress or execution or any similar process shall be levied or enforced against such property and such process remains unsatisfied for such period of time as would permit such property or such portion thereof to be sold or seized;
  - (vii) if any representation, warranty, covenant, certificate, statement or report contained herein or furnished by the Borrower was false or misleading in any material respect;
  - (viii) if security interests, rights or charges are attached to the Collateral, other than security in the Financial Institution's favour, without the Financial Institution's prior written consent;
  - (ix) if the Borrower or any guarantor fails to pay to any person, including the Financial Institution, any indebtedness whether scheduled at maturity or by required payment, acceleration, demand or otherwise and such failure continues after any applicable grace period;
  - (x) if there occurs an event, act, circumstance or condition (financial or otherwise) that gives the Financial Institution ground to believe that the Borrower may not, or will be unable to perform or observe in the normal course its Obligations, that its Security Interest is in danger;
  - (xi) if the Borrower does not use the monies advanced to it by the Financial Institution for the purposes for which such monies were extended; or
  - (xii) if, without the prior written consent of the Financial Institution, the outstanding shares of the Borrower are sold, assigned, transferred, hypothecated or additional shares of the Borrower are issued to a person not presently a beneficial owner of the shares such that a change of control of the Borrower results.
- (f) "Insurance Proceeds" means all proceeds of insurance payable to the Borrower under policies of insurance maintained by the Borrower from time to time;
  - (g) "Obligations" means all indebtedness, liabilities and obligations (whether direct, indirect, absolute, contingent or otherwise) of the Borrower to the Financial Institution existing from time to time under or pursuant to any agreement between the Financial Institution and the Borrower, including under this Agreement;
  - (h) "Proceeds" means property in any form derived, directly or indirectly, from any dealing with the Collateral or other Proceeds and includes any payment representing indemnity or compensation for loss to the Collateral or other Proceeds, including without limitation, all Insurance Proceeds;
  - (i) "Reasonable Expenses" means any and all reasonable expenses incurred from time to time by the Financial Institution, or any Receiver, in the preparation of this Agreement, in the perfection or preservation of the Security Interest, in enforcing payment or performance of the Obligations or any part thereof or in locating, taking possession of, transporting, holding, repairing, processing, preparing for and arranging for the disposition of and/or disposing of the Collateral and any and all other reasonable expenses incurred by the Financial Institution or any Receiver as a result of the Financial Institution or a Receiver exercising any of their rights or remedies hereunder and any and all reasonable legal expenses including those incurred in any legal action or proceeding or appeal therefrom commenced, or taken in good faith by the Financial Institution and any and all reasonable fees and disbursements of any solicitor, accountant or valuator or similar person employed by the Financial Institution in connection with any of the foregoing;
  - (j) "Receiver" means a receiver, receiver and manager or any similar person appointed in accordance with Subsection 4.1(l); and
  - (k) "Security Interest" shall have the meaning assigned thereto in Section 2.1.

## ARTICLE TWO - CREATION OF SECURITY INTEREST

- 2.1 Grant of Security Interest.** Subject to Section 2.4, as continuing security for the due and timely payment and performance by the Borrower of the Obligations, the Borrower hereby grants to the Financial Institution a security interest (the "Security Interest") in the Collateral.
- 2.2 Proceeds of Collateral.** For greater certainty, the Security Interest shall extend to the Proceeds of the Collateral.
- 2.3 No Postponement.** The Borrower and the Financial Institution acknowledge and agree that they do not intend to postpone the time for attachment of the Security Interest.
- 2.4 Excepted from Collateral.** The last day of any term reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Borrower is hereby excepted out of the Collateral. As further continuing security for the due and timely payment and performance by the Borrower of the Obligations, the Borrower agrees that it will stand possessed of the reversion of one day remaining in the Borrower in respect of each such term, respectively, upon trust to assign and dispose of the same in such manner as the Financial Institution may from time to time direct in writing and, upon any sale of any such leasehold premises by the Financial Institution as provided for herein, the Financial Institution shall, for the purpose of vesting the aforesaid residue of any such term in any purchaser or any other person, firm or corporation, be entitled by deed or other written instrument to appoint such purchaser or other person, firm or corporation as a new trustee of the aforesaid residue of any such term in place of the Borrower and to vest the same accordingly in the new trustee freed and discharged from any obligation whatsoever respecting the same.
- 2.5 Transfers to Financial Institution.** The Borrower shall, upon request from the Financial Institution, forthwith deliver to the Financial Institution to be held by the Financial Institution, all instruments, securities, letters of credit, advances of credit and negotiable documents of title in its possession or control, and shall, where appropriate, duly endorse the same for transfer in blank or as the Financial Institution may direct and shall make all reasonable efforts to forthwith deliver to the Financial Institution any and all consents or other instruments or documents necessary to comply with any restrictions on the transfer thereof in order to transfer the same to the Financial Institution.
- 2.6 Additional Security.** As further continuing security for the due and timely payment and performance by the Borrower of the Obligations, the Borrower, subject to Section 2.4, hereby grants, bargains, sells, assigns and transfers to the Financial Institution all Collateral such that title thereto and ownership therein shall belong to and be vested in the Financial Institution, provided that the Financial Institution shall not thereby assume or be liable for any obligations or payments in respect of any of the Collateral and provided further that, upon the termination of this Agreement in accordance with Section 9.2, title to and ownership in the Collateral shall be automatically revested in the Borrower without any further act of the Financial Institution or the Borrower.



- 2.7 Borrower not to Encumber Collateral.** The Borrower shall not create, assume, incur or permit to exist any mortgage, hypothec, charge, pledge, assignment, security interest, lien or other encumbrance in, on or of the Collateral or any part or parts thereof other than the Security Interest or other security interests perfected by registration at the date hereof without the express written consent of the Financial Institution.
- 2.8 Insurance.** The Borrower shall have and maintain insurance at all times over the Collateral against risks of fire, theft and such other risks as the Financial Institution may reasonably require in writing, containing such terms, in such forms, for such periods and underwritten by such companies as may be reasonably satisfactory to the Financial Institution. The Borrower shall duly pay all premiums and other sums payable for maintaining such insurance and shall cause the insurance money thereunder to be payable to the Financial Institution as its interest hereunder may appear and shall, if required, furnish the Financial Institution with certificates or other evidence satisfactory to the Financial Institution of compliance with the foregoing insurance provisions.
- 2.9 Information.** The Borrower shall upon request by the Financial Institution, furnish the Financial Institution with such information concerning the Collateral and the Borrower's affairs as the Financial Institution may reasonably request from time to time.
- 2.10 Financial Institution Not Obligated to Advance.** Nothing herein shall obligate the Financial Institution to make any advance or loan or further advance or loan or to renew any note or extend any time for payment or any indebtedness or liability of the Borrower to the Financial Institution.
- 2.11 Ordinary Course of Business.** Unless and until an Event of Default shall occur, the Inventory may be sold by the Borrower in the ordinary course of business and for the purpose of carrying on same.

#### ARTICLE THREE - COLLECTION OF PROCEEDS

- 3.1 Payments to Financial Institution.** Any payments made in respect of the Obligations from time to time and monies realized from any securities held therefor (including monies realized on any enforcement of this Agreement) may be applied to such part or parts of the Obligations as the Financial Institution may see fit and the Financial Institution shall, from time to time, have the right to change any appropriation as the Financial Institution may see fit.
- 3.2 Direction re: payments.** The Financial Institution may, before as well as after the occurrence of an Event of Default, notify any person obligated to the Borrower in respect of an Account, Chattel Paper or an Instrument to make payment to the Financial Institution of all such present and future amounts due thereunder whether or not the Borrower was theretofore making collections on the Collateral. From time to time and upon the request in writing of the Financial Institution, the Borrower shall also so notify such persons to make payment directly to the Financial Institution.
- 3.3 Demand for Payment.** In addition to the rights of the Financial Institution provided for in Section 3.1, it is understood and agreed that the Financial Institution may, at any time on or after the occurrence of an Event of Default make demand for payment of any monies secured hereby and take control of any Proceeds.
- 3.4 Monies in Trust for Financial Institution.** In the event that the Borrower shall collect or receive any Accounts or shall be paid for any of the other Collateral or shall receive any Proceeds, all money so collected or received by the Borrower shall be received by the Borrower as trustee for the Financial Institution and shall be paid to the Financial Institution forthwith upon demand and shall, for all purposes, be deemed to form part of the Collateral.

#### ARTICLE FOUR - DEFAULT AND REMEDIES

- 4.1 Enforcement of Security.** Upon the occurrence of any Event of Default, the Security Interest hereby granted shall immediately become enforceable and the Financial Institution may, forthwith or at any time thereafter and without notice to the Borrower, except as provided by applicable law or this Agreement, take one or more of the following actions:
- (a) declare any or all of the Obligations not then due and payable to be immediately due and payable by giving notice in writing thereof to the Borrower and, in such event, such Obligations shall be forthwith due and payable by the Borrower to the Financial Institution;
  - (b) pursuant to the power of attorney granted to the Financial Institution by the Borrower contemporaneously herewith, execute on behalf of the Borrower and register such further and other instruments whether pursuant to any legislation in any province of Canada relating to the registration of mortgages, charges, hypothecs, pledges, liens or other security interests or encumbrances against land or otherwise, against the Collateral or any of it as may be necessary or desirable in order to fix its priority as a creditor of the Borrower vis-à-vis other creditors of the Borrower;
  - (c) commence legal action to enforce payment or performance of the Obligations;
  - (d) require the Borrower, at the Borrower's expense, to assemble the Collateral at a place or places designated by notice in writing given by the Financial Institution to the Borrower, and the Borrower agrees to so assemble the Collateral;
  - (e) require the Borrower, by notice in writing given by the Financial Institution to the Borrower, to disclose to the Financial Institution the location or locations of the Collateral and the Borrower agrees to make such disclosure when so required by the Financial Institution;
  - (f) without legal process, enter any premises where the Collateral may be situate and take possession of the Collateral by any method permitted by law;
  - (g) repair, process, complete, modify or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Borrower or otherwise;
  - (h) dispose of the Collateral by private or public sale, lease or otherwise upon such terms and conditions as the Financial Institution may determine and whether or not the Financial Institution has taken possession of the Collateral;
  - (i) file such proofs of claim or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, or other proceedings (voluntary or otherwise) relating to the Borrower;
  - (j) where the Collateral has been disposed of by the Financial Institution as provided in Subsection 4.1(h), commence legal action against the Borrower for the Deficiency;
  - (k) where the Financial Institution has taken possession of the Collateral as herein provided, the Financial Institution shall retain the Collateral irrevocably, to the extent not prohibited by law, by giving notice thereof to the Borrower and such retention shall reduce the amount of the Obligations by an amount equal to the fair market value, as reasonably determined by the Financial Institution, of the Collateral so retained;
  - (l) appoint, by an instrument in writing delivered to the Borrower, a Receiver of the Collateral, and remove any Receiver so appointed and appoint another or others in its stead, or institute proceedings in any court of competent jurisdiction for the appointment of a Receiver, it being understood and agreed that:
    - (i) the Financial Institution may appoint any person, firm or corporation as Receiver;
    - (ii) such appointment may be made at any time either before or after the Financial Institution shall have taken possession of the Collateral;
    - (iii) the Financial Institution may from time to time fix the reasonable remuneration of the Receiver and direct the payment thereof out of the Collateral or any proceeds derived from a sale or other disposition or dealing thereof or therewith; and

(iv) the Receiver shall be deemed to be the agent of the Borrower for all purposes and, for greater certainty, the Financial Institution shall not be in any way responsible for any actions, whether wilful, negligent or otherwise, of any Receiver or for any tax liabilities arising from the use, sale or other disposition of the Collateral by the Receiver (unless all rights of ownership in the Collateral have been transferred to and vested in the Financial Institution prior to the use, sale or other disposition thereof by the Receiver), and the Borrower hereby agrees to indemnify and save harmless the Financial Institution from and against any and all claims, demands, actions, costs, damages, expenses or payments which the Financial Institution may hereafter suffer, incur or be required to pay as a result of, in whole or in part, any action taken by the Receiver or any failure of the Receiver to do any act or thing; and

(v) the Receiver so appointed shall have the power to take possession of the Collateral 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 Collateral or any part thereof or the carrying on of the business of the Borrower, and to further charge the Collateral in priority to the security constituted by this Agreement as security for the money so borrowed, and to sell, lease, or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as the Receiver shall determine;

(m) pay or discharge any mortgage, charge, encumbrance, lien, adverse claim or security interest claimed by any person, firm or corporation and reasonably established to the satisfaction of the Financial Institution in the Collateral and the amount so paid shall be added to the Obligations;

(n) exercise all of the rights under all contracts, notes, debentures or other instruments in writing comprising the Collateral as fully and effectually as if the Financial Institution was the absolute owner thereof;

(o) commence legal proceedings for and on behalf of and in the name of the Financial Institution and at the expense of the Borrower in order to enforce the rights of the Borrower under any contracts, agreements, indentures or other instruments in writing which may form part of the Collateral;

(p) borrow money for the purpose of carrying on the business of the Borrower or for the maintenance, preservation or protection of the Collateral whether or not in priority to the mortgages, charges, hypothecs, assignments and Security Interest hereby created and granted, to secure repayment of any money so borrowed;

(q) carry on all or any part of the business of the Borrower and may, to the exclusion of all others including the Borrower, enter upon, occupy and use all or any of the premises, buildings, plant, undertaking and other property of or used by the Borrower for such time and in such manner as the Financial Institution sees fit and the Financial Institution shall not be liable to the Borrower for any act, omission or negligence in so doing or for any rent, charges, depreciation, damages or other amount in connection therewith or resulting therefrom; and

(r) take any other action, suit, remedy or proceeding authorized or permitted by this Agreement, the Act or by law or equity.

**4.2 Duty of Financial Institution to Act Reasonably.** In enforcing its rights hereunder the Financial Institution shall be required to act at least to the standards which are consistent with the commercial practices of a person carrying on a business in a distress, default or liquidation situation.

**4.3 Sale of Collateral by Financial Institution.** The Borrower and the Financial Institution acknowledge and agree that any sale referred to in Subsection 4.1(h) may be either a sale of all or any portion of the Collateral and may be by way of public tender, private contract or otherwise without notice, advertisement or any other formality, all of which are hereby waived by the Borrower. To the extent not prohibited by law, any such sale may be made with or without any special condition as to the upset price, reserve bid, title or evidence of title or other matter and from time to time as the Financial Institution in its sole discretion thinks fit with power to vary or rescind any such sale or buy in at any public sale and resell without being answerable for any loss. The Financial Institution may sell the Collateral for a consideration payable by instalments either with or without taking security for the payment of such instalments and may make and deliver to any purchaser thereof good and sufficient deeds, assurances and conveyances of the Collateral and give receipts for the purchase money, and any such sale shall be a perpetual bar, both at law and in equity, against the Borrower and all those claiming an interest in the Collateral by, from, through or under the Borrower.

**4.4 Financial Institution to Mean Receiver.** For the purposes of Sections 4.1, 4.2 and 4.3, a reference to "Financial Institution" shall, where the context permits, include any Receiver appointed in accordance with Subsection 4.1(l).

**4.5 Payment of Reasonable Expenses incurred by the Financial Institution.** The amount of the Reasonable Expenses shall be paid by the Borrower to the Financial Institution from time to time forthwith after demand therefor is given by the Financial Institution to the Borrower and payment of such Reasonable Expenses shall be secured by the Security Interest.

**4.6 Payment of Deficiency.** Where the Collateral has been disposed of by the Financial Institution as provided herein, the Deficiency shall be paid by the Borrower to the Financial Institution forthwith after demand therefor has been given by the Financial Institution to the Borrower and the payment of the Deficiency shall be secured by the Security Interest.

**4.7 Financial Institution's Remedies.** The Financial Institution's rights and remedies, whether provided for in this Agreement or otherwise, are, to the fullest extent possible in law, mutually exclusive and are cumulative and not alternative.

**4.8 No Obligation to Dispose of Collateral.** The Financial Institution shall not be under any obligation to, or be liable or accountable for any failure to, enforce payment or performance of the Obligations or to seize, realize, take possession of or dispose of the Collateral and shall not be under any obligations to institute proceedings for any of such purposes.

#### ARTICLE FIVE - POSSESSION OF COLLATERAL BY FINANCIAL INSTITUTION

**5.1 Collateral in the Possession of Financial Institution.** Where any Collateral is in the possession of the Financial Institution,

(a) the Financial Institution shall have no duty of care whatsoever with respect to such Collateral other than to use reasonable care in the custody and preservation thereof, provided that the Financial Institution need not take any steps of any nature to defend or preserve the rights of the Borrower therein against prior parties;

(b) the Financial Institution may, at any time following the occurrence of an Event of Default, grant or otherwise create a security interest in such Collateral upon any terms whether or not such terms impair the Borrower's right to redeem such Collateral; and

(c) the Financial Institution may, at any time following the occurrence of an Event of Default, use such Collateral in any manner and to such extent as it, in its sole discretion, deems necessary or desirable.

#### ARTICLE SIX - FIXTURES

**6.1 Fixtures.** The Borrower acknowledges and agrees that no Collateral shall become affixed to any real property other than real property owned by the Borrower in respect of which a mortgage or charge in favour of the Financial Institution has been duly registered in all appropriate offices of public record.

## ARTICLE SEVEN - ACKNOWLEDGEMENTS, COVENANTS, REPRESENTATIONS AND WARRANTIES BY THE BORROWER

### 7.1 *Acknowledgments by the Borrower.* The Borrower:

- (a) acknowledges receipt of a true copy of this Agreement;
- (b) acknowledges and agrees that this Agreement may be assigned by the Financial Institution, without the consent of and without notice to the Borrower, to such person, firm or corporation as the Financial Institution may determine and, in such event, such person, firm or corporation shall be entitled to all of the rights and remedies of the Financial Institution as set forth in this Agreement or otherwise and the Financial Institution shall be released and discharged from its obligations hereunder; and
- (c) agrees not to assert against any assignee of the Financial Institution, and the rights of such assignee are not subject to, any claim, defence, demand, set-off or other right, whether at law or in equity, that the Borrower has or may have against the Financial Institution.

### 7.2 *Representations and Warranties of Borrower.* The Borrower hereby represents and warrants to the Financial Institution as follows, acknowledging that the Financial Institution is relying on each of these representations and warranties, each of them being considered to be conditions of this Agreement:

- (a) the Borrower has the capacity or required legal authority to enter into this Agreement, provide the Security Interest commitments and fulfil the Obligations; and
- (b) with the exception of the Financial Institution's Security Interest, the Collateral belongs to the Borrower, free and clear of all encumbrances, mortgages, charges, pledges or security interests and all actions or claims.

### 7.3 *Covenants of the Borrower.* The Borrower covenants and agrees:

- (a) to pay and discharge all Obligations as and when they are due;
- (b) to ensure that the Collateral is free of all taxes, dues, charges, mortgages, liens, claims and security interests, apart from the Financial Institution's Security Interest, and, more specifically, to ensure that all Collateral acquired by the Borrower in the future is free of all taxes, dues, charges, mortgages, liens, encumbrances, claims and security interests;
- (c) not to exchange, transfer, assign, rent, dispose of or deal with the Collateral in any other way than provided in this Agreement;
- (d) to keep the Collateral in a good state of repair;
- (e) to notify the Financial Institution without delay of any loss or damage to the Collateral or of any change in the information contained in this Agreement or of any existing or potential claim that could affect the Borrower, the Collateral or the Financial Institution's Security Interest;
- (f) to obtain from each of the Borrower's landlords a written agreement in the Financial Institution's favour and approved by it, whereby each landlord:
  - (i) undertakes to give written notice to the Financial Institution of any default by the Borrower under the terms of the lease agreement and to give the Financial Institution a reasonable amount of time during which the Borrower would rectify the situation before the landlord exercised his ownership rights; and
  - (ii) acknowledges the existence of the Financial Institution's Security Interest and its right to enforce its Security Interest before and in priority to any claim by the landlord;
- (g) to take whatever action is required to prevent the Collateral from becoming a fixture to personal property that is not part of this Agreement or to prevent it from becoming a fixture to real property;
- (h) to provide the Financial Institution with all information with respect to the Collateral or the Borrower that the Financial Institution may reasonably require from time to time;
- (i) to allow the Financial Institution to have access to places where the Collateral is located and to inspect the Collateral as well as relevant documents;
- (j) to turn over to the Financial Institution from time to time Chattel papers, Instruments, Securities and negotiable drafts; and,
- (k) to give and turn over all other assignments, transfers, deeds, security agreements or other documents that the Financial Institution may require in order to complete or continue its Security Interest.

## ARTICLE EIGHT - WAIVER

8.1 *Waiver by Borrower.* To the extent not prohibited by law, the Borrower hereby waives the benefit of all of the provisions of the Act or any other legislation which would in any manner adversely affect the Financial Institution's rights or remedies hereunder.

8.2 *Waiver by Financial Institution.* The Financial Institution may, in whole or in part, waive any breach of any of the provisions of this Agreement by the Borrower, any default by the Borrower in the payment or performance of any of the Obligations or any of its rights and remedies whether provided for hereunder or otherwise provided that no such waiver shall be considered to have been given unless given expressly by the Financial Institution to the Borrower in writing.

8.3 *Failure of Financial Institution to Exercise Rights.* The Financial Institution may, at any time, grant extensions of time or other indulgences to, accept compositions from or grant releases and discharges to the Borrower in respect of the Collateral or otherwise deal with the Borrower or with the Collateral and other security held by the Financial Institution, all as the Financial Institution may see fit, and the Borrower agrees that any such act or any failure by the Financial Institution to exercise any of its rights or remedies, whether provided for hereunder or otherwise, shall in no way affect or impair the Security Interest or the rights or remedies of the Financial Institution, whether provided for in this Agreement or otherwise.

## ARTICLE NINE - EFFECTIVE DATE AND TERMINATION

9.1 *Effective Date.* This Agreement shall become effective according to its terms immediately upon the execution hereof by the Financial Institution and the Borrower. This Agreement and the Security Interest are in addition to and not in substitution for any other Agreement made between the Financial Institution and the Borrower or any other security granted by the Borrower to the Financial Institution whether before or after the execution of this Agreement. The Security Interest shall be a general and continuing security notwithstanding that the Obligations shall at any time or from time to time be fully satisfied or performed and shall continue in full force and effect until terminated as provided in Section 9.2.

9.2 *Termination of Agreement.* This Agreement may be terminated by written agreement made between the Financial Institution and the Borrower or by notice in writing given by the Borrower to the Financial Institution at any time when all of the Obligations have been fully satisfied and performed by the Borrower.

Upon termination of this Agreement in accordance with the provisions of this Section 9.2, the Financial Institution shall, at the request and expense of the Borrower, make and do all such acts and things and execute and deliver all such financing statements, instruments, agreements and documents as the Borrower reasonably considers necessary or desirable to discharge the Security Interest, to release and discharge the Collateral therefrom and to record such release and discharge in all appropriate offices of public record.



**ARTICLE TEN - POWER OF ATTORNEY**

**10.1 Appointment of Financial Institution as Attorney.** The Borrower hereby irrevocably constitutes and appoints the Financial Institution as the true and lawful attorney of the Borrower with power of substitution in the name of the Borrower to do any and all such acts and things or execute and deliver all such agreements, documents and instruments as the Financial Institution, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise any of its rights and remedies hereunder, and to do all acts or things necessary to realize or collect the Proceeds and the Borrower hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with this Section 10.1. This power of attorney shall not be revoked or terminated by any act or thing other than the termination this Agreement in accordance with Section 9.2.

**ARTICLE ELEVEN - GENERAL CONTRACT PROVISIONS**

**11.1 Notices.** All notices, requests, demands or other communications (collectively, "Notices") by the terms hereof required or permitted to be given by one party to any other party, or to any other person shall be given in writing by personal delivery or by registered mail, postage prepaid, or by facsimile transmission to such other party at the addresses hereinbefore noted, or at such other address as may be given by such person to the other parties hereto in writing from time to time.

All such Notices shall be deemed to have been received when delivered or transmitted, or, if mailed, 48 hours after 12:01 a.m. on the day following the day of the mailing thereof. If any Notice shall have been mailed and if regular mail service shall be interrupted by strikes or other irregularities, such Notice shall be deemed to have been received 48 hours after 12:01 a.m. on the day following the resumption of normal mail service, provided that during the period that regular mail service shall be interrupted all Notices shall be given by personal delivery or by facsimile transmission.

**11.2 Additional Considerations.** The parties shall sign such further and other documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence, do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part thereof.

**11.3 Counterparts.** This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall be but one and the same instrument.

**11.4 Time of the Essence.** Time shall be of the essence of this Agreement and of every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

**11.5 Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to all of the matters herein and its execution has not been induced by, nor do any of the parties rely upon or regard as material, any representations or writings whatever not incorporated herein and made a part hereof and may not be amended or modified in any respect except by written instrument signed by the parties hereto. Any schedules referred to herein are incorporated herein by reference and form part of the Agreement.

**11.6 Enurement.** This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors, and permitted assigns.

**11.7 Currency.** Unless otherwise provided for herein, all monetary amounts referred to herein shall refer to the lawful money of Canada.

**11.8 Headings for Convenience Only.** The division of this Agreement into articles and sections is for convenience of reference only and shall not affect the interpretation or construction of this Agreement.

**11.9 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and each of the parties hereto agrees irrevocably to conform to the non-exclusive jurisdiction of the Courts of such Province.

**11.10 Gender.** In this Agreement, words importing the singular number shall include the plural and vice versa, and words importing the use of any gender shall include the masculine, feminine and neuter genders and the word "person" shall include an individual, a trust, a partnership, a body corporate, an association or other incorporated or unincorporated organization or entity.

**11.11 Calculation of Time.** When calculating the period of time within which or following which any act is to be done or step taken pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded. If the last day of such period is not a Business Day, then the time period in question shall end on the first business day following such non-business day.

**11.12 Legislation References.** Any references in this Agreement to any law, by-law, rule, regulation, order or act of any government, governmental body or other regulatory body shall be construed as a reference thereto as amended or re-enacted from time to time or as a reference to any successor thereto.


**11.13 Severability.** If any Article, Section or any portion of any Section of this Agreement is determined to be unenforceable or invalid for any reason whatsoever that unenforceability or invalidity shall not affect the enforceability or validity of the remaining portions of this Agreement and such unenforceable or invalid Article, Section or portion thereof shall be severed from the remainder of this Agreement.

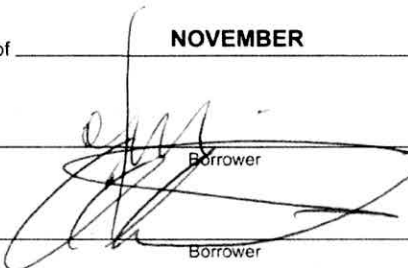
**11.14 Transmission by Facsimile.** The parties hereto agree that this Agreement may be transmitted by facsimile or such similar device and that the reproduction of signatures by facsimile or such similar device will be treated as binding as if originals and each party hereto undertakes to provide each and every other party hereto with a copy of the Agreement bearing original signatures forthwith upon demand.

**11.15 Borrower A Member.** The Borrower represents and warrants to the Financial Institution that the Borrower is a member of the Financial Institution in good standing and that the Borrower is not in default of any existing obligations of the Borrower to the Financial Institution.

*The Borrower acknowledges having read all the terms and conditions of this Agreement, agrees to fully comply with them and acknowledges having received a duplicate copy thereof.*

Signed at ECHO BAY, Ontario, this 30 day of NOVEMBER, 2018.

  
\_\_\_\_\_  
Signature of Authorized Representative of the Financial Institution

  
\_\_\_\_\_  
Borrower  
\_\_\_\_\_  
Borrower

Name: \_\_\_\_\_

Title: \_\_\_\_\_

*I have the authority to bind the Corporation.*

SCHEDULE "A" TO THE GENERAL SECURITY AGREEMENT DATED the \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

BETWEEN: \_\_\_\_\_  
the "Borrower"

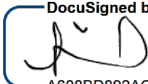
AND: \_\_\_\_\_  
the "Financial Institution"

Description of certain specific assets forming part of the Collateral:

VEHICLES	1	2	3
Manufacturer			
Year			
Model			
Serial No. (VIN)			
Colour			
Licence No.			

Description of other certain specific assets forming part of the Collateral:

THIS IS **EXHIBIT “J”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840E...

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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.

**SPECIFIC SECURITY AGREEMENT (Business)**

This Agreement is entered into this JUNE 22, 2021

BETWEEN: SPRINGER AEROSPACE HOLDINGS LIMITED

377 LAKEVIEW RD, ECHO BAY, ON, P0S 1C0

(hereinafter called "THE BORROWER")

AND: CAISSE DESJARDINS ONTARIO CREDIT UNION INC.

43, RUE NOTRE-DAME, C.P. 550, AZILDA, ON, P0M 1B0

(hereinafter called "THE FINANCIAL INSTITUTION")

WHEREAS the Financial Institution agreed to provide certain financing to the Borrower and the Borrower agreed to provide the Financial Institution with security for payment of all of the Borrower's Obligations to the Financial Institution;

NOW THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants and agreements of the Borrower and the Financial Institution hereunder and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, IT IS AGREED AS FOLLOWS:

**ARTICLE ONE - DEFINITIONS AND INTERPRETATION**

1.1 **Definitions.** In this Agreement unless something in the subject matter or context is inconsistent therewith:

- (a) "**Act**" means the *Personal Property Security Act* (Ontario) and the regulations thereunder, as amended from time to time, or any legislation that may be substituted therefor;
- (b) "**Agreement**" means this agreement, including any and all Schedules thereto and any amendments hereto agreed to by all of the parties evidenced in writing;
- (c) "**Collateral**" means, subject to Section 2.4, those specific assets more particularly described on Schedule "A" hereto for which the Borrower shall provide the Financial Institution with complete and accurate photocopies of title and ownership documents in respect of the Collateral and without limiting the generality of the foregoing:
  - (i) any and all documents of title, chattel papers, securities, instruments and other documents relating to the Collateral referred to in Schedule "A" hereto representing title thereto or a Security Interest therein or evidencing the Collateral or its Proceeds and rights or demands relating thereto;
  - (ii) any and all present and future accessions to the Collateral;
  - (iii) any and all rights or claims arising under an insurance policy insuring the collateral; and,
  - (iv) any and all proceeds.
- (d) "**Deficiency**" means, at any time, the difference, if any, between:
  - (i) the aggregate of (A) the amount of the Obligations at that time and (B) the Reasonable Expenses incurred prior to that time; and
  - (ii) the proceeds of disposition received by the Financial Institution from a disposition of the Collateral in accordance with subsection 4.1(h);
- (e) "**Event of Default**" means the occurrence of one or more of the following events:
  - (i) if the Borrower fails to pay to the Financial Institution any indebtedness forming part of the Obligations as and when the same shall be due and payable by the Borrower to the Financial Institution;
  - (ii) if the Borrower neglects to carry out or fails to observe any representation, warranty, covenant term or condition herein or in any of the Obligations, or in any agreement, certificate or other document delivered pursuant thereto provided the Borrower shall have fifteen (15) days to make good such default before the Borrower shall be deemed to be in default hereunder;
  - (iii) if the Borrower defaults in the performance of any provision of, or an Event of Default occurs under, any agreement or instrument to which the Borrower is a party or by which it or any of its assets is bound (including, without limitation, any agreement relating to a line of credit and/or any other credit agreement made available from time to time by the Financial Institution or any affiliate thereof to the Borrower, any security therefor or any other agreement or instrument relating thereto) unless the same has been waived by each relevant party affected thereby or unless such default is capable of being remedied and the period specified in such agreement or instrument for remedying such default has not expired;
  - (iv) if the Collateral is damaged, stolen or destroyed, or other seizure, forced sale or sequestration involving the Collateral or the Borrower takes place;
  - (v) if the Borrower becomes insolvent or makes a bulk sale of its assets or makes a general assignment for the benefit of creditors, or if any proceeding or filing is instituted or made by the Borrower seeking relief, or to adjudicate it as bankrupt or insolvent, or seeking the liquidation, winding up, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets or takes any action to authorize, or in furtherance, of any of the foregoing;
  - (vi) if an encumbrancer shall lawfully take possession of the property of the Borrower which, in the opinion of the Financial Institution, represents a substantial portion of the property or if a distress or execution or any similar process shall be levied or enforced against such property and such process remains unsatisfied for such period of time as would permit such property or such portion thereof to be sold or seized;
  - (vii) if any representation, warranty, covenant, certificate, statement or report contained herein or furnished by the Borrower was false or misleading in any material respect;
  - (viii) if security interests, rights or charges are attached to the Collateral, other than security in the Financial Institution's favour, without the Financial Institution's prior written consent;
  - (ix) if the Borrower or any guarantor fails to pay to any person, including the Financial Institution, any indebtedness whether scheduled at maturity or by required payment, acceleration, demand or otherwise and such failure continues after any applicable grace period;

- (x) if there occurs an event, act, circumstance or condition (financial or otherwise) that gives the Financial Institution ground to believe that the Borrower may not, or will be unable to perform or observe in the normal course its Obligations, that its Security Interest is in danger;
  - (xi) if the Borrower does not use the monies advanced to it by the Financial Institution for the purposes for which such monies were extended; or
  - (xii) if, without the prior written consent of the Financial Institution, the outstanding shares of the Borrower are sold, assigned, transferred, hypothecated or additional shares of the Borrower are issued to a person not presently a beneficial owner of the shares such that a change of control of the Borrower results.
- (f) "Insurance Proceeds" means all proceeds of insurance payable to the Borrower under policies of insurance maintained by the Borrower from time to time;
  - (g) "Obligations" means all indebtedness, liabilities and obligations (whether direct, indirect, absolute, contingent or otherwise) of the Borrower to the Financial Institution existing from time to time under or pursuant to any agreement between the Financial Institution and the Borrower, including under this Agreement;
  - (h) "Proceeds" means property in any form derived, directly or indirectly, from any dealing with the Collateral or other Proceeds and includes any payment representing indemnity or compensation for loss to the Collateral or other Proceeds, including without limitation, all Insurance Proceeds;
  - (i) "Reasonable Expenses" means any and all reasonable expenses incurred from time to time by the Financial Institution, or any Receiver, in the preparation of this Agreement, in the perfection or preservation of the Security Interest, in enforcing payment or performance of the Obligations or any part thereof or in locating, taking possession of, transporting, holding, repairing, processing, preparing for and arranging for the disposition of and/or disposing of the Collateral and any and all other reasonable expenses incurred by the Financial Institution or any Receiver as a result of the Financial Institution or a Receiver exercising any of their rights or remedies hereunder and any and all reasonable legal expenses including those incurred in any legal action or proceeding or appeal therefrom commenced, or taken in good faith by the Financial Institution and any and all reasonable fees and disbursements of any solicitor, accountant or valuator or similar person employed by the Financial Institution in connection with any of the foregoing;
  - (j) "Receiver" means a receiver, receiver and manager or any similar person appointed in accordance with Subsection 4.1(l); and
  - (k) "Security Interest" shall have the meaning assigned thereto in Section 2.1.

#### ARTICLE TWO - CREATION OF SECURITY INTEREST

- 2.1 **Grant of Security Interest.** Subject to Section 2.4, as continuing security for the due and timely payment and performance by the Borrower of the Obligations, the Borrower hereby grants to the Financial Institution a security interest (the "Security Interest") in the Collateral.
- 2.2 **Proceeds of Collateral.** For greater certainty, the Security Interest shall extend to the Proceeds of the Collateral.
- 2.3 **No Postponement.** The Borrower and the Financial Institution acknowledge and agree that they do not intend to postpone the time for attachment of the Security Interest.
- 2.4 **Excepted from Collateral.** The last day of any term reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Borrower is hereby excepted out of the Collateral. As further continuing security for the due and timely payment and performance by the Borrower of the Obligations, the Borrower agrees that it will stand possessed of the reversion of one day remaining in the Borrower in respect of each such term, respectively, upon trust to assign and dispose of the same in such manner as the Financial Institution may from time to time direct in writing and, upon any sale of any such leasehold premises by the Financial Institution as provided for herein, the Financial Institution shall, for the purpose of vesting the aforesaid residue of any such term in any purchaser or any other person, firm or corporation, be entitled by deed or other written instrument to appoint such purchaser or other person, firm or corporation as a new trustee of the aforesaid residue of any such term in place of the Borrower and to vest the same accordingly in the new trustee freed and discharged from any obligation whatsoever respecting the same.
- 2.5 **Transfers to Financial Institution.** The Borrower shall, upon request from the Financial Institution, forthwith deliver to the Financial Institution to be held by the Financial Institution, all instruments, securities, letters of credit, advances of credit and negotiable documents of title in its possession or control, and shall, where appropriate, duly endorse the same for transfer in blank or as the Financial Institution may direct and shall make all reasonable efforts to forthwith deliver to the Financial Institution any and all consents or other instruments or documents necessary to comply with any restrictions on the transfer thereof in order to transfer the same to the Financial Institution.
- 2.6 **Additional Security.** As further continuing security for the due and timely payment and performance by the Borrower of the Obligations, the Borrower, subject to Section 2.4, hereby grants, bargains, sells, assigns and transfers to the Financial Institution all Collateral such that title thereto and ownership therein shall belong to and be vested in the Financial Institution, provided that the Financial Institution shall not thereby assume or be liable for any obligations or payments in respect of any of the Collateral and provided further that, upon the termination of this Agreement in accordance with Section 9.2, title to and ownership in the Collateral shall be automatically re-vested in the Borrower without any further act of the Financial Institution or the Borrower.
- 2.7 **Borrower not to Encumber Collateral.** The Borrower shall not create, assume, incur or permit to exist any mortgage, hypothec, charge, pledge, assignment, security interest, lien or other encumbrance in, on or of the Collateral or any part or parts thereof other than the Security Interest or other security interests perfected by registration at the date hereof without the express written consent of the Financial Institution.
- 2.8 **Insurance.** The Borrower shall have and maintain insurance at all times over the Collateral against risks of fire, theft and such other risks as the Financial Institution may reasonably require in writing, containing such terms, in such forms, for such periods and underwritten by such companies as may be reasonably satisfactory to the Financial Institution. The Borrower shall duly pay all premiums and other sums payable for maintaining such insurance and shall cause the insurance money thereunder to be payable to the Financial Institution as its interest hereunder may appear and shall, if required, furnish the Financial Institution with certificates or other evidence satisfactory to the Financial Institution of compliance with the foregoing insurance provisions.
- 2.9 **Information.** The Borrower shall upon request by the Financial Institution, furnish the Financial Institution with such information concerning the Collateral and the Borrower's affairs as the Financial Institution may reasonably request from time to time.
- 2.10 **Financial Institution Not Obligated to Advance.** Nothing herein shall obligate the Financial Institution to make any advance or loan or further advance or loan or to renew any note or extend any time for payment or any indebtedness or liability of the Borrower to the Financial Institution.
- 2.11 **Ordinary Course of Business.** Unless and until an Event of Default shall occur, the Inventory may be sold by the Borrower in the ordinary course of business and for the purpose of carrying on same.

#### ARTICLE THREE - COLLECTION OF PROCEEDS

- 3.1 **Payments to Financial Institution.** Any payments made in respect of the Obligations from time to time and monies realized from any securities held therefor (including monies realized on any enforcement of this Agreement) may be applied to such part or parts of the Obligations as the Financial Institution may see fit and the Financial Institution shall, from time to time, have the right to change any appropriation as the Financial Institution may see fit.



- 3.2 **Direction re: payments.** The Financial Institution may, before as well as after the occurrence of an Event of Default, notify any person obligated to the Borrower in respect of an Account, Chattel Paper or an Instrument to make payment to the Financial Institution of all such present and future amounts due thereunder whether or not the Borrower was theretofore making collections on the Collateral. From time to time and upon the request in writing of the Financial Institution, the Borrower shall also so notify such persons to make payment directly to the Financial Institution.
- 3.3 **Demand for Payment.** In addition to the rights of the Financial Institution provided for in Section 3.1, it is understood and agreed that the Financial Institution may, at any time on or after the occurrence of an Event of Default make demand for payment of any monies secured hereby and take control of any Proceeds.
- 3.4 **Monies in Trust for Financial Institution.** In the event that the Borrower shall collect or receive any Accounts or shall be paid for any of the other Collateral or shall receive any Proceeds, all money so collected or received by the Borrower shall be received by the Borrower as trustee for the Financial Institution and shall be paid to the Financial Institution forthwith upon demand and shall, for all purposes, be deemed to form part of the Collateral.

#### ARTICLE FOUR - DEFAULT AND REMEDIES

- 4.1 **Enforcement of Security.** Upon the occurrence of any Event of Default, the Security Interest hereby granted shall immediately become enforceable and the Financial Institution may, forthwith or at any time thereafter and without notice to the Borrower, except as provided by applicable law or this Agreement, take one or more of the following actions:
- (a) declare any or all of the Obligations not then due and payable to be immediately due and payable by giving notice in writing thereof to the Borrower and, in such event, such Obligations shall be forthwith due and payable by the Borrower to the Financial Institution;
  - (b) pursuant to the power of attorney granted to the Financial Institution by the Borrower contemporaneously herewith, execute on behalf of the Borrower and register such further and other instruments whether pursuant to any legislation in any province of Canada relating to the registration of mortgages, charges, hypothecs, pledges, liens or other security interests or encumbrances against land or otherwise, against the Collateral or any of it as may be necessary or desirable in order to fix its priority as a creditor of the Borrower vis-à-vis other creditors of the Borrower;
  - (c) commence legal action to enforce payment or performance of the Obligations;
  - (d) require the Borrower, at the Borrower's expense, to assemble the Collateral at a place or places designated by notice in writing given by the Financial Institution to the Borrower, and the Borrower agrees to so assemble the Collateral;
  - (e) require the Borrower, by notice in writing given by the Financial Institution to the Borrower, to disclose to the Financial Institution the location or locations of the Collateral and the Borrower agrees to make such disclosure when so required by the Financial Institution;
  - (f) without legal process, enter any premises where the Collateral may be situate and take possession of the Collateral by any method permitted by law;
  - (g) repair, process, complete, modify or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Borrower or otherwise;
  - (h) dispose of the Collateral by private or public sale, lease or otherwise upon such terms and conditions as the Financial Institution may determine and whether or not the Financial Institution has taken possession of the Collateral;
  - (i) file such proofs of claim or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, or other proceedings (voluntary or otherwise) relating to the Borrower;
  - (j) where the Collateral has been disposed of by the Financial Institution as provided in Subsection 4.1(h), commence legal action against the Borrower for the Deficiency;
  - (k) where the Financial Institution has taken possession of the Collateral as herein provided, the Financial Institution shall retain the Collateral irrevocably, to the extent not prohibited by law, by giving notice thereof to the Borrower and such retention shall reduce the amount of the Obligations by an amount equal to the fair market value, as reasonably determined by the Financial Institution, of the Collateral so retained;
  - (l) appoint, by an instrument in writing delivered to the Borrower, a Receiver of the Collateral, and remove any Receiver so appointed and appoint another or others in its stead, or institute proceedings in any court of competent jurisdiction for the appointment of a Receiver, it being understood and agreed that:
    - (i) the Financial Institution may appoint any person, firm or corporation as Receiver;
    - (ii) such appointment may be made at any time either before or after the Financial Institution shall have taken possession of the Collateral;
    - (iii) the Financial Institution may from time to time fix the reasonable remuneration of the Receiver and direct the payment thereof out of the Collateral or any proceeds derived from a sale or other disposition or dealing thereof or therewith; and
    - (iv) the Receiver shall be deemed to be the agent of the Borrower for all purposes and, for greater certainty, the Financial Institution shall not be in any way responsible for any actions, whether wilful, negligent or otherwise, of any Receiver or for any tax liabilities arising from the use, sale or other disposition of the Collateral by the Receiver (unless all rights of ownership in the Collateral have been transferred to and vested in the Financial Institution prior to the use, sale or other disposition thereof by the Receiver), and the Borrower hereby agrees to indemnify and save harmless the Financial Institution from and against any and all claims, demands, actions, costs, damages, expenses or payments which the Financial Institution may hereafter suffer, incur or be required to pay as a result of, in whole or in part, any action taken by the Receiver or any failure of the Receiver to do any act or thing; and
    - (v) the Receiver so appointed shall have the power to take possession of the Collateral 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 Collateral or any part thereof or the carrying on of the business of the Borrower, and to further charge the Collateral in priority to the security constituted by this Agreement as security for the money so borrowed, and to sell, lease, or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as the Receiver shall determine;
  - (m) pay or discharge any mortgage, charge, encumbrance, lien, adverse claim or security interest claimed by any person, firm or corporation and reasonably established to the satisfaction of the Financial Institution in the Collateral and the amount so paid shall be added to the Obligations;
  - (n) exercise all of the rights under all contracts, notes, debentures or other instruments in writing comprising the Collateral as fully and effectually as if the Financial Institution was the absolute owner thereof;
  - (o) commence legal proceedings for and on behalf of and in the name of the Financial Institution and at the expense of the Borrower in order to enforce the rights of the Borrower under any contracts, agreements, indentures or other instruments in writing which may form part of the Collateral;
  - (p) borrow money for the purpose of carrying on the business of the Borrower or for the maintenance, preservation or protection of the Collateral whether or not in priority to the mortgages, charges, hypothecs, assignments and Security Interest hereby created and granted, to secure repayment of any money so borrowed;

(q) carry on all or any part of the business of the Borrower and may, to the exclusion of all others including the Borrower, enter upon, occupy and use all or any of the premises, buildings, plant, undertaking and other property of or used by the Borrower for such time and in such manner as the Financial Institution sees fit and the Financial Institution shall not be liable to the Borrower for any act, omission or negligence in so doing or for any rent, charges, depreciation, damages or other amount in connection therewith or resulting therefrom; and

(r) take any other action, suit, remedy or proceeding authorized or permitted by this Agreement, the Act or by law or equity.

4.2 **Duty of Financial Institution to Act Reasonably.** In enforcing its rights hereunder the Financial Institution shall be required to act at least to the standards which are consistent with the commercial practices of a person carrying on a business in a distress, default or liquidation situation.

4.3 **Sale of Collateral by Financial Institution.** The Borrower and the Financial Institution acknowledge and agree that any sale referred to in Subsection 4.1(h) may be either a sale of all or any portion of the Collateral and may be by way of public tender, private contract or otherwise without notice, advertisement or any other formality, all of which are hereby waived by the Borrower. To the extent not prohibited by law, any such sale may be made with or without any special condition as to the upset price, reserve bid, title or evidence of title or other matter and from time to time as the Financial Institution in its sole discretion thinks fit with power to vary or rescind any such sale or buy in at any public sale and resell without being answerable for any loss. The Financial Institution may sell the Collateral for a consideration payable by instalments either with or without taking security for the payment of such instalments and may make and deliver to any purchaser thereof good and sufficient deeds, assurances and conveyances of the Collateral and give receipts for the purchase money, and any such sale shall be a perpetual bar, both at law and in equity, against the Borrower and all those claiming an interest in the Collateral by, from, through or under the Borrower.

4.4 **Financial Institution to Mean Receiver.** For the purposes of Sections 4.1, 4.2 and 4.3, a reference to "Financial Institution" shall, where the context permits, include any Receiver appointed in accordance with Subsection 4.1(f).

4.5 **Payment of Reasonable Expenses Incurred by the Financial Institution.** The amount of the Reasonable Expenses shall be paid by the Borrower to the Financial Institution from time to time forthwith after demand therefor is given by the Financial Institution to the Borrower and payment of such Reasonable Expenses shall be secured by the Security Interest.

4.6 **Payment of Deficiency.** Where the Collateral has been disposed of by the Financial Institution as provided herein, the Deficiency shall be paid by the Borrower to the Financial Institution forthwith after demand therefor has been given by the Financial Institution to the Borrower and the payment of the Deficiency shall be secured by the Security Interest.

4.7 **Financial Institution's Remedies.** The Financial Institution's rights and remedies, whether provided for in this Agreement or otherwise, are, to the fullest extent possible in law, mutually exclusive and are cumulative and not alternative.

4.8 **No Obligation to Dispose of Collateral.** The Financial Institution shall not be under any obligation to, or be liable or accountable for any failure to, enforce payment or performance of the Obligations or to seize, realize, take possession of or dispose of the Collateral and shall not be under any obligations to institute proceedings for any of such purposes.

#### ARTICLE FIVE - POSSESSION OF COLLATERAL BY FINANCIAL INSTITUTION

5.1 **Collateral in the Possession of Financial Institution.** Where any Collateral is in the possession of the Financial Institution,

(a) the Financial Institution shall have no duty of care whatsoever with respect to such Collateral other than to use reasonable care in the custody and preservation thereof, provided that the Financial Institution need not take any steps of any nature to defend or preserve the rights of the Borrower therein against prior parties;

(b) the Financial Institution may, at any time following the occurrence of an Event of Default, grant or otherwise create a security interest in such Collateral upon any terms whether or not such terms impair the Borrower's right to redeem such Collateral; and

(c) the Financial Institution may, at any time following the occurrence of an Event of Default, use such Collateral in any manner and to such extent as it, in its sole discretion, deems necessary or desirable.

#### ARTICLE SIX - FIXTURES

6.1 **Fixtures.** The Borrower acknowledges and agrees that no Collateral shall become affixed to any real property other than real property owned by the Borrower in respect of which a mortgage or charge in favour of the Financial Institution has been duly registered in all appropriate offices of public record.

#### ARTICLE SEVEN - ACKNOWLEDGEMENTS, COVENANTS, REPRESENTATIONS AND WARRANTIES BY THE BORROWER

7.1 **Acknowledgments by the Borrower.** The Borrower:

(a) acknowledges receipt of a true copy of this Agreement;

(b) acknowledges and agrees that this Agreement may be assigned by the Financial Institution, without the consent of and without notice to the Borrower, to such person, firm or corporation as the Financial Institution may determine and, in such event, such person, firm or corporation shall be entitled to all of the rights and remedies of the Financial Institution as set forth in this Agreement or otherwise and the Financial Institution shall be released and discharged from its obligations hereunder; and

(c) agrees not to assert against any assignee of the Financial Institution, and the rights of such assignee are not subject to, any claim, defence, demand, set-off or other right, whether at law or in equity, that the Borrower has or may have against the Financial Institution.

7.2 **Representations and Warranties of Borrower.** The Borrower hereby represents and warrants to the Financial Institution as follows, acknowledging that the Financial Institution is relying on each of these representations and warranties, each of them being considered to be conditions of this Agreement:

(a) the Borrower has the capacity or required legal authority to enter into this Agreement, provide the Security Interest commitments and fulfil the Obligations; and

(b) with the exception of the Financial Institution's Security Interest, the Collateral belongs to the Borrower, free and clear of all encumbrances, mortgages, charges, pledges or security interests and all actions or claims.

7.3 **Covenants of the Borrower.** The Borrower covenants and agrees:

(a) to pay and discharge all Obligations as and when they are due;

(b) to ensure that the Collateral is free of all taxes, dues, charges, mortgages, liens, claims and security interests, apart from the Financial Institution's Security Interest, and, more specifically, to ensure that all Collateral acquired by the Borrower in the future is free of all taxes, dues, charges, mortgages, liens, encumbrances, claims and security interests;

- (c) not to exchange, transfer, assign, rent, dispose of or deal with the Collateral in any other way than provided in this Agreement;
- (d) to keep the Collateral in a good state of repair;
- (e) to notify the Financial Institution without delay of any loss or damage to the Collateral or of any change in the information contained in this Agreement or of any existing or potential claim that could affect the Borrower, the Collateral or the Financial Institution's Security Interest;
- (f) to obtain from each of the Borrower's landlords a written agreement in the Financial Institution's favour and approved by it, whereby each landlord:
  - (i) undertakes to give written notice to the Financial Institution of any default by the Borrower under the terms of the lease agreement and to give the Financial Institution a reasonable amount of time during which the Borrower would rectify the situation before the landlord exercised his ownership rights; and
  - (ii) acknowledges the existence of the Financial Institution's Security Interest and its right to enforce its Security Interest before and in priority to any claim by the landlord;
- (g) to take whatever action is required to prevent the Collateral from becoming a fixture to personal property that is not part of this Agreement or to prevent it from becoming a fixture to real property;
- (h) to provide the Financial Institution with all information with respect to the Collateral or the Borrower that the Financial Institution may reasonably require from time to time;
- (i) to allow the Financial Institution to have access to places where the Collateral is located and to inspect the Collateral as well as relevant documents;
- (j) to turn over to the Financial Institution from time to time Chattel papers, Instruments, Securities and negotiable drafts; and,
- (k) to give and turn over all other assignments, transfers, deeds, security agreements or other documents that the Financial Institution may require in order to complete or continue its Security Interest.

#### ARTICLE EIGHT - WAIVER

- 8.1 Waiver by Borrower.** To the extent not prohibited by law, the Borrower hereby waives the benefit of all of the provisions of the Act or any other legislation which would in any manner adversely affect the Financial Institution's rights or remedies hereunder.
- 8.2 Waiver by Financial Institution.** The Financial Institution may, in whole or in part, waive any breach of any of the provisions of this Agreement by the Borrower, any default by the Borrower in the payment or performance of any of the Obligations or any of its rights and remedies whether provided for hereunder or otherwise provided that no such waiver shall be considered to have been given unless given expressly by the Financial Institution to the Borrower in writing.
- 8.3 Failure of Financial Institution to Exercise Rights.** The Financial Institution may, at any time, grant extensions of time or other indulgences to, accept compositions from or grant releases and discharges to the Borrower in respect of the Collateral or otherwise deal with the Borrower or with the Collateral and other security held by the Financial Institution, all as the Financial Institution may see fit, and the Borrower agrees that any such act or any failure by the Financial Institution to exercise any of its rights or remedies, whether provided for hereunder or otherwise, shall in no way affect or impair the Security Interest or the rights or remedies of the Financial Institution, whether provided for in this Agreement or otherwise.

#### ARTICLE NINE - EFFECTIVE DATE AND TERMINATION

- 9.1 Effective Date.** This Agreement shall become effective according to its terms immediately upon the execution hereof by the Financial Institution and the Borrower. This Agreement and the Security Interest are in addition to and not in substitution for any other Agreement made between the Financial Institution and the Borrower or any other security granted by the Borrower to the Financial Institution whether before or after the execution of this Agreement. The Security Interest shall be a general and continuing security notwithstanding that the Obligations shall at any time or from time to time be fully satisfied or performed and shall continue in full force and effect until terminated as provided in Section 9.2.
- 9.2 Termination of Agreement.** This Agreement may be terminated by written agreement made between the Financial Institution and the Borrower or by notice in writing given by the Borrower to the Financial Institution at any time when all of the Obligations have been fully satisfied and performed by the Borrower.

Upon termination of this Agreement in accordance with the provisions of this Section 9.2, the Financial Institution shall, at the request and expense of the Borrower, make and do all such acts and things and execute and deliver all such financing statements, instruments, agreements and documents as the Borrower reasonably considers necessary or desirable to discharge the Security Interest, to release and discharge the Collateral therefrom and to record such release and discharge in all appropriate offices of public record.

#### ARTICLE TEN - POWER OF ATTORNEY

- 10.1 Appointment of Financial Institution as Attorney.** The Borrower hereby irrevocably constitutes and appoints the Financial Institution as the true and lawful attorney of the Borrower with power of substitution in the name of the Borrower to do any and all such acts and things or execute and deliver all such agreements, documents and instruments as the Financial Institution, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise any of its rights and remedies hereunder, and to do all acts or things necessary to realize or collect the Proceeds and the Borrower hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with this Section 10.1. This power of attorney shall not be revoked or terminated by any act or thing other than the termination of this Agreement in accordance with Section 9.2.

#### ARTICLE ELEVEN - GENERAL CONTRACT PROVISIONS

- 11.1 Notices.** All notices, requests, demands or other communications (collectively, "Notices") by the terms hereof required or permitted to be given by one party to any other party, or to any other person shall be given in writing by personal delivery or by registered mail, postage prepaid, or by facsimile transmission to such other party at the addresses hereinbefore noted, or at such other address as may be given by such person to the other parties hereto in writing from time to time.

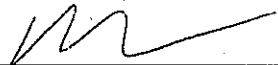
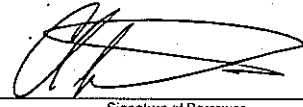
All such Notices shall be deemed to have been received when delivered or transmitted, or, if mailed, 48 hours after 12:01 a.m. on the day following the day of the mailing thereof. If any Notice shall have been mailed and if regular mail service shall be interrupted by strikes or other irregularities, such Notice shall be deemed to have been received 48 hours after 12:01 a.m. on the day following the resumption of normal mail service, provided that during the period that regular mail service shall be interrupted all Notices shall be given by personal delivery or by facsimile transmission.

- 11.2 Additional Considerations.** The parties shall sign such further and other documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence, do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part thereof.
- 11.3 Counterparts.** This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall be but one and the same instrument.

- 11.4 **Time of the Essence.** Time shall be of the essence of this Agreement and of every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.
- 11.5 **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to all of the matters herein and its execution has not been induced by, nor do any of the parties rely upon or regard as material, any representations or writings whatever not incorporated herein and made a part hereof and may not be amended or modified in any respect except by written instrument signed by the parties hereto. Any schedules referred to herein are incorporated herein by reference and form part of the Agreement.
- 11.6 **Enurement.** This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors, and permitted assigns.
- 11.7 **Currency.** Unless otherwise provided for herein, all monetary amounts referred to herein shall refer to the lawful money of Canada.
- 11.8 **Headings for Convenience Only.** The division of this Agreement into articles and sections is for convenience of reference only and shall not affect the interpretation or construction of this Agreement.
- 11.9 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and each of the parties hereto agrees irrevocably to conform to the non-exclusive jurisdiction of the Courts of such Province.
- 11.10 **Gender.** In this Agreement, words importing the singular number shall include the plural and vice versa, and words importing the use of any gender shall include the masculine, feminine and neuter genders and the word "person" shall include an individual, a trust, a partnership, a body corporate, an association or other incorporated or unincorporated organization or entity.
- 11.11 **Calculation of Time.** When calculating the period of time within which or following which any act is to be done or step taken pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded. If the last day of such period is not a Business Day, then the time period in question shall end on the first business day following such non-business day.
- 11.12 **Legislation References.** Any references in this Agreement to any law, by-law, rule, regulation, order or act of any government, governmental body or other regulatory body shall be construed as a reference thereto as amended or re-enacted from time to time or as a reference to any successor thereto.
- 11.13 **Severability.** If any Article, Section or any portion of any Section of this Agreement is determined to be unenforceable or invalid for any reason whatsoever that unenforceability or invalidity shall not affect the enforceability or validity of the remaining portions of this Agreement and such unenforceable or invalid Article, Section or portion thereof shall be severed from the remainder of this Agreement.
- 11.14 **Transmission by Facsimile.** The parties hereto agree that this Agreement may be transmitted by facsimile or such similar device and that the reproduction of signatures by facsimile or such similar device will be treated as binding as if originals and each party hereto undertakes to provide each and every other party hereto with a copy of the Agreement bearing original signatures forthwith upon demand.
- 11.15 **Borrower A Member.** The Borrower represents and warrants to the Financial Institution that the Borrower is a member of the Financial Institution in good standing and that the Borrower is not in default of any existing obligations of the Borrower to the Financial Institution.

*The Borrower acknowledges having read all the terms and conditions of this Agreement, agrees to fully comply with them and acknowledges having received a duplicate copy thereof.*

Signed at SUDBURY, Ontario, this JUNE 22, 2021

 _____ Signature of Authorized Representative of the Financial Institution	X	 _____ Signature of Borrower
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\_\_\_\_\_  
Signature of Borrower

If the Borrower is a corporation, the signing officer(s) has/have authority to bind it.

BETWEEN: SPRINGER AEROSPACE HOLDINGS LIMITED  
(the "Borrower")

AND: CAISSE DES JARDINS ONTARIO CREDIT UNION INC.  
(the "Financial Institution")

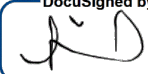
Description of certain specific assets forming part of the Collateral:

VEHICLES	1	2	3
Manufacturer			
Year			
Model			
Serial No. (VIN)			
Colour			
Licence No.			

Description of other certain specific assets forming part of the Collateral:

**a first ranking security interest on the following property: 1986 PIPER, MODEL PA-46-310P, VIN 4608032 FAA REGISTRATION N712MK PRATT & WHITNEY PT-6A-34 ENGINE BEARING SERIAL PCE RB-0006 HARTZELL HC-E4N-31 PROPELLER BEARING SERIAL HH4329 AIRCRAFT LOG BOOKS AND RECORDS**

THIS IS **EXHIBIT “K”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840E

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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.

LAND  
REGISTRY  
OFFICE #1

31470-0011 (LT)

PAGE 1 OF 3  
PREPARED FOR KimberleyReid  
ON 2023/02/21 AT 08:06:11

\* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT \* SUBJECT TO RESERVATIONS IN CROWN GRANT \*

PROPERTY DESCRIPTION: PCL 12-1 SEC 1M498; BLK 12 PL 1M498 LAIRD EXCEPT PT 1 1R7890; LAIRD; SUBJECT TO AN EASEMENT OVER BLK 12 PL 1M498 EXCEPT PT 1 1R7890 IN FAVOUR OF LT 17 RCP H759 AS IN AL195932

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE  
ABSOLUTE

RECENTLY:

FIRST CONVERSION FROM BOOK

PIN CREATION DATE:

2005/06/20

OWNERS' NAMES

SPRINGER AEROSPACE HOLDINGS LIMITED

CAPACITY SHARE

BENO

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
<i>** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2005/06/17 **</i>						
LT228046	2000/04/07	TRANSFER	\$974,000		1138968 ONTARIO LIMITED	C
LT228047	2000/04/07	CHARGE		*** COMPLETELY DELETED ***	BUSINESS DEVELOPMENT BANK OF CANADA	
LT233831	2001/05/25	CHARGE		*** COMPLETELY DELETED ***	BUSINESS DEVELOPMENT BANK OF CANADA	
AL169882	2017/02/09	CHARGE		*** COMPLETELY DELETED *** 1138968 ONTARIO LIMITED	BUSINESS DEVELOPMENT BANK OF CANADA	
AL185012	2018/04/12	DISCH OF CHARGE		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		
		<i>REMARKS: LT228047.</i>				
AL185013	2018/04/12	DISCH OF CHARGE		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		
		<i>REMARKS: LT233831.</i>				
AL193606	2018/11/29	APL CH NAME OWNER		1138968 ONTARIO LIMITED	SPRINGER AEROSPACE HOLDINGS LIMITED	C
AL193666	2018/11/30	CHARGE		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	CAISSE POPULAIRE VERMILLON INC.	
AL195932	2019/02/12	TRANSFER EASEMENT		SPRINGER AEROSPACE HOLDINGS LIMITED	SPRINGER, JAMES DANIEL SPRINGER, JOANNE MARIE ROBERTSON	C
AL198119	2019/04/23	DISCH OF CHARGE		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		
		<i>REMARKS: AL169882.</i>				
AL200494	2019/06/27	CHARGE		*** COMPLETELY DELETED ***		

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.

NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL207767	2019/12/20	CHARGE		SPRINGER AEROSPACE HOLDINGS LIMITED *** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	NORTHERN ONTARIO HERITAGE FUND CORPORATION  STERCUS ACCIDIT MORTGAGE CORPORATION	
AL207768	2019/12/20	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	STERCUS ACCIDIT MORTGAGE CORPORATION	
		REMARKS: AL207767				
AL207865	2019/12/23	CHARGE		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	AVIATION MAINTENANCE INC.	
AL212168	2020/05/12	POSTPONEMENT		*** COMPLETELY DELETED *** NORTHERN ONTARIO HERITAGE FUND CORPORATION	STERCUS ACCIDIT MORTGAGE CORPORATION	
		REMARKS: AL200494 TO AL207767/AL207768				
AL212478	2020/05/26	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** TOROMONT INDUSTRIES LTD.		
AL213732	2020/06/30	CHARGE	\$6,500,000	SPRINGER AEROSPACE HOLDINGS LIMITED	CAISSE DESJARDINS ONTARIO CREDIT UNION INC.	C
AL213737	2020/06/30	POSTPONEMENT		*** DELETED AGAINST THIS PROPERTY *** AVIATION MAINTENANCE INC.	CAISSE DESJARDINS ONTARIO CREDIT UNION INC.	
		REMARKS: AL207865 TO AL213732 DOCUMENT DELETED 2021/02/19 BY DONNA RAYNER				
AL213823	2020/07/02	APL DEL CONST LIEN		*** COMPLETELY DELETED *** TOROMONT INDUSTRIES LTD.		
		REMARKS: AL212478.				
AL213829	2020/07/03	DISCH OF CHARGE		*** COMPLETELY DELETED *** STERCUS ACCIDIT MORTGAGE CORPORATION		
		REMARKS: AL207767.				
AL214246	2020/07/14	POSTPONEMENT		*** COMPLETELY DELETED *** NORTHERN ONTARIO HERITAGE FUND CORPORATION	CAISSE DESJARDINS ONTARIO CREDIT UNION INC.	
		REMARKS: AL200494 TO AL213732				
AL214292	2020/07/15	DISCH OF CHARGE		*** COMPLETELY DELETED *** CAISSE DESJARDINS ONTARIO CREDIT UNION INC.		
		REMARKS: AL193666.				
AL216661	2020/09/04	DISCH OF CHARGE		*** COMPLETELY DELETED *** AVIATION MAINTENANCE INC.		



LAND  
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OFFICE #1

31470-0011 (LT)

PREPARED FOR KimberleyReid  
ON 2023/02/21 AT 08:06:11

\* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT \* SUBJECT TO RESERVATIONS IN CROWN GRANT \*

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
		<i>REMARKS: AL207865.</i>				
AL216665	2020/09/04	CHARGE	\$900,000	SPRINGER AEROSPACE HOLDINGS LIMITED	COMMUNITY DEVELOPMENT CORPORATION OF SAULT STE. MARIE & AREA EAST ALGOMA COMMUNITY FUTURES DEVELOPMENT CORPORATION NICKEL BASIN FEDERAL DEVELOPMENT CORPORATION	C
AL216694	2020/09/08	DISCH OF CHARGE		*** COMPLETELY DELETED *** NORTHERN ONTARIO HERITAGE FUND CORPORATION		
		<i>REMARKS: AL200494.</i>				
AL218937	2020/10/23	CHARGE	\$1,000,000	SPRINGER AEROSPACE HOLDINGS LIMITED	NORTHERN ONTARIO HERITAGE FUND CORPORATION	C
AL218944	2020/10/23	POSTPONEMENT		COMMUNITY DEVELOPMENT CORPORATION OF SAULT STE. MARIE & AREA EAST ALGOMA COMMUNITY FUTURES DEVELOPMENT CORPORATION NICKEL BASIN FEDERAL DEVELOPMENT CORPORATION	NORTHERN ONTARIO HERITAGE FUND CORPORATION	C
		<i>REMARKS: AL216665 TO AL218937</i>				



LAND  
REGISTRY  
OFFICE #1

31470-0098 (LT)

PAGE 1 OF 5  
PREPARED FOR KimberleyReid  
ON 2023/02/21 AT 08:08:27

\* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT \* SUBJECT TO RESERVATIONS IN CROWN GRANT \*

PROPERTY DESCRIPTION: LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466; LAIRD; SUBJECT TO AN EASEMENT OVER LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466 IN FAVOUR OF OF LT 17 RCP H759 AS IN AL195932

PROPERTY REMARKS: PLANNING ACT CONSENT AS IN T158205. PLANNING ACT CONSENT AS IN T243590. PLANNING ACT CONSENT AS IN T145755.

ESTATE/QUALIFIER:  
FEE SIMPLE  
LT CONVERSION QUALIFIED

RECENTLY:  
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:  
2007/09/17

OWNERS' NAMES  
SPRINGER AEROSPACE HOLDINGS LIMITED

CAPACITY SHARE  
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
<p>** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2007/09/14 **</p> <p>**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:</p> <p>** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES * AND ESCHEATS OR FORFEITURE TO THE CROWN.</p> <p>** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY CONVENTION.</p> <p>** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.</p> <p>**DATE OF CONVERSION TO LAND TITLES: 2007/09/17 **</p>						
T186570	1978/01/16	AGREEMENT		*** COMPLETELY DELETED ***		
		REMARKS: COVENANTS				
1R4782	1981/09/25	PLAN REFERENCE				C
T243591	1984/03/07	CHARGE		*** COMPLETELY DELETED ***	CARTER, CARLYLE WESLEY ESTATE OF	
T244770	1984/04/26	TRANSFER OF CHARGE		*** COMPLETELY DELETED ***	CARTER, DAV ID CARTER, DEAN CARTER, DIANNE	
		REMARKS: T243591				
T263516	1986/02/05	CHARGE		*** COMPLETELY DELETED ***	FEDERAL BUSINESS DEVELOPMENT BANK	

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.  
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ON 2023/02/21 AT 08:08:27

\* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT \* SUBJECT TO RESERVATIONS IN CROWN GRANT \*

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
T290314	1988/07/28	LODGEMENT OF TITLE		*** COMPLETELY DELETED ***	HOUSEHOLD FINANCE CORPORATION OF CANADA	
T317304	1990/08/23	CHARGE		*** COMPLETELY DELETED ***	FEDERAL BUSINESS DEVELOPMENT BANK	
T412466	2000/04/07	TRANSFER	\$974,000		1138968 ONTARIO LIMITED	C
T412467	2000/04/07	CHARGE		*** COMPLETELY DELETED ***	BUSINESS DEVELOPMENT BANK OF CANADA	
T421462	2001/05/25	CHARGE		*** COMPLETELY DELETED ***	BUSINESS DEVELOPMENT BANK OF CANADA	
AL167993	2016/12/08	DISCH OF CHARGE		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		
		<i>REMARKS: T317304.</i>				
AL167994	2016/12/08	DISCH OF CHARGE		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		
		<i>REMARKS: T263516.</i>				
AL169865	2017/02/08	APL (GENERAL)		*** COMPLETELY DELETED *** 1138968 ONTARIO LIMITED		
		<i>REMARKS: DELETING T186570</i>				
AL169882	2017/02/09	CHARGE		*** COMPLETELY DELETED *** 1138968 ONTARIO LIMITED	BUSINESS DEVELOPMENT BANK OF CANADA	
AL182811	2018/01/23	DISCHARGE INTEREST		*** COMPLETELY DELETED *** HSBC BANK CANADA		
		<i>REMARKS: T290314.</i>				
AL183087	2018/01/31	APL AMEND ORDER		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE	AVIATION MAINTENANCE LIMITED	
		<i>REMARKS: T243591</i>				
AL185010	2018/04/12	DISCH OF CHARGE		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		
		<i>REMARKS: T412467.</i>				
AL185011	2018/04/12	DISCH OF CHARGE		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		

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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
		REMARKS: T421462.				
AL193568	2018/11/29	NOTICE		1138968 ONTARIO LIMITED	SPRINGER AEROSPACE HOLDINGS LIMITED	C
		REMARKS: ARTICLES OF AMALGAMATION				
AL193570	2018/11/29	APL CH NAME OWNER		1138968 ONTARIO LIMITED	SPRINGER AEROSPACE HOLDINGS LIMITED	C
AL193605	2018/11/29	APL CH NAME OWNER		1138968 ONTARIO LIMITED	SPRINGER AEROSPACE HOLDINGS LIMITED	C
AL193666	2018/11/30	CHARGE		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	CAISSE POPULAIRE VERMILLON INC.	
AL195932	2019/02/12	TRANSFER EASEMENT		SPRINGER AEROSPACE HOLDINGS LIMITED	SPRINGER, JAMES DANIEL SPRINGER, JOANNE MARIE ROBERTSON	C
AL198119	2019/04/23	DISCH OF CHARGE		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		
		REMARKS: AL169882.				
AL200494	2019/06/27	CHARGE		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	NORTHERN ONTARIO HERITAGE FUND CORPORATION	
AL207767	2019/12/20	CHARGE		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	STERCUS ACCIDIT MORTGAGE CORPORATION	
AL207768	2019/12/20	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	STERCUS ACCIDIT MORTGAGE CORPORATION	
		REMARKS: AL207767				
AL207865	2019/12/23	CHARGE		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	AVIATION MAINTENANCE INC.	
AL211522	2020/04/20	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** MIKE MOORE CONSTRUCTION LTD.		
AL212168	2020/05/12	POSTPONEMENT		*** COMPLETELY DELETED *** NORTHERN ONTARIO HERITAGE FUND CORPORATION	STERCUS ACCIDIT MORTGAGE CORPORATION	
		REMARKS: AL200494 TO AL207767/AL207768				
AL212478	2020/05/26	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** TOROMONT INDUSTRIES LTD.		
AL213732	2020/06/30	CHARGE	\$6,500,000	SPRINGER AEROSPACE HOLDINGS LIMITED	CAISSE DESJARDINS ONTARIO CREDIT UNION INC.	C

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL213737	2020/06/30	POSTPONEMENT <i>REMARKS: AL207865 TO AL213732</i>		AVIATION MAINTENANCE INC.	CAISSE DESJARDINS ONTARIO CREDIT UNION INC.	C
AL213823	2020/07/02	APL DEL CONST LIEN <i>REMARKS: AL212478.</i>		*** COMPLETELY DELETED *** TOROMONT INDUSTRIES LTD.		
AL213829	2020/07/03	DISCH OF CHARGE <i>REMARKS: AL207767.</i>		*** COMPLETELY DELETED *** STERCUS ACCIDIT MORTGAGE CORPORATION		
AL213838	2020/07/03	APL DEL CONST LIEN <i>REMARKS: AL211522.</i>		*** COMPLETELY DELETED *** MIKE MOORE CONSTRUCTION LTD.		
AL214246	2020/07/14	POSTPONEMENT <i>REMARKS: AL200494 TO AL213732</i>		*** COMPLETELY DELETED *** NORTHERN ONTARIO HERITAGE FUND CORPORATION	CAISSE DESJARDINS ONTARIO CREDIT UNION INC.	
AL214292	2020/07/15	DISCH OF CHARGE <i>REMARKS: AL193666.</i>		*** COMPLETELY DELETED *** CAISSE DESJARDINS ONTARIO CREDIT UNION INC.		
AL216661	2020/09/04	DISCH OF CHARGE <i>REMARKS: AL207865.</i>		*** COMPLETELY DELETED *** AVIATION MAINTENANCE INC.		
AL216665	2020/09/04	CHARGE	\$900,000	SPRINGER AEROSPACE HOLDINGS LIMITED	COMMUNITY DEVELOPMENT CORPORATION OF SAULT STE. MARIE & AREA EAST ALGOMA COMMUNITY FUTURES DEVELOPMENT CORPORATION NICKEL BASIN FEDERAL DEVELOPMENT CORPORATION	C
AL216694	2020/09/08	DISCH OF CHARGE <i>REMARKS: AL200494.</i>		*** COMPLETELY DELETED *** NORTHERN ONTARIO HERITAGE FUND CORPORATION		
AL218937	2020/10/23	CHARGE	\$1,000,000	SPRINGER AEROSPACE HOLDINGS LIMITED	NORTHERN ONTARIO HERITAGE FUND CORPORATION	C
AL218944	2020/10/23	POSTPONEMENT <i>REMARKS: AL216665 TO AL218937</i>		COMMUNITY DEVELOPMENT CORPORATION OF SAULT STE. MARIE & AREA EAST ALGOMA COMMUNITY FUTURES DEVELOPMENT CORPORATION NICKEL BASIN FEDERAL DEVELOPMENT CORPORATION	NORTHERN ONTARIO HERITAGE FUND CORPORATION	C

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LAND  
REGISTRY  
OFFICE #1

31470-0098 (LT)

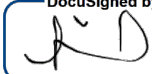
PREPARED FOR KimberleyReid  
ON 2023/02/21 AT 08:08:27

\* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT \* SUBJECT TO RESERVATIONS IN CROWN GRANT \*

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL258375	2022/11/24	APL COURT ORDER		ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)	HILLMOUNT CAPITAL INC.	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.  
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

THIS IS **EXHIBIT “L”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840F

---

*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.



PROPERTY DESCRIPTION: LT 15 RCP H759; LAIRD

PROPERTY REMARKS:

ESTATE/QUALIFIER:  
FEE SIMPLE  
LT CONVERSION QUALIFIED

RECENTLY:  
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:  
2007/09/17

OWNERS' NAMES  
SPRINGER AEROSPACE HOLDINGS LIMITED

CAPACITY SHARE

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
<p>** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2007/09/14 **</p> <p>**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:</p> <p>** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES * AND ESCHEATS OR FORFEITURE TO THE CROWN.</p> <p>** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY CONVENTION.</p> <p>** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.</p> <p>**DATE OF CONVERSION TO LAND TITLES: 2007/09/17 **</p>						
T358157	1994/06/16	TRANSFER		*** COMPLETELY DELETED ***	ARMOGAN, GUANDAMA	
AL40560	2008/08/15	TRANSFER		*** COMPLETELY DELETED *** ARMOGAN, GUANDAMA	MACQUARRIE, DONALD DOUGLAS NEWELL, MARIE	
REMARKS: PLANNING ACT STATEMENTS						
AL178964	2017/10/06	TRANSFER		*** COMPLETELY DELETED *** MACQUARRIE, DONALD DOUGLAS NEWELL, MARIE	MCLEOD, GREIG CARRUTH NEWELL, MARIE	
REMARKS: PLANNING ACT STATEMENTS.						
AL192565	2018/11/01	TRANSFER	\$275,000	MCLEOD, GREIG CARRUTH NEWELL, MARIE	1138968 ONTARIO LIMITED	C
REMARKS: PLANNING ACT STATEMENTS.						
AL193604	2018/11/29	APL CH NAME OWNER		1138968 ONTARIO LIMITED	SPRINGER AEROSPACE HOLDINGS LIMITED	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.  
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

LAND  
REGISTRY  
OFFICE #1

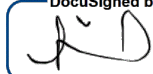
31470-0096 (LT)

PREPARED FOR KimberleyReid  
ON 2023/02/21 AT 08:09:49

\* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT \* SUBJECT TO RESERVATIONS IN CROWN GRANT \*

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
AL207556	2019/12/17	CHARGE	\$350,000	SPRINGER AEROSPACE HOLDINGS LIMITED	CAISSE POPULAIRE VERMILLON INC.	C
AL207767	2019/12/20	CHARGE		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	STERCUS ACCIDIT MORTGAGE CORPORATION	
AL207768	2019/12/20	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	STERCUS ACCIDIT MORTGAGE CORPORATION	
		REMARKS: AL207767				
AL207865	2019/12/23	CHARGE		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	AVIATION MAINTENANCE INC.	
AL212478	2020/05/26	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** TOROMONT INDUSTRIES LTD.		
AL213823	2020/07/02	APL DEL CONST LIEN		*** COMPLETELY DELETED *** TOROMONT INDUSTRIES LTD.		
		REMARKS: AL212478.				
AL213829	2020/07/03	DISCH OF CHARGE		*** COMPLETELY DELETED *** STERCUS ACCIDIT MORTGAGE CORPORATION		
		REMARKS: AL207767.				
AL216661	2020/09/04	DISCH OF CHARGE		*** COMPLETELY DELETED *** AVIATION MAINTENANCE INC.		
		REMARKS: AL207865.				
AL216666	2020/09/04	CHARGE	\$900,000	SPRINGER AEROSPACE HOLDINGS LIMITED	COMMUNITY DEVELOPMENT CORPORATION OF SAULT STE. MARIE & AREA EAST ALGOMA COMMUNITY FUTURES DEVELOPMENT CORPORATION NICKEL BASIN FEDERAL DEVELOPMENT CORPORATION	C
AL258375	2022/11/24	APL COURT ORDER		ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)	HILLMOUNT CAPITAL INC.	C

THIS IS **EXHIBIT “M”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840E

---

*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.

RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 1  
( 4534)

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

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED

FILE CURRENCY : 30NOV 2022

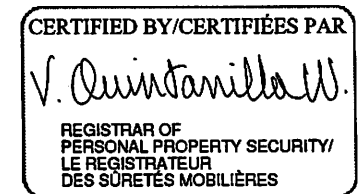
ENQUIRY NUMBER 20221201091602.24 CONTAINS 17 PAGE(S), 8 FAMILY(IES).

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

GOWLING WLG (CANADA) LLP - TORONTO - MARK EMMANUEL

1600-1 FIRST CANADIAN PLACE  
TORONTO ON M5X 1G5

CONTINUED... 2



(crj6 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 2  
( 4535)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
788832801

00  
01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION  
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD  
001 1 20221128 1545 1590 0189 P PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
03 NAME BUSINESS NAME SPRINGER AEROSPACE HOLDINGS LIMITED

04 ADDRESS 377 LAKEVIEW ROAD ECHO BAY ONTARIO CORPORATION NO.  
ON P0S 1C0

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

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT CAISSE DESJARDINS ONTARIO CREDIT UNION INC.

09 ADDRESS 1173 CYRVILLE ROAD GLOUCESTER ON K1J 7S6

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

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

13 GENERAL  
14 COLLATERAL  
15 DESCRIPTION

16 REGISTERING GOWLING WLG (CANADA) LLP (K. YURKOVICH)  
17 AGENT ADDRESS SUITE 1600, 100 KING STREET WEST TORONTO ON M5X 1G5

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

CONTINUED... 3

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

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 3  
( 4536)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
774382131

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	01	002		20210713 1406 1462 5841	P PPSA	5

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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02 DEBTOR NAME  
03 BUSINESS NAME SPRINGER AEROSPACE HOLDINGS LIMITED

04 ADDRESS 377 LAKEVIEW RD ECHO BAY ON P0S1C0  
ONTARIO CORPORATION NO.

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
----------------	---------------	------------------	---------	---------

05 DEBTOR NAME  
06 BUSINESS NAME  
07 ADDRESS  
ONTARIO CORPORATION NO.

08 SECURED PARTY /  
LIEN CLAIMANT CAISSE DESJARDINS ONTARIO CREDIT UNION INC.

09 ADDRESS 43, RUE NOTRE-DAME, C.P. 550 AZILDA ON P0M1B0

COLLATERAL CLASSIFICATION

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

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

11 MOTOR VEHICLE  
12 GENERAL DESCRIPTION  
13 A FIRST RANKING SECURITY INTEREST ON THE FOLLOWING PROPERTY -  
14 1986 PIPER, MODEL PA-46-310P, VIN 4608032 FAA REGISTRATION N712MK  
15 PRATT & WHITNEY PT-6A-34 ENGINE BEARING SERIAL PCE RB-0006 HARTZELL

16 REGISTERING AGENT PPSA CANADA INC. - (8725)  
17 ADDRESS 303-110 SHEPPARD AVE. E. TORONTO ON M2N6Y8

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

CONTINUED... 4

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

(crjfv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 5  
( 4538)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20221128 1542 1590 0186	P PPSA
21	RECORD REFERENCED	FILE NUMBER	774382131		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
		X	A AMENDMENT		
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	SPRINGER AEROSPACE HOLDINGS LIMITED		
25	OTHER CHANGE REASON/ DESCRIPTION	TO AMEND THE SECURED PARTY'S NAME AND ADDRESS			
02/05	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/06	TRANSFEEE	BUSINESS NAME			
04/07	ADDRESS				ONTARIO CORPORATION NO.
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08		CAISSE DESJARDINS ONTARIO CREDIT UNION INC.			
09	ADDRESS	1173 CYRVILLE ROAD	GLUCESTER	ON	K1J 7S6
	COLLATERAL CLASSIFICATION				
	CONSUMER	MOTOR VEHICLE		DATE OF	NO FIXED
	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER
			INCLUDED	AMOUNT	MATURITY OR MATURITY DATE
10		YEAR	MAKE	MODEL	V.I.N.
11	MOTOR VEHICLE				
13	GENERAL DESCRIPTION				
14	COLLATERAL DESCRIPTION				
15	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT	GOWLING WLG (CANADA) LLP (K. YURKOVICH)			
16		ADDRESS	SUITE 1600, 100 KING STREET WEST	TORONTO	ON M5X 1G5

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

CONTINUED... 6

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

(crj2fv 05/2022)





RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 6  
( 4539)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
766401228

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	001		20201002 1515 1862 2214	P PPSA	10

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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02 DEBTOR NAME  
03 BUSINESS NAME SPRINGER AEROSPACE HOLDINGS LIMITED

04 ADDRESS 377 LAKEVIEW ROAD ECHO BAY ONTARIO CORPORATION NO. 1972686  
ON P0S 1C0

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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05 DEBTOR NAME  
06 BUSINESS NAME 1138969 ONTARIO INC.

07 ADDRESS 377 LAKEVIEW ROAD ECHO BAY ONTARIO CORPORATION NO. 1138969  
ON P0S 1C0

08 SECURED PARTY / AVIATION MAINTENANCE INC.

09 LIEEN CLAIMANT ADDRESS 3255 HAIGHT ROAD ST. JOSEPH ISLAND ON P0R 1G0

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
X	X	X	X	X	2500000	21NOV2029		

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

13 GENERAL COLLATERAL DESCRIPTION GENERAL SECURITY AGREEMENT OF ALL PRESENT AND FUTURE PROPERTY OF THE DEBTOR, GUARANTEE, INDEMNITY, ASSIGNMENT AND POSTPONEMENT.

14 COLLATERAL DESCRIPTION

16 REGISTERING AGENT WISHART LAW FIRM LLP

17 ADDRESS 390 BAY STREET, 5TH FLOOR SAULT STE. MARIE ON P6A 1X2

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

CONTINUED... 7

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

(crj1fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 7  
( 4540)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
765706797

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	002		20200914 1107 1862 0810	P PPSA	13

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

02				
03		BUSINESS NAME	SPRINGER AEROSPACE HOLDINGS LIMITED	

04	ADDRESS	377 LAKEVIEW ROAD	ECHO BAY	ONTARIO CORPORATION NO.	ON	P0S 1C0
----	---------	-------------------	----------	-------------------------	----	---------

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

05				
06		BUSINESS NAME	1138969 ONTARIO INC.	

07	ADDRESS	377 LAKEVIEW ROAD	ECHO BAY	ONTARIO CORPORATION NO.	ON	P0S 1C0
----	---------	-------------------	----------	-------------------------	----	---------

08	SECURED PARTY / LIEN CLAIMANT	NORTHERN ONTARIO HERITAGE FUND CORPORATION			
----	-------------------------------	--	--	--	--

09	ADDRESS	#200-70 FOSTER DRIVE	SAULT STE. MARIE	ON	P6A 6V8
----	---------	----------------------	------------------	----	---------

COLLATERAL CLASSIFICATION

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

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

11			
12			

13	GENERAL
14	COLLATERAL
15	DESCRIPTION

16	REGISTERING AGENT	MNDM - LEGAL SERVICES BR (NOHFC 8410837/TJ)
----	-------------------	---

17	ADDRESS	SUITE 1601, 700 BAY STREET	TORONTO	ON	M5G 1Z6
----	---------	----------------------------	---------	----	---------

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

CONTINUED... 8

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

(ej1fv 05/2022)

Ontario 

RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 8  
( 4541)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
765706797

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	002	002		20200914 1107 1862 0810		

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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02 DEBTOR NAME  
03 BUSINESS NAME SPRINGER AEROSPACE

04 ADDRESS 377 LAKEVIEW ROAD ECHO BAY ONTARIO CORPORATION NO. ON P0S 1C0

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

05 DEBTOR NAME  
06 BUSINESS NAME  
07 ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT  
09 ADDRESS

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

10

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

11 MOTOR VEHICLE  
12

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT

17 ADDRESS

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

CONTINUED...

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

(crj1fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 9  
( 4542)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
765485847

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	3		20200904 1658 1590 1123	P PPSA	15

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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02 DEBTOR NAME  
03 BUSINESS NAME SPRINGER AEROSPACE HOLDINGS LIMITED

04 ADDRESS 377 LAKEVIEW ROAD ECHO BAY ONTARIO CORPORATION NO. 1972686  
ON P0S 1C0

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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05 DEBTOR NAME  
06 BUSINESS NAME  
07 ADDRESS  
ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT COMMUNITY DEVELOPMENT CORPORATION OF SAULT STE MARIE

09 ADDRESS 672 QUEEN STREET EAST SAULT STE MARIE ON P6A 2A4

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

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

11 MOTOR VEHICLE

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT PASCUZZI & BERLINGIERI LAW FIRM LLP

17 ADDRESS 369 QUEEN STREET EAST SUITE 200 SAULT STE. MARIE ON P6A 124

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

CONTINUED... 10

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

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 10  
( 4543)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
765485847

00  
01  
CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION  
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD  
002 3 20200904 1658 1590 1123

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

04 ADDRESS ONTARIO CORPORATION NO.

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

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / EAST ALGOMA COMMUNITY FUTURES DEVELOPMENT CORPORATION  
09 DEBTOR NAME BUSINESS NAME ADDRESS 1 INDUSTRIAL PARK ROAD BLIND RIVER ON P0R 1B0

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

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

13 GENERAL  
14 COLLATERAL  
15 DESCRIPTION

16 REGISTERING AGENT ADDRESS  
17

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

CONTINUED... 11

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

(crj1fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 11  
( 4544)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
765485847

00

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	003	3		20200904 1658 1590 1123		

01

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME

02

BUSINESS NAME

03

ONTARIO CORPORATION NO.

04

ADDRESS

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME

05

BUSINESS NAME

06

ONTARIO CORPORATION NO.

07

ADDRESS

SECURED PARTY / LIEN CLAIMANT  
NICKEL BASIN FEDERAL DEVELOPMENT CORPORATION

08

ADDRESS

200 BRADY STREET SUDBURY ON P3E 3L9

09

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

10

MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.

11

GENERAL

12

COLLATERAL DESCRIPTION

13

REGISTERING AGENT

14

ADDRESS

15

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

CONTINUED... 12

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

(rj1fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 12  
( 4545)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
761337783

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED	REGISTRATION
FILING	NO.	OF	SCHEDULE	NUMBER	UNDER	PERIOD
	001	1		20200401 0816 1532 8182	P PPSA	06

DEBTOR	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
--------	---------------	------------------	---------	---------

02 DEBTOR NAME BUSINESS NAME SPRINGER AEROSPACE HOLDINGS LIMITED

04 ADDRESS 377 LAKEVIEW RD ECHO BAY ON P0S 1C0 ONTARIO CORPORATION NO.

DEBTOR	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
--------	---------------	------------------	---------	---------

06 DEBTOR NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / VENDOR CREDIT CANADA INC.

09 ADDRESS 4865 MARC-BLAIN ST., SUITE 300 ST-LAURENT QC H4R 3B2

COLLATERAL CLASSIFICATION

CONSUMER	MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED				
GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED	MATURITY	OR	MATURITY DATE
					X	37189.23		30MAR2026

MOTOR	YEAR	MAKE	MODEL	V.I.N.
VEHICLE	2019	VOLKSWAGEN	GOLF SPORTWAGON COM	3VW117AUXKM515581

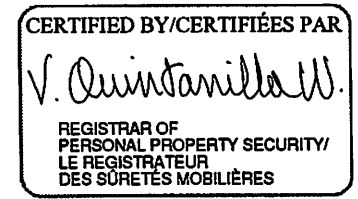
13 GENERAL  
14 COLLATERAL  
15 DESCRIPTION

16 REGISTERING AGENT D + H LIMITED PARTNERSHIP

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

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

CONTINUED... 13



(crj1fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 13  
( 4546)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
758066724

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20191129 0835 1532 6371	P PPSA	06

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

02	DEBTOR NAME	BUSINESS NAME	1138969 ONTARIO INC.		ONTARIO CORPORATION NO.
04	ADDRESS	377 LAKEVIEW RD		ECHO BAY	ON P0S 1C0

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

05	DEBTOR NAME	BUSINESS NAME			ONTARIO CORPORATION NO.
07	ADDRESS				

SECURED PARTY / LIEN CREATOR	ADDRESS	AMOUNT	DATE OF MATURITY	NO FIXED MATURITY DATE
------------------------------	---------	--------	------------------	------------------------

08	SECURED PARTY / LIEN CREATOR	VW CREDIT CANADA INC.			
09	ADDRESS	4865 MARC-BLAIN ST., SUITE 300	ST-LAURENT	QC	H4R 3B2

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

10		X	X	X	32319.70	22NOV2025
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MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

11	2019 VOLKSWAGEN	GOLF COMFORTLINE	3VWG57AU3KM032822
12	VEHICLE		
13	GENERAL		
14	COLLATERAL		
15	DESCRIPTION		

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

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

CONTINUED... 14

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

(crj1fv 05/2022)





RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 14  
( 4547)

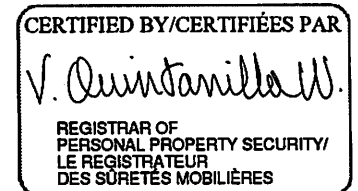
TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20200401 1632 1532 9212	
21	RECORD REFERENCED	FILE NUMBER	758066724		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	1138969 ONTARIO INC.		
25	OTHER CHANGE REASON/ DESCRIPTION				
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/	TRANSFEREE	BUSINESS NAME	SPRINGER AEROSPACE HOLDINGS LIMITED		
04/07	ADDRESS	377 LAKEVIEW RD	ECHO BAY	ONTARIO CORPORATION NO.	ON P0S 1C0
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08	ADDRESS				
09	COLLATERAL CLASSIFICATION				
10	CONSUMER GOODS	MOTOR VEHICLE INCLUDED	DATE OF MATURITY	NO FIXED MATURITY DATE	
11	MOTOR VEHICLE GENERAL	YEAR MAKE	MODEL	V.I.N.	
12	COLLATERAL DESCRIPTION				
13	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT	ADDRESS	D + H LIMITED PARTNERSHIP 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8		

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

CONTINUED... 15



(crj2fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 15  
( 4548)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
745544772

00  
01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION  
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD  
001 1 20181105 1424 9489 0035 P PPSA 05

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
03 NAME BUSINESS NAME 1138968 ONTARIO LIMITED ONTARIO CORPORATION NO.  
04 ADDRESS 377 LAKESHORE DRIVE ECHO BAY ON P0S 1C0

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
06 NAME BUSINESS NAME SPRINGER AEROSPACE HOLDINGS LIMITED ONTARIO CORPORATION NO.  
07 ADDRESS 377 LAKESHORE DRIVE ECHO BAY ON P0S 1C0

08 SECURED PARTY / TIEN CLAIMANT CAISSE POPULAIRE VERMILLON INC.  
09 ADDRESS 29 MAIN STREET CHELMSFORD ON P0M 1L0

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

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

13 GENERAL GENERAL SECURITY AGREEMENT REGISTERED AGAINST ALL PRESENT AND  
14 COLLATERAL AFTER-ACQUIRED ASSETS  
15 DESCRIPTION

16 REGISTERING MLA LAW LLP C/O SHEENA ALEXANDER  
17 AGENT ADDRESS 33 MACKENZIE STREET, SUITE 200 SUDBURY ON P3C 4Y1

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

CONTINUED... 16

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

(crj1fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

REPORT : PSSR060  
PAGE : 16  
( 4549)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER				
01	001	1		20221128 1541 1590 0185	P	PPSA			
21	RECORD REFERENCED	FILE NUMBER	745544772						
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD				
		X	A AMENDMENT						
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME					
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	SPRINGER AEROSPACE HOLDINGS LIMITED						
25	OTHER CHANGE	REASON/ DESCRIPTION							
26		TO AMEND THE SECURED PARTY'S NAME AND ADDRESS							
27									
28									
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME				
03/		BUSINESS NAME							
04/07		ADDRESS	ONTARIO CORPORATION NO.						
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE							
08		ADDRESS	CAISSE DESJARDINS ONTARIO CREDIT UNION INC.						
09		1173 CYRVILLE ROAD	GLOUCESTER	ON	K1J 7S6				
10	COLLATERAL CLASSIFICATION	CONSUMER GOODS	MOTOR VEHICLE	DATE OF MATURITY	NO FIXED MATURITY DATE				
		INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT	OR				
11	MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.				
12	GENERAL								
13	COLLATERAL								
14	DESCRIPTION								
15	REGISTERING AGENT OR	GOWLING WLG (CANADA) LLP (K. YURKOVICH)							
16	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	SUITE 1600, 100 KING STREET WEST TORONTO ON M5X 1G5						

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

CONTINUED... 17

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

(crj2fv 05/2022)

Ontario 

RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091602.24

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

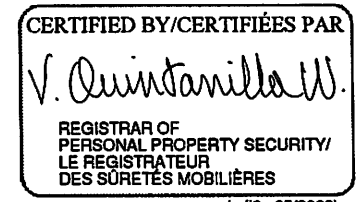
REPORT : PSSR060  
PAGE : 17  
( 4550)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : SPRINGER AEROSPACE HOLDINGS LIMITED  
FILE CURRENCY : 30NOV 2022

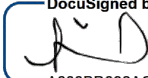
INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
788832801	20221128 1545 1590 0189			
774382131	20210713 1406 1462 5841	20221128 1542 1590 0186		
766401228	20201002 1515 1862 2214			
765706797	20200914 1107 1862 0810			
765485847	20200904 1658 1590 1123			
761337783	20200401 0816 1532 8182			
758066724	20191129 0835 1532 6371	20200401 1632 1532 9212		
745544772	20181105 1424 9489 0035	20221128 1541 1590 0185		

11 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



THIS IS **EXHIBIT “N”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840E

---

*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.



May 16, 2019

1138969 ONTARIO INC.  
377 LAKEVIEW RD  
ECHO BAY, ON P0S 1C0

Attention: DANIEL SPRINGER

**Subject: Financing Offer**

Mr,

Thank you for the opportunity to respond to your credit Facility needs. Desjardins, Canada's largest financial co-operative, is committed to supporting businesses by providing them access to the expertise of our entire network. We offer a full range of quality services that meet businesses' changing and growing needs. Like you, Desjardins and its member institutions actively contribute to the economic growth in their communities.


As part of our business relationship with you, CAISSE POPULAIRE VERMILLON INC. (hereinafter referred to as "**the Financial Institution**") would like to assist in the growth of 1138969 Ontario Inc. (hereinafter referred to as "**the Borrower**"). Based on the documents and information you have provided us and subject to the terms and conditions set out herein, we are pleased to offer the credit facilities which are detailed in the attached document (hereinafter referred to as the "credit" or "Facility").

Variable credit	C\$1,000,000.00	Increase of Line of Credit
Loan	C\$300,000.00	Various equipment

If you agree to this Offer of Financing, please confirm your acceptance by returning us a copy of this document, signed by your authorized representative(s), including the duly signed "**GENERAL CONDITIONS**" sections attached hereto, which form an integral part of this Offer of Financing, no later than June 14, 2019. The Financial Institution reserves the right to cancel or amend this Offer of Financing if it is received after this date.

We trust that this Offer of Financing meets your needs. If you require any additional information, please feel free to contact us. Mr. Richard Picard, your Account Manager, will be pleased to answer your questions and work with you. We look forward to working with you to develop a mutually beneficial business relationship.

Sincerely,



Richard Picard  
Senior Account Manager

Your partner:

CAISSE POPULAIRE VERMILLON INC.  
29 MAIN STREET EAST  
CHELMSFORD, ON P0M 1L0

## **1. VARIABLE CREDIT**

### **1.1 Amount and purpose**

The Financial Institution agrees to grant the Borrower variable credit in the amount of ONE MILLION Canadian dollars (C\$1,000,000.00), which shall be used to finance its daily operations, subject to the terms and conditions set forth herein and in the "GENERAL CONDITIONS" attached hereto.

### **1.2 Available amount**

Notwithstanding the authorized amount(s) mentioned above, the total advances made or the amount to which the Borrower shall have access (hereinafter referred to as the "available amount") shall not exceed the total of the following amounts in relation to the Borrower's assets:

- 75% of "eligible Canadian receivables";
- 90% of "insured eligible Canadian receivables", insured by EDC;
- 90% of "insured eligible foreign receivables", insured by EDC;
- 50% of the "value" of "eligible inventories" of finished products, up to a maximum of \$350,000.00;

The "available amount" shall be reduced by the amount of the debts that, under applicable law, take precedence over charges and security held by the Financial Institution, including, inter alia, source deductions on wages, other sums or taxes collected and not remitted to government authorities (source deductions, HST, etc.) and tax debts. However, if the Borrower uses one of the Desjardins Payroll and Human Resources Services' options to carry out government remittances, the amount of source deductions on employees' wages will not be deducted when calculating the "available amount", as long as the Borrower uses this service.

### **1.3 Interest**

#### **Variable tranches option rate**

Amounts advanced in Canadian dollars under the variable credit shall bear interest, calculated monthly before as well as after maturity, default or judgment at the "Financial Institution's Prime Rate" plus 1.250% per annum. The interest rate applicable to the amounts advanced shall vary in accordance with each variation in the prime rate. On the date hereof, this rate is 3.950% per annum.

Interest shall be paid on the 15<sup>th</sup> day of each month.

### **1.4 Disbursement and repayment**

The Borrower shall use the variable credit in tranches (credit units) of C\$10,000.00 or multiples thereof, in accordance with the terms and conditions set forth herein.

For the repayment of any amounts of principal due, on each business day, the Financial Institution shall debit the Borrower's PCA account(s) for an amount corresponding to a multiple of the aforementioned credit unit, in the currency in which such principal is owing, provided that the account has a credit balance.

### 1.5 Facility disbursement prerequisites

- EDC Guarantee certificate covering the line of credit for an amount of \$400,000.

## 2. LOAN

### Project

Use of funds	Amount
Various equipment	\$300,000.00
<b>Total</b>	<b>\$300,000.00</b>

Source of funds	Amount
Term Loan	\$300,000.00
<b>Total</b>	<b>\$300,000.00</b>

### 2.1 Amount and purpose

Subject to the terms and conditions set forth below and in the "GENERAL CONDITIONS" attached hereto, the Financial Institution agrees to make a loan to the Borrower in the amount of THREE HUNDRED THOUSAND Canadian dollars (C\$300,000.00). Such loan shall be used solely for the purposes agreed to by the parties.

### 2.2 Term

5 years

### 2.3 Amortization

5 years

### 2.4 Interest

#### 2.4.1 Fixed rate

The loan shall bear interest, before as well as after maturity, default or judgment at a rate of 8.000% per annum calculated monthly, not in advance.

#### 2.4.2 Interest adjustment date

All interest accrued on the thirtieth day prior to the first payment date shall be paid on such date. If the frequency of payments is weekly, interest accrued shall be paid on the seventh day prior to the first payment date.

Any interest unpaid at maturity shall itself bear interest at the rate applicable to the loan. It may be capitalized but remains payable on demand.

### 2.5 Disbursement

The loan shall be disbursed in a single disbursement to be made no later than August 31, 2019, failing which the Financial Institution may refuse to make any other disbursement.



## **2.6 Repayment**

The Borrower undertakes to repay the loan as follows:

- Interest only payments until August 31, 2019
- Periodic equal payments: by means of 60 monthly equal and consecutive payments of C\$6,082.92 of principal and interest, with the first payment to be made on September 15, 2019 and the others successively: until the loan is repaid in full

These repayment terms are determined on the basis of an amortization period of 5 years.

## **2.7 Prepayment**

The loan may be prepaid, in whole or in part subject to the payment of an indemnity calculated as set forth in the "GENERAL CONDITIONS SPECIFIC TO A LOAN AND SPLIT LOAN".

A prepayment shall not release the Borrower from its obligation to continue making the payments provided for herein.

## **2.8 Facility disbursement prerequisites**

- The disbursements shall be made upon presentation of:
  - related invoices;
  - evidence of related payments;

## **2.9 Special Facility conditions**

- The amount of Facility determined above shall also be limited to:
  - 100% of the lesser of the cost of acquisition and the fair market value of the equipment various equipment;
- The disbursements shall be made upon presentation of:
- The last disbursement shall be made no later than August 31, 2019.
- No amendment to the project shall take place without the Financial Institution's written consent.

# **3. GENERIC CONDITIONS**

## **3.1 Facility disbursement prerequisites**

- The Borrower shall at all times maintain an insurance policy for damages (fire, theft, vandalism) and other risks, including the following coverage, with proceeds payable to the Financial Institution:
  - Business interruption or loss of income as a result of a claim;
  - Equipment breakdown;
  - Misappropriation, disappearance and destruction insurance;

- The Borrower shall at all times maintain a civil liability insurance policy for a minimum of \$5,000,000.00.

### 3.2 Conditions applicable to Facility

- The Borrower shall provide the Financial Institution with a joint and several undertakings from the shareholders, the partners or the guarantors to:
  - cover any subsequent operating deficit;
  - cover any shortfall in debt service coverage;
  - cover any default of financial ratios;
  - The natural or legal persons who have to be bound on a joint and several basis towards the Financial Institution are: Springer Aerospace Holdings Limited, Christopher Grant & Daniel Springer.
- The Borrower agrees to hold and maintain its main operating account at the Financial Institution and to carry out its current transactions through this account.
- Cross default clause between the borrower and 1929927 Ontario inc. and Springer Aerospace Holdings Limited.
- The owner of 1929927 Ontario Inc. must modify their fiscal year end to August 31st starting with their 2019-08-31 statements.
- The borrower must obtain and following to the caisse, no later than ~~2019-05-31~~ <sup>2019-07-31</sup>, the consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc. 1929927 Ontario Inc. and Aviation Maintenance Inc. as at ~~08-31-2018~~ <sup>2019-02-28</sup>.

### 4. FINANCIAL INSTITUTION'S PRIOR CONSENT

The Borrower shall not do, make or execute any of the following transactions or operations without obtaining the Financial Institution's prior written consent:

- Modify the nature of its business;
- Grant loans or advances;
- Extend any financial assistance or grant a charge, a security, a mortgage or guarantee for or on behalf of a third party;
- If the Borrower is a partnership or corporation, take part into any operation that results in a change in the person(s) controlling the Borrower, directly or indirectly. Control is currently in the hands of Springer Aerospace Holdings Limited;

The obligation to obtain the Financial Institution's prior written consent for the aforementioned transactions and operations shall, from now on, apply to any other Facility the Financial Institution made available to the Borrower and this obligation shall continue to apply to any other Facility, even if the present Facility is repaid.

## 5. FINANCIAL RATIOS

The Borrower shall at all times maintain the following financial ratio(s):

- Working capital ratio equal to or greater than 1.40:1;

The working capital ratio is equal to: total current assets divided by total current liabilities.

Excluded from current assets for the calculation of working capital are advances and loans to shareholders, directors, officers and employees, and loans, advances to and investments in related entities. Unless a default situation arises that is likely to make a loan balance due, excluded from current liabilities are amounts of long-term debt that are classified in current liabilities because the terms of the debts mature the following fiscal year.

- A fixed-charge coverage ratio equal to or greater than 1.10:1;

For calculation purposes, the numerator is equal to the total of earnings before interest on short- and long-term debt, current and future income taxes, depreciation and amortization and before any non-recurring expenditures and the share of losses of subsidiaries or other business holdings, less income taxes payable, the share of earnings of subsidiaries or other holdings, any capital distribution<sup>1</sup>, any non-recurring revenue and unfinanced capital expenditures.

The denominator is equal to the sum, for the same period, of total interest paid on short- and long-term debt and principal payments on long-term debt and capital leases.

<sup>1</sup> Capital distributions are calculated by adding up dividends paid, share redemptions and other forms of withdrawal, amounts paid in the form of loans or advances to shareholders, directors, officers and employees or in the form of loans and advances to or investments in other related entities, less amounts received in the form of loans or advances to shareholders, directors, officers and employees or in the form of loans and advances to or investments in other related entities.

- All financial ratios to be calculated based on the accountant prepared consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc. 1929927 Ontario Inc. and Aviation Maintenance Inc.

The obligation to maintain the aforementioned financial ratio(s) at all times shall apply from now on to any other Facility the Financial Institution has made available to the Borrower and this obligation shall continue to apply to such other Facility, even if the present Facility is repaid.

The Borrower shall achieve the following financial ratio(s):

- Ratio of total debt to tangible net worth equal to or less than 5.00:1;

For calculation purposes, total debt includes total liabilities, including non-deferred or non-subordinated preferred shares redeemable at the holder's option at their redemption value but excluding long-term future income tax credits, deferred or subordinated debts and deferred or subordinated preferred shares redeemable at the holder's option.

Tangible net worth is the total of share capital, retained earnings, contributed surplus, deferred or subordinated debts, redeemable preferred shares<sup>1</sup> and long-term future income tax credits, less intangible assets<sup>2</sup>, non-deferred or non-subordinated preferred shares redeemable at the holder's option at their redemption value, loans and advances to shareholders, directors, officers and employees, and loans and advances to and investments in related entities (other than accounts receivable generated in the normal course of business).

<sup>1</sup> At the option of the holder (deferred or subordinated) or of the company.

<sup>2</sup> Assets including but not limited to goodwill, expenses related to research and development, financing, start-up or marketing, trademarks, patents, software, source code and any other deferred expense, etc.

- Ratio to be achieved by 2019-08-31, based on the consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc. 1929927 Ontario Inc. and Aviation Maintenance Inc.

The ratio will be adjusted annually to:

4.5 to 1 by August 31st, 2020  
3.5 to 1 by August 31st, 2021  
3.0 to 1 or less thereafter.

The obligation to achieve the aforementioned financial ratio(s) by the stated date and to subsequently maintain such ratio(s) shall apply from now on to any other Facility the Financial Institution has made available to the Borrower and this obligation shall continue to apply to such other Facility, even if the present Facility is repaid.

## **6. DOCUMENTS TO BE PROVIDED**

### **6.1 In order for the Financial Institution to determine the variable credit's "available amount", the Borrower shall provide it with the following documents:**

- No later than the 20<sup>th</sup> day of each month, a detailed list broken down by 30-day periods of its accounts receivable as at the last day of the previous month;
- No later than the 20<sup>th</sup> day of each month, a detailed statement, in accordance with the Financial Institution's requirements, of its inventory at its acquisition cost (or market value, if lower than the acquisition cost) as at the last day of the previous month;
- No later than the 20<sup>th</sup> day of each month, a detailed list broken down by 30-day periods of its accounts payable and amounts due under tax laws as at the last day of the previous month;
- No later than the 20<sup>th</sup> day of each month, its interim financial statements;
- No later than the 20<sup>th</sup> day of each month, a certificate of an officer with regard to the calculation of the variable credit amount available;
- The Borrower shall be under no obligation to provide the aforementioned documents to the Financial Institution if the balance of the variable credit at the end of a month is less than \$445,000.00 and it takes the necessary steps to prevent such balance from exceeding this amount during the next month. If the Borrower takes advantage of this privilege, the available amount shall then be limited to such amount until the Financial Institution is able to determine a new available amount based upon fresh documents being provided.

Such documents are in addition to any other documents required to be provided to the Financial Institution hereunder.

### **6.2 In order for the Financial Institution to periodically review or renew the Facility(ies) scheduled for January 31, 2020, the Borrower shall provide it with the following documents prior to January 31, 2020:**

- Its annual financial statements in the form of a review engagement as at August 31, 2019;
- Its interim financial statements as at August 31, 2019;
- Recent annual financial statements in the form of a review engagement for the following entities: Springer Aerospace Holdings Limited, 1929927 Ontario Inc. & "notice to reader" for Aviation Maintenance Inc.;
- The consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc. 1929927 Ontario Inc. and Aviation Maintenance Inc. as at August 31, 2019;
- A detailed list broken down by 30-day periods of its accounts receivable as at the end of the fiscal year;
- A detailed list broken down by 30-day periods of its accounts payable and accrued liabilities, and amounts due under tax laws as at the end of the fiscal year;
- A statement of work in progress as at the end of the fiscal year;

- The signed recent personal balance sheet(s) of Christopher Grant & Daniel Springer (2021) every 3 years;
- The income tax returns for the last year of Christopher Grant & Daniel Springer;
- An organization chart detailing the relationship between the Borrower and the related party organizations and any other related parties;
- The consolidated financial statements should contain a cash flow statement.

## **7. SECURITY APPLICABLE TO**

### **7.1 All Facilities**

The performance of the Borrower's obligations set forth herein or arising herefrom shall at all times be secured by the following security interests or charges:

- A first priority ranking general personal property security securing all of the present and future personal property of the Borrower;
- a governmental guarantee under the EDC program;
- a guarantee from Springer Aerospace Holdings Limited in the amount of \$1,225,000.00
  - With respect to all of the Borrower's present and future debts and obligations toward the Financial Institution;

### **7.2 Security applicable to the loan (\$300,000)**

- A specific security interest attaching the following present, future and after-acquired property:
  - A first ranking security interest on the property described in the schedule hereto;

## **8. FEES AND COSTS**

Upon the signature hereof, the Borrower shall pay to the Financial Institution an amount of \$0.00. Amount for the cost of analyzing the Facility application and opening the file and the taking of security, which amount is not refundable even if the Facility hereunder is not disbursed. Such costs are over and above the other costs payable by the Borrower (professional fees, if any, registration fees of charges and personal property security, etc.).

The Borrower acknowledges having been informed of such fees and costs and that they may be modified from time to time by the Financial Institution.

The Borrower shall also pay other fees and costs that could become applicable to such Facility, pursuant to the fee policy then in effect at the Financial Institution.

The Borrower authorizes the Financial Institution to debit its account(s) for the amount of the fees and costs set forth herein.

## **9. GENERAL CONDITIONS**

The "GENERAL CONDITIONS" attached hereto form an integral part of this Offer of Financing as if they were incorporated directly herein.

**10. DEEMED AGREEMENT(S)**

When accepted and signed by the Borrower, this Offer of Financing will be deemed to constitute one or more of the following agreement(s): a variable credit agreement, a revolving credit agreement, a loan agreement, a split loan agreement, a credit agreement and/or a wholesale inventory Facility agreement, as the case may be. The date of the signature of such agreement(s) shall be deemed to be the date of its signature by the Borrower and such agreement(s) shall replace any prior verbal and/or written agreement between the parties concerning the Facility(ies) provided for herein.

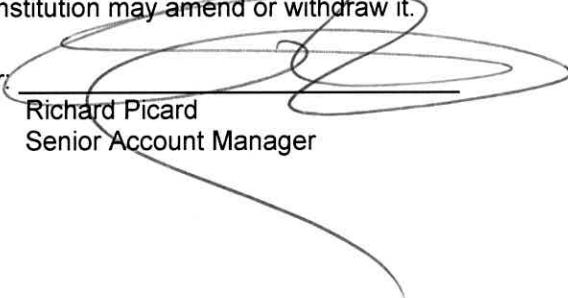
The Financial Institution shall subsequently see to the preparation of the documentation relating to any charge or security provided for in this Offer of Financing and such documentation shall be completed and registered to the satisfaction of the Financial Institution and its legal counsel, if applicable, prior to any disbursement.

**11. ACCEPTANCE**

By accepting this Offer of Financing, the Borrower confirms that all the financial and other documents and information provided to the Financial Institution to obtain this Facility are accurate and complete. If they are inaccurate or incomplete, this Offer may be cancelled at the Financial Institution's discretion.

This Offer of Financing is valid until 5:00 p.m. on June 14, 2019. After that time, the Financial Institution may amend or withdraw it.

Per:



Richard Picard  
Senior Account Manager

**BORROWER'S ACCEPTANCE**

I (We) the undersigned Daniel Springer and Christopher Grant, the Borrower, the representative(s) of the Borrower (in the case of a body corporate, such representative(s) state(s) that it has (they have) the authority to bind the corporation) accept all the terms and conditions set out in this Financing Offer.

Signed on 2019-05-22

By: 

Daniel Springer

By: 

Christopher Grant



## GENERAL CONDITIONS APPLICABLE TO ALL FACILITIES

The Borrower acknowledges having read the representations, warranties, conditions, obligations and other provisions set out below and agrees that they form an integral part of the Offer of Financing to which they are attached as a schedule, as if they were fully set out in the Offer. Consequently, by accepting such Offer of Financing, the Borrower is deemed to have made the following representations and warranties and undertakes to abide by all of the following conditions, obligations and other provisions.

### 1. BORROWER'S REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants that:

- a) It holds all the permits, licenses, trademarks, authorizations and patents required to operate its business;
- b) There has been no material adverse change in its financial situation since the date of its last annual or interim financial statements as submitted to the Financial Institution (or since the date the last personal balance sheet(s) was submitted to the Financial Institution if the Borrower is one or more individual). Such financial statements (and/or personal balance sheet(s)) accurately represent its (their) financial situation as at the date they were prepared. The Borrower has not incurred and does not anticipate incurring any material liability of which the Financial Institution has not already been informed;
- c) It is not involved in any legal proceeding or litigation that could materially affect its financial situation and/or business operations;
- d) It is not in default under any legislation or regulation applicable to the operation of its business and to its property or with respect to applicable environmental requirements and standards;
- e) All its tax debts, including source deductions, HST and income taxes, as well as all taxes or contributions, the payment of which is secured or can be secured by a government priority or a lien or deemed trust, have been paid without subrogation;
- f) It possesses good title to the property secured by the charges and security interests required by the Financial Institution, and said property is free and clear of any government priority, hypothec, lien charge, security interest or other encumbrance, except those that will be paid in full and discharged following disbursement of the Facility extended pursuant to this Offer of Financing or if the Financial Institution has expressly permitted such prior ranking encumbrance.
- g) If the Borrower is required to submit documents to the Financial Institution, the Borrower agrees that the submitted documents shall be deemed originals and shall constitute admissible written evidence in a legal proceeding, regardless of the format of these documents or the method used (such as email and fax) to submit them. Moreover, when the Borrower or its representatives or employees submits or transmits documents to the Financial Institution, the Financial Institution shall assume that all details and information contained in these documents have been verified and validated by the Borrower and are complete and accurate. The Borrower shall assume full responsibility, including vicarious liability, for any incomplete, erroneous, missing or inaccurate information submitted in the documents, if applicable. The Borrower also acknowledges that the Financial Institution may demand the immediate repayment of the amounts loaned.

### 2. CONDITIONS PRECEDENT TO DISBURSEMENT

The following conditions must be fulfilled to the satisfaction of the Financial Institution prior to the disbursement of any Facility contemplated in this Offer of Financing:

- a) The Borrower shall provide the Financial Institution with:
  - i. A certified true copy of its constituting documents and any subsequent amendments, as well as any by-law, resolution or other document authorizing the loans and charges and security interests contemplated herein and designating the individuals authorized to execute the documents required to give effect to the Offer of Financing;
  - ii. Evidence of insurance in accordance with the requirements set out in the relevant standard charge terms or security agreements and insuring the property secured pursuant to such charges or security interests;
  - iii. Any other duly executed document, as the case may be, that may be useful or deemed necessary by the Financial Institution or its solicitor, in order to give full effect hereto;
- b) The required third-party guarantees have been provided and the charges and security interests have been registered and have the required rank;
- c) The Borrower has paid to the Financial Institution the expenses relating to the analysis and review of the file, the appraisal costs incurred by the Financial Institution and the expenses for the preparation and registration of the required charges and security interests (including legal fees, if applicable);
- d) If amounts loaned must be covered by a government guarantee or by mortgage insurance, the program or mortgage insurance conditions shall be fully complied with.

If a material change occurs in the Borrower's situation after this Offer of Financing is accepted and the Financial Institution deems that such change increases its risk, the Financial Institution may, in its sole discretion, cancel the Facilities made available hereunder, refuse to disburse any Facility not yet disbursed, and demand repayment of all amounts already disbursed.



### 3. GENERAL OBLIGATIONS OF THE BORROWER

Until such time as all the amounts owed to the Financial Institution under this Offer of Financing have been duly repaid, the Borrower shall:

- a) At all times hold the permits, licenses, trademarks, authorizations and patents required to operate its business;
- b) Use any Facility granted by the Financial Institution pursuant to this Offer of Financing for the purposes set out therein or otherwise agreed to by the Financial Institution;
- c) Maintain, for all property charged or secured as collateral, the insurance required by the standard charge terms and security agreements;
- d) Provide the Financial Institution with any information or document it may reasonably request;
- e) Allow the Financial Institution's representatives to visit and have access to its places of business, examine its accounting books and records, and make copies or take extracts if deemed necessary;
- f) Advise the Financial Institution in writing of the occurrence of any fact or event which may constitute an event of default under this agreement and/or any standard charge terms or security agreement;
- g) Abide by all other obligations and undertakings stipulated in the standard charge terms, security agreements and other similar document.

### 4. DEFAULT

The Borrower shall be in default in each of the following cases:

- a) If the Borrower fails to fulfill any obligation set out in this Offer of Financing, the standard charge terms, security agreements, any other related document and any other credit or security agreement entered into with the Financial Institution;
- b) If the Borrower draws a cheque that brings the variable credit balance, if applicable, to an amount greater than the amount authorized hereunder;
- c) If a statement, representation or warranty made in connection with this Offer of Financing proves to be false or misleading;
- d) If the Borrower or any person acting as guarantor or having granted a charge or security interest for any Facility provided for herein goes bankrupt or becomes insolvent or files a proposal that is rejected or annulled, or if the property charged as security is the subject of a seizure by a creditor, trustee, liquidator or other party, is the subject of a notice of exercise of mortgage or other remedy, a notice of withdrawal of authorization to collect debts or rent or a seizure or other remedy by another creditor, if the Borrower is subject to garnishment or similar proceeding and the Financial Institution is the subject of such proceeding, or if the Borrower ceases to operate its business;
- e) If the Borrower fails to fulfill any obligation to its other creditors.

If the Borrower is in default, the Financial Institution may, subject to all of its other rights and remedies, demand full and immediate payment of the amounts loaned, accrued interest and any other amount payable by the Borrower under this Offer of Financing and any other credit agreement entered into with the Financial Institution. Failure by the Financial Institution to rely upon its rights in case of default should not be construed as a waiver of such rights.

The Financial Institution may also, in its sole discretion, grant extensions, waive guarantees, make compromises or arrangements and, in general, come to terms with the Borrower without affecting its rights and remedies against guarantors, as the case may be.

### 5. OTHER CONDITIONS

#### a) Debit authorization

Any amount due by the Borrower may be debited from any of its accounts held at the Financial Institution, or from its variable or revolving credit, as the case may be.

#### b) Payment application

All amounts collected from the Borrower or any other person or from the proceeds of the realization of collateral or any other source may be applied by the Financial Institution to the payment or reduction of any debt owing by the Borrower to the Financial Institution as it determines in its sole discretion. Such amounts shall first be applied to accrued interest and to the cost of life insurance and disability insurance purchased in relation to any Facility provided herein, as the case may be, and then to the repayment of the principal.

#### c) Periodic review

Any Facility granted under this Offer of Financing may be periodically reviewed by the Financial Institution and there shall be an annual review of such Facility at a time to be determined by the Financial Institution.

**d) No assignment**

The rights arising from this Offer of Financing may be assigned or transferred by the Borrower to a third party solely upon prior written consent of the Financial Institution and subject to the conditions set by the Financial Institution.

**e) No merger**

Any subsequent registration of a charge (mortgage) or Facility statement or any first advances of monies under any facility described herein shall not extinguish or otherwise cause or create a merger with the covenants and provisions herein or any document relating hereto or contained in any other credit or security document required under this Offer to Finance.

**f) Accounting terms**

Unless otherwise stipulated, the accounting terms used in this Offer of Financing, as the case may be, shall have the meaning given to them by generally accepted accounting principles in Canada as published by the Canadian Institute of Chartered Accountants.

**g) Joint and several liabilities**

Any debt owed to the Financial Institution arising from this Offer of Financing may be claimed from the Borrower's personal representatives, heirs, or successors and assigns and any surety, if applicable.

If the term "Borrower" refers to more than one individual, each one shall be jointly and severally liable for the performance of the obligations set out in this Offer of Financing, any related document and any agreement to amend or renew any Facility made available hereunder.

If any Facility is subject to a guarantee from a third party, the obligations of the guarantor or guarantors shall be joint and several.

**h) Applicable legislation**

This Offer of Financing and all documents relating thereto shall be governed by and interpreted in accordance with the laws in force in the Province of Ontario and any dispute regarding their interpretation or enforcement may only be submitted to the courts of the Province of Ontario.

**i) Payments on non-business days**

If the payment due date for a variable credit or revolving credit falls on a day that is not a "Business day", the Financial Institution may debit the Borrower's account(s) on the next "Business day", and interest shall accrue in the meantime.

**j) Interest**

Interest payable shall be debited automatically from the Borrower's PCA account(s).

For a variable credit, revolving credit and mortgage envelope, the Financial Institution may at any time, upon 30 days' prior written notice, amend any premium percentage to its "Financial Institution's Prime Rate" and "Financial Institution's US Prime Rate" provided for herein.

Interest in arrears

Any interest unpaid on the due date shall itself bear interest at the rate applicable to the principal that generated it. Such interest may be capitalized but remains payable on demand.

**k) Assumption**

In the event of an assumption of the Facility due to a sale or other disposal of the secured property, the acquiring party shall be approved by the Financial Institution.

**6. OTHER DOCUMENTS**

The Borrower and any guarantor shall execute any other document that the Financial Institution may require to give full effect to the obligations, representations, warranties and undertakings stipulated in this Offer of Financing.

**7. SUCCESSORS AND ASSIGNS**

This Offer of Financing is binding upon the Borrower, its successors, beneficiaries, executors, personal representatives and assigns, as well as the Financial Institution, its successors and assigns.

**8. DEFINITIONS**

For purposes of construing this Offer of Financing, the following terms and/or expressions shall have the meaning ascribed to them below:

- a) Desjardins' cost of funds:** The cost, for the Fédération des caisses Desjardins (FCDQ), of issuing money market or bond market securities, as the case may be, for the term selected by the Borrower for any financing or other product based upon the said cost of funds, including brokerage fees, income tax, taxes (other than those applicable to its taxable income) and

additional reserves that may be associated with this cost of funds, as the case may be. Without limiting the foregoing, it is understood that any additional charges or fees resulting in increased costs for FCDQ will be included in the cost of funds calculation.

- b) **Business day:** Any day, excluding Saturday, Sunday and any other statutory holiday or day on which banks are closed in Canada.
- c) **LIBOR rate:** The rate so designated and corresponding to the term selected by the Borrower for any Facility or other product referring to the LIBOR rate, as shown by the Bloomberg information system or, failing that, any other system chosen by the Financial Institution.
- d) **Financial Institution's Prime Rate:**
  - i. Rate applicable to financial institutions that are members of the Fédération des caisses Desjardins du Québec (hereinafter referred to as "Desjardins"): Desjardins' annual interest rate established from time to time as being its prime rate. The Borrower may at any time obtain the current prime rate by consulting the Desjardins Group's website or by inquiring for such information at any financial institution which is a member of Desjardins.
  - ii. Rate applicable to other financial institutions: the annual interest rate established from time to time as being its prime rate. The Borrower may at any time obtain the current prime rate by inquiring at the financial institution.

## GENERAL CONDITIONS SPECIFIC TO A VARIABLE CREDIT

### 1. DETERMINATION OF THE AVAILABLE AMOUNT

The "available amount" of a variable credit shall be determined once the Financial Institution is able to establish it in accordance with the terms and conditions herein, based on documents provided by the Borrower. This amount shall be entered in the Financial Institution's computer system and amended only when the Financial Institution shall be able, from other documents submitted by the Borrower, to establish a new "available amount". The Borrower shall ensure that it does not use a variable credit facility in excess of the "available amount", in accordance with the conditions set out herein.

### 2. METHODS OF OPERATION, APPLICABLE TRANSACTIONS AND EVIDENCE

The Borrower shall use a variable credit facility in tranches (credit units) in the amount set forth in this Offer of Financing or multiples thereof, in accordance with the following terms and conditions:

- a) Such cash advances shall be paid in order to cover, when the balance in the Borrower's chequing account(s) (PCA and/or PCA-USD) is insufficient, cheques drawn on, or withdrawals made from, said account(s) and any other debit authorized by the Borrower from said account(s). The Borrower also authorizes the Financial Institution to debit its account(s) for any obligation due to the Financial Institution. The Borrower's debt shall then increase by an amount equal to the number of credit units required to cover the overdraft in the account.
- b) Simultaneously, the Borrower shall acquire the right to make withdrawals, authorize debits and draw cheques on the surplus in its PCA and/or PCA-USD account, and the Financial Institution shall make the appropriate entries to account therefor.
- c) The above terms shall not apply if a withdrawal, debit or cheque clearing would result in the total amount of the variable credit being exceeded.

Such variable credit may also be used to cover the Borrower's commitments under forward exchange contracts, FX swaps, currency options and other derivative products, a factoring agreement or the issuance by the Financial Institution, if applicable, of letters of guarantee, bonds, letters of credit or documentary credits. Whenever the Borrower requires such instruments, the available amount of a variable credit shall be reduced by the amount that the Financial Institution deems necessary to cover these commitments, of which it will advise the Borrower. The reduction will be in effect to reimburse the amounts that the Financial Institution may have to pay to honour letters of guarantee, bonds, letters of credit, documentary credits, foreign exchange derivative contracts and other derivative product contracts, subject to the terms and conditions applicable to the variable credit provided for herein and, as the case may be, in a separate agreement evidencing such commitments. If one or more commitments become enforceable, the Financial Institution may consider the amount of the commitments as an advance on the variable credit.

Subject to any other means of evidence allowed by law, production of the parties' respective receipts and, if applicable, cleared cheques shall constitute complete evidence of the balance owing and payments made. The Borrower also agrees that, when provided with cleared cheques or receipts on its request, photocopies thereof made by the Financial Institution will have the same evidentiary value as the originals; the authenticity and accuracy of the photocopies may therefore only be contested upon the Borrower's production of the originals.

### 3. OTHER METHODS OF OPERATION FOR THE FIXED-RATE TRANCHES OPTION

If the variable credit has a "Fixed-rate tranches option", a request or requests for a fixed-interest rate may be made verbally or in writing; the Financial Institution will respond to such request within the next two Business days, either by sending the Borrower, via fax or e-mail, written confirmation of the terms applicable to such fixed rate, which the Borrower must immediately sign and deliver or fax to the Financial Institution, or by advising the Borrower that it is unable to accept its request, with the Financial Institution having the discretion to approve or refuse such requests.

The interest on an amount having a fixed-interest rate shall be calculated monthly and be payable by debiting the Borrower's account either at the time the rate is fixed, in which case the interest amount shall be discounted, or on a monthly basis. Any interest owing on its due date shall itself bear interest at the same rate as that applicable to the amount on which it accrued and shall remain payable on demand at any time.

Any amount for which the interest rate is fixed cannot be repaid prior to the maturity date of the selected term, but the Financial Institution may demand its repayment at any time.

In order for the interest rate to be fixed, the Financial Institution will open a loan in its computer system for each amount for which the interest rate is fixed. The parties agree that opening such loans, if applicable, and the resulting account statements shall constitute a single loan, the total of the amounts due shall at all times represent the balance of the variable credit. The provisions herein with respect to the variable credit shall remain in effect subject to the aforementioned stipulations regarding the amount(s) for which the rate shall be fixed and the Financial Institution shall retain all charges and other security interests securing the variable credit for the full amount for which they were granted.

If the Financial Institution demands repayment of the variable credit, it may terminate any agreement that is in effect whereby an interest rate was fixed. The amounts covered by such agreements will then no longer be treated as a separate loan or loans in the Financial Institution's computer system and shall once again bear interest at the variable rate set forth herein.

The Borrower may also request the Financial Institution to make one or more advances at a fixed interest rate pursuant to the variable credit; in such case, the aforementioned rules shall apply with necessary modifications and the advance(s) shall be paid into its account.

#### **4. OTHER CONDITIONS**

##### **a) Reduction or cancellation of variable credit**

The Financial Institution may, at any time, notify the Borrower that it is reducing the amount of the variable credit facility or that it has decided to terminate it.

##### **b) Limitation of use**

The variable credit shall not be used to finance capital expenditures without the Financial Institution's prior written authorization.

##### **c) Currency selection**

In the case of a variable credit facility in Canadian dollars or the equivalent in American dollars, if applicable, the Borrower may select the currency, but determining the American dollar or Canadian dollar equivalent, as the case may be, is the sole prerogative of the Financial Institution.

##### **d) Disbursements and repayments**

In addition to the disbursement and repayment terms stipulated previously, the Borrower may repay advances at any time, in whole or in part, without paying the Financial Institution an indemnity. Repayments shall be made in the same currency as the amounts advanced; if necessary, they shall first be converted into that currency. The Borrower may then draw on the variable credit again, as if it had not previously drawn the repaid principal.

##### **e) Request for repayment**

The Financial Institution may, at any time, demand the immediate repayment of any balance due in principal, interest and costs. The Financial Institution shall then have the right to terminate the Agreement, subject to all its other rights and remedies.

##### **f) Implied representation**

The Borrower's use of the variable credit shall be construed as a representation on its part that it is complying with the provisions relating to the "available amount".

#### **5. DEFINITIONS**

When used, as the case may be, to determine the "available amount" of any variable credit, the following terms and expressions shall have the following meanings:

- a) Eligible Canadian receivables:** "Eligible" accounts receivable due to the Borrower by debtors carrying on business mainly in Canada.
- b) Eligible Insured Canadian receivables:** "Eligible" receivables which are covered by an insurer that is acceptable to the Financial Institution and are due to the Borrower by debtors carrying on business mainly in Canada.
- c) Eligible Insured foreign receivables:** "Eligible" receivables which are covered by an insurer that is acceptable to the Financial Institution and are due to the Borrower by debtors primarily carrying on business outside Canada.
- d) Eligible U.S. receivables:** "Eligible" receivables of debtors which mainly conduct business in the United States, have a business history and financial situation that is satisfactory to the Financial Institution and whose shares are traded on a major stock exchange.
- e) Eligible Uninsured American receivables:** "Eligible" receivables that are not covered by an insurer acceptable to the Financial Institution, but the debtors of which mainly carry on business in the United States, have a business history and financial situation that is satisfactory to the Financial Institution and whose shares are traded on a major stock exchange.
- f) Eligible receivables from Canadian governmental and paragonovernmental entities:** "Eligible" receivables due to the Borrower by entities that carry on business primarily in Canada and that have a direct or indirect non-arm's length relationship with the federal, provincial or municipal governments.
- g) Amounts payable by Agriculture and Agri-Food Canada or Agricorp:** Such amounts include, inter alia, the indemnities and compensations that are or will be payable to the Borrower under various Agriculture and Agri-Food Canada and/or Agricorp programs and the amounts that are or will be on deposit in the Borrower's name in any account currently or eventually opened by the Borrower with these entities.
- h) Eligible inventories of raw materials:** Such raw materials represent all of the "eligible" raw materials in possession of the Borrower and which are intended to be used in manufacturing a product or providing a service.
- i) Eligible inventories of finished products:** Such finished products represent all "eligible" finished products in possession of the Borrower and which are intended to be sold.

- j) **Eligible work in progress:** "Eligible" products in the process of being manufactured or transformed and which are subject to the various manufacturing steps used to transform raw materials into finished products, as well as "eligible" services being provided on a pre-set schedule in terms of both work and payments. Work in progress may also include pre-shipping costs incurred to meet contractual obligations.
- k) **Eligible agricultural supplies:** Such supplies include "eligible" goods used for agricultural production such as fertilizers, seeds, pesticides and inputs in production, as well as products used to feed and care for animals.
- l) **Eligible:** Where the term "eligible" is used with respect to receivables, such eligibility is left at the Financial Institution's discretion. However, the following are excluded: receivables that are or could be subject to a holdback by debtors or that could be subject to set-off, receivables whose debtors have a legal or financial non-arm's length relationship with the Borrower, receivables that have not been paid for the number of days stipulated in this Offer of Financing or the number of days to be determined by the Financial Institution, as applicable, as well as doubtful receivables. In some cases, receivables resulting from invoicing work in progress may also be excluded. Further, uninsured receivables whose debtors are located outside of Canada are not eligible, except for "uninsured eligible American receivables".

Where the term "eligible" is used with respect to inventory, such eligibility is left at the Financial Institution's discretion. However, the following are excluded: inventory of which the Borrower is not or will not be the full owner at the time that advances are made, that are not fully paid for or that are obsolete or in poor condition and packaging materials and work in progress.

Where the term "eligible" is used with respect to work in progress, crops and standing crops, eligibility is left at the Financial Institution's discretion.

- m) **Value:** Where the term "value" is used with respect to "eligible inventories", the value of such inventories is the lesser of their acquisition cost and their market value, less any amount due to unpaid suppliers having shipped eligible, identifiable and unprocessed inventory to the Borrower within 30 days.

Where the term "value" is used with respect to "eligible work in progress", the value of such work in progress is for products that are in the process of being manufactured or transformed, the sale price that could reasonably be obtained if they could be sold before being completed and, for the portion of services already rendered, the amount that could reasonably be obtained from clients if the value of the services could be collected without the services having been fully provided.



## GENERAL CONDITIONS SPECIFIC TO A LOAN AND SPLIT LOAN

### 1. OTHER CONDITIONS

#### 1.1. Disbursement

Disbursement shall be conditional upon the charges and security interests requested by the Financial Institution being registered and perfected to its satisfaction, the secured collateral being insured in accordance with the standard charge terms and security agreements, the supporting documentation (invoices, deed, etc.) required by the Financial Institution having been provided and the conditions precedent stipulated herein having been duly met.

#### 1.2. Interest (clause only applicable to a variable rate loan or split loan)

If the term and amortization of a loan and/or a tranche of a split loan exceed five years, the Financial Institution may, after the fifth anniversary of this Offer's acceptance date, upon 30 days' prior written notice, amend the premium percentage indicated in the "LOAN" section and/or the "SPLIT LOAN" section, as applicable, to the "Financial Institution's Prime Rate" or the "Financial Institution's US Prime Rate". If such premium percentage increases, the Borrower may, within 30 days of receipt of such notice, prepay the loan or tranche of the relevant split loan without paying the Financial Institution an indemnity.

#### 1.3. Payment allocation

Any payment received by the Financial Institution shall first be allocated to accrued interest and, if applicable, to the cost of life and/or disability insurance at the additional rate mentioned herein and then to the repayment of principal. The payments shall be allocated to the principal, commencing with the longest outstanding, only when all interest and insurance premiums have been paid in full. In the case of a split loan, if a payment is insufficient to cover the sums due on the different tranches, the Financial Institution shall allocate the payment in its discretion. The same shall apply to any other amount received, inter alia from the realization of secured collateral.

### 2. PREPAYMENT OF A LOAN OR A TRANCHE OF A SPLIT LOAN

Any loan or tranche of a split loan may be prepaid subject to the payment of the indemnity calculated as set forth below, unless this Offer of Financing states that such loan or tranche of a split loan may be prepaid without paying an indemnity. In the case of a tranche of a split loan, the word "loan" in the following clauses is replaced by the word "tranche", and the clauses shall be read with necessary modifications.

#### 2.1. For a fixed-rate loan

The Borrower may at any time prepay the loan, in whole or in part, subject to the payment to the Financial Institution of an indemnity equal to the greater of:

- An amount equal to three months' interest on the amount prepaid, at the interest rate then applicable to the loan;
- An amount equal to the interest calculated on the amount prepaid until the maturity date of the loan at an interest rate corresponding to the difference between: i) the interest rate then applicable to the loan and ii) the rate of return of Government of Canada bonds (or U.S. government bonds, for a term loan in American dollars) with a fixed term of one year if, at the time of the prepayment, less than 24 months remain until the maturity date of the loan, 2 years if 24 to 36 months remain, 3 years if 36 to 48 months remain, 4 years if 48 to 60 months remain, and 5 years if 60 months or more remain. The rates of return of the said bonds are as shown, on the date of prepayment, by the Bloomberg information system or, failing that, by another system or entity chosen by the Financial Institution. They are quoted on the Financial Institution's website, if available.

However, if the prepayment is made less than three months prior to maturity of the loan, the indemnity shall not exceed the interest at the rate then applicable to the loan calculated on the prepaid amount from the prepayment date until the maturity date of the loan.

#### 2.2. For a variable-rate loan

The Borrower may at any time prepay the loan, in whole or in part, subject to the payment to the Financial Institution of an indemnity equal to three months' interests on the amount prepaid at the interest rate then applicable to the loan. However, if the payment is made less than three months prior to the maturity of the loan, the indemnity shall not exceed the interest at the rate then applicable to the loan calculated on the prepaid amount from the prepayment date to the maturity date of the loan.

### 2.3. For a loan with a periodically revisable rate

The Borrower may, at any time, prepay the loan in whole or in part, subject to the payment to the Financial Institution of an indemnity equal to three months' interests on the amount of the loan being prepaid, at the interest rate then applicable to the loan. However, if the prepayment is made less than three months before the term of the loan, this indemnity shall not exceed the interest at the rate then applicable to the loan, calculated on the amount of the loan being prepaid from the date of such prepayment until the term of the loan.

### 3. FOREIGN EXCHANGE RISK, CURRENCY CONVERSION AND EXCHANGE RATE FOR USD LOANS

- a) **Foreign exchange risk:** If a loan is made in American dollars, the Borrower acknowledges having requested that such loan be made in said currency. The Borrower therefore assumes all risks with respect to variations in the exchange rate.
- b) **Currency conversion:** Should a currency conversion into Canadian dollars be necessary, for instance if debt collection is necessary, the Borrower acknowledges that the Financial Institution may, in its sole discretion, make the conversion at the exchange rate in effect on the date collection takes place or on the date of the judgment or, in all other cases, on the date on which the conversion has to be made. Should the exchange rate change between the conversion date and the payment date, the Borrower shall, on the payment date, pay to the Financial Institution any additional amount that may be required so that the amount paid on that date in Canadian dollars shall be equal, after conversion at the exchange rate carried out on the payment date, to the amount then due in American dollars. Any amount payable by the Borrower pursuant to the foregoing is a separate debt and shall not be affected by a judgment obtained for any other amount due as a result of or under the terms hereof.
- c) **Exchange rate:** When used herein, the expression "exchange rate" shall mean the official Bank of Canada ("USD/CAD Noon Rate") exchange rate in effect on the conversion date, if applicable, plus any premium and conversion fee payable. If the Bank of Canada Noon Rate is unavailable on the conversion date, the Financial Institution may, in its sole discretion, carry out the conversion at the rate in effect on the day immediately preceding or following the conversion, where such rate is available.



**BORROWER'S ACCEPTANCE**

I (We) the undersigned DANIEL SPRINGER and CHRISTOPHER GRANT, the Borrower or the representative(s) of the Borrower (in the case of a body corporate, such representative(s) state(s) that it has (they have) the authority to bind the corporation) acknowledge(s) that I (we) have read the foregoing general conditions, which are an integral part of the Offer of Financing to which they are attached as a schedule, and accept them.

Signed on 2019-05-22

By:  \_\_\_\_\_

DANIEL SPRINGER

By:  \_\_\_\_\_

CHRISTOPHER GRANT





July 5<sup>th</sup>, 2021

1138969 ONTARIO INC.  
377 LAKEVIEW RD  
ECHO BAY, ON P0S 1C0

To the attention of: CHRISTOPHER GRANT, JAMES DANIEL SPRINGER

**SUBJECT:       Renewal of loan(s) and changes**  
**00339-480196/800314**

---

Dear Member,

With the exclusion of the specific credits mentioned in the second paragraph below, this letter concerns all credits, including all loans, split loans, variable credit, foreign exchange line, rotating credit and wholesale financing issued to 1138969 ONTARIO INC. (the "Borrower") by CAISSE DESJARDINS ONTARIO CREDIT UNION INC., through a contract, offer of financing or other means (the "Credits").

The credits identified below and any other credit offered by a Desjardins Group entity other than CAISSE DESJARDINS ONTARIO CREDIT UNION INC. are not provided for in this letter, and remain in effect and subject to the terms and representations and warranties set out in the contracts governing them:

- N/A

**1.       AMENDMENT(S)**

The credits shall be amended as follows as of July 5<sup>th</sup>, 2021:

**1.1      Paragraph « Periodically Review » of the credits shall henceforth read as follows:**

In order for the Caisse to periodically review or to renew the financing(s) scheduled for January 31, 2022, the Borrower shall provide it with the following documents prior to December 31, 2021:

- Its annual financial statements in the form of a review engagement as at August 31, 2021;
- Its interim financial statements as at November 30, 2021;
- Recent annual financial statements in the form of a review engagement for the following entities: Springer Aerospace Holdings Limited, 1929927 Ontario Inc. (Notice to Reader) & 5010945 Ontario Limited (Notice to Reader);
- The consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc., 1929927 Ontario Inc & 5010945 Ontario Limited as at August 31, 2021;

- A detailed list, broken down by 30-day periods, of its accounts receivable as at the end of the fiscal year;
- A detailed statement, in accordance with the Caisse's requirements, as at the end of the fiscal year, of the acquisition cost of its inventory (or market value if lower than the acquisition cost);
- A detailed list, broken down by 30-day periods, of its accounts payable and accrued liabilities, and amounts due under tax laws as at the end of the fiscal year;
- The signed recent personal balance sheet (s) of Christopher Grant & James Daniel Springer (2020) every 1 year;
- The income tax returns for the last year of Christopher Grant & James Daniel Springer;
- An organization chart detailing the relationships between the Borrower and its related party organizations and any other related parties;
- The consolidated financial statements should contain the following:
  - basis of consolidation
  - cashflow statement
  - financial notes pertaining to significant accounting policies, related party transactions, inventory & WIP, Property, Plant & Equipment, Long term debt and Share Capital;
- The financial statements of Aviation Maintenance Inc. and Aviation Maintenance Limited (Notice to Reader).

**1.2** Addition of a section:

- Shareholder agreement for the purchase of 5010945 Ontario Limited Shares and registries confirming the transaction.

**1.3** The terms and conditions governing the above-mentioned credits(s) shall be amended as follows:

- The member undertakes to :
  - cover any default of financial ratios.

The aforementioned undertakings must also be subscribed by Springer Aerospace Holdings Limited, Christopher Grant, James Daniel Springer, 1929927 Ontario Inc. & 5010945 Ontario Limited, Aviation Maintenance Inc., as appears from their intervention annexed to this Amendment letter.

**2. CONTINUATION OF THE TERMS AND CONDITIONS STATED IN THE CREDITS CONTRACTS**

Except as amended or replaced by this letter, if applicable, all of the terms, conditions, representations and suretyships stated in the credits or credits contracts , and in all other related collateral agreements and documents, shall remain in full force and continue to apply.

3. **ABSENCE OF NOVATION**

This letter does not constitute a novation for the Credits already issued to the borrower, nor a derogation from the rights, recourses, mortgages, suretyships and ranks associated with the credits, existing security documents and all other documents and/or texts associated therewith, which remain in full force and continue to guarantee all of the borrower's obligations described in the credits contracts and herein.

4. **FEES**

Upon accepting these terms and conditions, the borrower shall pay credits renewal and/or amendment fees of \$ 750.00 to the Caisse. Said fees are non-refundable and shall be debited from the borrower's account.

5. **DEADLINE FOR AND TERMS OF ACCEPTANCE**

If you agree to the above terms and conditions, please confirm your acceptance thereof by sending us a copy of this letter, duly signed by you, before 5:00 p.m. on August 5<sup>th</sup>, 2021. After said date, the Caisse reserves the right to cancel or to amend this offer.

Yours truly,

CAISSE DESJARDINS ONTARIO CREDIT UNION INC.

Per :

  
\_\_\_\_\_  
BENOIT FOURNIER  
Account Manager

**ACCEPTANCE BY THE BORROWER**

I (we) the undersigned CHRISTOPHER GRANT and JAMES DANIEL SPRINGER the borrower or the duly authorized representative(s) of the borrower (in the case of a corporation, who declare myself(ourselves) duly authorized by a resolution of the board of Directors dated July 9, 2021), acknowledge having read the letter of extension and amendments sent to the Borrower by CAISSE DESJARDINS ONTARIO CREDIT UNION INC. on July 5th, 2021 and hereby accept all the terms and conditions thereof.

Signed at Echo Bay, On this 9 day of July 2021.

1138969 ONTARIO INC.

Per:



CHRISTOPHER GRANT

Per:



JAMES DANIEL SPRINGER





August 20, 2020

1138969 Ontario Inc.  
377 LAKEVIEW RD  
ECHO BAY (QC) P0S 1C0

To the attention of: CHRISTOPHER GRANT and RICHARD PICARD

**SUBJECT:       Renewal of loan(s) and changes**  
**00339-480196**

---

Dear Sirs,

With the exclusion of the specific credits mentioned in the second paragraph below, this letter concerns all credits, including all loans, split loans, variable credit, foreign exchange line, rotating credit and wholesale financing issued to 1138969 Ontario Inc. (the "Borrower") by CAISSE DESJARDINS ONTARIO CREDIT UNION INC., through a contract, offer of financing or other means (the "Credits").

The credits identified below and any other credit offered by a Desjardins Group entity other than CAISSE DESJARDINS ONTARIO CREDIT UNION INC. are not provided for in this letter, and remain in effect and subject to the terms and representations and warranties set out in the contracts governing them:

- N/A

**1.       EXTENSION OF LOAN(S)**

Having reviewed the credits in question that have been granted in accordance with contract, and/or offer of financing, we wish to confirm that the Caisse agrees to extend this(these) loan(s), as amended or renewed, as the case may be, until the next review, according to the same terms and conditions and based on the same representations and warranties set out in the existing credits as amended, if applicable, and security documents, and in all other associated documents or agreements relating to this or these credits or this (the "Credits contracts" ), subject to the prerequisite changes and conditions stated herein, as applicable.

**2.       AMENDMENT(S)**

The credits shall be amended as follows as of August 10, 2020:

- 2.1**     The terms and conditions governing the above-mentioned credits(s) shall be amended as follows:

All companies to modify their year end to August 31st.

Cross default clause (Springer Aerospace Holdings Limited & 1138969 Ontario Inc.)

An event of default in any of the obligations of the Borrower and/or the Guarantors will constitute a default in the credit arrangement of these facilities.





The member undertakes to:

- cover any default of financial ratios

The aforementioned undertakings must also be subscribed by Springer Aerospace Holdings Limited, Christopher Grant, Richard Picard, 1929927 Ontario Inc. & 5010945 Ontario Limited, as appears from their intervention annexed to this Loan Agreement.

**2.2** Paragraph FINANCIAL INSTITUTION'S PRIOR CONSENT of the credits shall henceforth read as follows, or shall be replaced with the following paragraph:

The Borrower shall not do, make or execute any of the following transactions or operations without obtaining the Financial Institution's prior written consent:

- Modify the nature of its business;
- Grant loans or advances;
- Extend any financial assistance or grant a charge, a security, a mortgage or guarantee for or on behalf of a third party;
- There shall be no repayment of the subordinated promissory notes owed to Aviation Maintenance Inc. in advanced of the scheduled principal repayments schedules.
- If the Borrower is a partnership or corporation, take part into any operation that results in a change in the person(s) controlling the Borrower, directly or indirectly. Control is currently in the hands of Springer Aerospace Holdings Limited;

The obligation to obtain the Financial Institution's prior written consent for the aforementioned transactions and operations shall, from now on, apply to any other Facility the Financial Institution made available to the Borrower and this obligation shall continue to apply to any other Facility, even if the present Facility is repaid.

**2.3** Paragraph FINANCIAL RATIOS of the credits shall henceforth read as follows, or shall be replaced with the following paragraph:

The Borrower shall at all times maintain the following financial ratio(s):

- Working capital ratio equal to or greater than 1.25:1;

The working capital ratio is equal to: total current assets divided by total current liabilities.

Excluded from current assets for the calculation of working capital are advances and loans to shareholders, directors, officers and employees, and loans, advances to and investments in related entities. Unless a default situation arises that is likely to make a loan balance due, excluded from current liabilities are amounts of long-term debt that are classified in current liabilities because the terms of the debts mature the following fiscal year.

- Ratio of total debt to tangible net worth equal to or less than 3.00:1;

For calculation purposes, total debt includes total liabilities, including non-deferred or non-subordinated preferred shares redeemable at the holder's option at their redemption value but excluding long-term future income tax credits, deferred or subordinated debts and deferred or subordinated preferred shares redeemable at the holder's option.

Tangible net worth is the total of share capital, retained earnings, contributed surplus, deferred or subordinated debts, redeemable preferred shares<sup>1</sup> and long-term future income tax credits, less intangible assets<sup>2</sup>, non-deferred and non-subordinated preferred shares redeemable at the holder's option at their redemption value, loans and advances to shareholders, directors, officers and employees, and loans and advances to and investments in related entities (other than accounts receivable generated in the normal course of business).

<sup>1</sup> At the option of the holder (deferred or subordinated) or of the company.

<sup>2</sup> Assets including but not limited to goodwill, expenses related to research and development, financing, start-up or marketing, trademarks, patents, software, source code and any other deferred expense.

- A fixed-charge coverage ratio equal to or greater than 1.10:1;

For calculation purposes, the numerator is equal to the total of earnings before interest on short- and long-term debt, current and future income taxes, depreciation and amortization and before any non-recurring expenditures and the share of losses of subsidiaries or other business holdings, less income taxes payable, the share of earnings of subsidiaries or other holdings, any capital distribution<sup>1</sup>, any non-recurring revenue and unfinanced capital expenditures.

The denominator is equal to the sum, for the same period, of total interest paid on short- and long-term debt and principal payments on long-term debt and capital leases.

<sup>1</sup> Capital distributions are calculated by adding up dividends paid, share redemptions and other forms of withdrawal, amounts paid in the form of loans or advances to shareholders, directors, officers and employees or in the form of loans and advances to or investments in other related entities, less amounts received in the form of loans or advances to shareholders, directors, officers and employees or in the form of loans and advances to or investments in other related entities.

All financial ratios to be calculated based on the accountant prepared consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc., 1929927 Ontario Inc. & 5010945 Ontario Limited.

The obligation to maintain the aforementioned financial ratio(s) at all times shall apply from now on to any other Facility the Financial Institution has made available to the Borrower and this obligation shall continue to apply to such other Facility, even if the present Facility is repaid.

**2.4** Paragraph FINANCIAL RATIOS of the credits shall henceforth read as follows, or shall be replaced with the following paragraph:

In order for the Financial Institution to periodically review or renew the Facility(ies) scheduled for December 31, 2020, the Borrower shall provide it with the following documents prior to November 30, 2020:

- Its annual financial statements in the form of a review engagement as at August 31, 2020;
- Its interim financial statements as at November 30, 2020;
- Recent annual financial statements in the form of a review engagement for the following entities: Springer Aerospace Holdings Limited, 1929927 Ontario Inc. (Notice to reader) & 5010945 Ontario Limited (Notice to reader);
- The consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc., 1929927 Ontario Inc. & 5010945 Ontario Limited as at August 31, 2020;
- A detailed list broken down by 30-day periods of its accounts receivable as at the end of the fiscal year;
- A detailed statement, in accordance with the Financial Institution's requirements, as at the end of the fiscal year, of the acquisition cost of its inventory (or market value if lower than the acquisition cost);
- A detailed list broken down by 30-day periods of its accounts payable and accrued liabilities, and amounts due under tax laws as at the end of the fiscal year;
- The signed recent personal balance sheet(s) of Christopher Grant & Richard Picard (2020) every 1 years;
- The income tax returns for the last year of Christopher Grant & Richard Picard;

- An organization chart detailing the relationship between the Borrower and the related party organizations and any other related parties;
- The consolidated financial statements should contain a cash flow statement the following:
  - basis of consolidation
  - cashflow statement
  - financial notes pertaining to significant accounting policies, related party transactions, inventory & WIP, Property, Plant & Equipment, Long term debt and Share Capital.

**2.5 Removal of a section:**

The Borrower shall achieve the following financial ratio(s):

- Ratio of total debt to tangible net worth equal to or less than 5.00:1;

For calculation purposes, total debt includes total liabilities, including non-deferred or non-subordinated preferred shares redeemable at the holder's option at their redemption value but excluding long-term future income tax credits, deferred or subordinated debts and deferred or subordinated preferred shares redeemable at the holder's option.

Tangible net worth is the total of share capital, retained earnings, contributed surplus, deferred or subordinated debts, redeemable preferred shares<sup>1</sup> and long-term future income tax credits, less intangible assets<sup>2</sup>, non-deferred or non-subordinated preferred shares redeemable at the holder's option at their redemption value, loans and advances to shareholders, directors, officers and employees, and loans and advances to and investments in related entities (other than accounts receivable generated in the normal course of business).

<sup>1</sup> At the option of the holder (deferred or subordinated) or of the company.

<sup>2</sup> Assets including but not limited to goodwill, expenses related to research and development, financing, start-up or marketing, trademarks, patents, software, source code and any other deferred expense, etc.

- Ratio to be achieved by 2019-08-31, based on the consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc. 1929927 Ontario Inc. and Aviation Maintenance Inc.

The ratio will be adjusted annually to:

4.5 to 1 by August 31st, 2020  
 3.5 to 1 by August 31st, 2021  
 3.0 to 1 or less thereafter.

The obligation to achieve the aforementioned financial ratio(s) by the stated date and to subsequently maintain such ratio(s) shall apply from now on to any other Facility the Financial Institution has made available to the Borrower and this obligation shall continue to apply to such other Facility, even if the present Facility is repaid.

**3. ADDITION OF SECURITY**

**3.1** The loans shall be secured by the following additional security:

- Blanket First Collateral Charge in the amount of \$350,000.00 on 201 Riverside Road in Echo Bay, Ontario
- Blanket First Collateral Charge in the amount of \$6,500,000.00 on 377 Lakeview Road in Echo Bay, Ontario
- A General Guarantee and Postponement of Claim in the amount of \$1,025,000.00 by Springer Aerospace Holdings Limited, 5010945 Ontario Limited, 1929929 Ontario Inc., Richard Picard and Christopher Grant.

4. **CONTINUATION OF THE TERMS AND CONDITIONS STATED IN THE CREDITS CONTRACTS**

Except as amended or replaced by this letter, if applicable, all of the terms, conditions, representations and suretyships stated in the credits or credits contracts, and in all other related collateral agreements and documents, shall remain in full force and continue to apply.

5. **ABSENCE OF NOVATION**

This letter does not constitute a novation for the Credits already issued to the borrower, nor a derogation from the rights, recourses, mortgages, suretyships and ranks associated with the credits, existing security documents and all other documents and/or texts associated therewith, which remain in full force and continue to guarantee all of the borrower's obligations described in the credits contracts and herein.

6. **DEADLINE FOR AND TERMS OF ACCEPTANCE**

If you agree to the above terms and conditions, please confirm your acceptance thereof by sending us a copy of this letter, duly signed by you, before 5:00 p.m. on September 10, 2020. After said date, the Caisse reserves the right to cancel or to amend this offer.

Yours truly,

CAISSE DESJARDINS ONTARIO CREDIT UNION INC.

Per :

  
\_\_\_\_\_  
BENOIT FOURNIER  
Account Manager


**ACCEPTANCE BY THE BORROWER**

I (we) the undersigned CHRISTOPHER GRANT and RICHARD PICARD the borrower or the duly authorized representative(s) of the borrower (in the case of a corporation, who declare myself(ourselves) duly authorized by a resolution of the board of Directors dated December 20, 2019), acknowledge having read the letter of extension and amendments sent to the Borrower by CAISSE DESJARDINS ONTARIO CREDIT UNION INC. on August 20, 2020 and hereby accept all the terms and conditions thereof.

Signed at Echo Bay, Ontario this 20th day of August 2020.

1138969 Ontario Inc.

Per:   
CHRISTOPHER GRANT

Per:   
RICHARD PICARD

**ACCEPTANCE BY SURETIES**

The surety(ies) named below acknowledge(s) having read the letter of extension and amendments sent to 1138969 Ontario Inc. by CAISSE DESJARDINS ONTARIO CREDIT UNION INC. on August 20, 2020, accept(s) all the terms and conditions thereof and confirm(s) the continuation of the suretyship(s) already signed by him(her, them) with respect to the loans mentioned in the credits, as extended and/or amended by the preceding letter of extension and amendments.

Signed at Echo Bay, Ontario this 20th day of August 2020.

Per:   
CHRISTOPHER GRANT

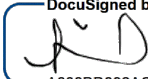
Per:   
RICHARD PICARD

Per:   
1929927 Ontario Inc. by  
CHRISTOPHER GRANT

Per:   
5010945 ONTARIO LIMITED by  
RICHARD PICARD

Per:   
SPRINGER AEROSPACE HOLDINGS  
LIMITED by RICHARD PICARD

THIS IS **EXHIBIT “O”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21<sup>st</sup> DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840E

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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.



GENERAL SECURITY AGREEMENT (Business)

This Agreement is entered into this 5th day of February 20 18

BETWEEN: 1138969 ONTARIO INC.

(hereinafter called the "Borrower")

AND: CAISSE POPULAIRE VERMILLON INC.

(hereinafter called the "Financial Institution")

Whereas the Financial Institution agreed to provide certain financing to the Borrower and the Borrower agreed to provide the Financial Institution with security for payment of all of the Borrower's Obligations to the Financial Institution;

NOW THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants and agreements of the Borrower and the Financial Institution hereunder and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto) IT IS AGREED AS FOLLOWS:

ARTICLE ONE - DEFINITIONS AND INTERPRETATION

1.1 Definitions. In this Agreement unless something in the subject matter or context is inconsistent therewith:

- (a) "Act" means the Personal Property Security Act (Ontario) and the regulations thereunder, as amended from time to time, or any legislation that may be substituted therefor;
(b) "Agreement" means this agreement, including any and all Schedules thereto and any amendments hereto agreed to by all of the parties evidenced in writing;
(c) "Collateral" means, subject to Section 2.4, any and all of the undertaking, property and assets of the Borrower which are now or at any time hereafter owned by the Borrower or in which the Borrower now has or at any time hereafter acquires any interest of any nature whatsoever, including those specific assets more particularly described on Schedule "A" hereto and including, without in any way limiting the generality of the foregoing:
(i) all present and future equipment of the Borrower, including all machinery, fixtures, plant, tools, furniture, vehicles of any kind or description, all spare parts, accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto;
(ii) all present and future inventory of the Borrower, including all raw materials, materials used or consumed in the business or profession of the Borrower, work-in-progress, finished goods, goods used for packing, materials used in the business of the Borrower not intended for sale, and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service ("Inventory");
(iii) all present and future debts, demands and amounts due or accruing due to the Borrower whether or not earned by performance, including without limitation its book debts, accounts receivable and claims under policies of insurance; and all contracts, security interests and other rights and benefits in respect thereof ("Accounts");
(iv) all present and future intangible personal property of the Borrower, including all contract rights, goodwill, patents, trade marks, trade names, business styles, copyrights and other industrial property, and all other choses in action of the Borrower of every kind, whether due at the present time or hereafter to become due or owing;
(v) all present and future documents of title of the Borrower, whether negotiable or otherwise including all warehouse receipts and bills of lading;
(vi) all present and future agreements made between the Borrower as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods ("Chattel Paper");
(vii) all present and future bills, notes and cheques (as such are defined pursuant to the Bills of Exchange Act (Canada)), and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment ("Instruments");
(viii) all present and future money of the Borrower, whether authorized or adopted by the Parliament of Canada as part of its currency or any foreign government as part of its currency;
(ix) all present and future securities held by the Borrower, including shares, options, rights, warrants, joint venture interests, interests in limited partnerships, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Borrower in property or in an enterprise or which constitute evidence of an obligation of the issuer; and including an uncertificated security within the meaning of Part VI (Investment Securities) of the Business Corporations Act (Ontario) and all substitutions therefor and dividends and income derived therefrom ("Securities");
(x) all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating to the undertaking, property and assets of the Borrower which are subject to the Security Interest; and
(xi) all Proceeds.
(d) "Deficiency" means, at any time, the difference, if any, between:
(i) the aggregate of (A) the amount of the Obligations at that time and (B) the Reasonable Expenses incurred prior to that time; and
(ii) the proceeds of disposition received by the Financial Institution from a disposition of the Collateral in accordance with subsection 4.1(h);
(e) "Event of Default" means the occurrence of one or more of the following events:
(i) if the Borrower fails to pay to the Financial Institution any indebtedness forming part of the Obligations as and when the same shall be due and payable by the Borrower to the Financial Institution;
(ii) if the Borrower neglects to carry out or fails to observe any representation, warranty, covenant term or condition herein or in any of the Obligations, or in any agreement, certificate or other document delivered pursuant thereto provided the Borrower shall have fifteen (15) days to make good such default before the Borrower shall be deemed to be in default hereunder;

SCANNED



- (iii) if the Borrower defaults in the performance of any provision of, or an Event of Default occurs under, any agreement or instrument to which the Borrower is a party or by which or any of its assets is bound (including, without limitation, any agreement relating to a line of credit and/or any other credit agreement made available from time to time by the Financial Institution or any affiliate thereof) or the Borrower, any security therefor or any other agreement or instrument relating thereto) unless the same has been waived by each relevant party affected thereby or unless such default is capable of being remedied and the period specified in such agreement or instrument for remedying such default has not expired;
  - (iv) if the Collateral is damaged, stolen or destroyed, or other seizure, forced sale or sequestration involving the Collateral or the Borrower takes place;
  - (v) if the Borrower becomes insolvent or makes a bulk sale of its assets or makes a general assignment for the benefit of creditors, or if any proceeding or filing is instituted or made by the Borrower seeking relief, or to adjudicate it as bankrupt or insolvent, or seeking the liquidation, winding up, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets or takes any action to authorize, or in furtherance, of any of the foregoing;
  - (vi) if an encumbrancer shall lawfully take possession of the property of the Borrower which, in the opinion of the Financial Institution, represents a substantial portion of the property or if a distress or execution or any similar process shall be levied or enforced against such property and such process remains unsatisfied for such period of time as would permit such property or such portion thereof to be sold or seized;
  - (vii) if any representation, warranty, covenant, certificate, statement or report contained herein or furnished by the Borrower was false or misleading in any material respect;
  - (viii) if security interests, rights or charges are attached to the Collateral, other than security in the Financial Institution's favour, without the Financial Institution's prior written consent;
  - (ix) if the Borrower or any guarantor fails to pay to any person, including the Financial Institution, any indebtedness whether scheduled at maturity or by required payment, acceleration, demand or otherwise and such failure continues after any applicable grace period;
  - (x) if there occurs an event, act, circumstance or condition (financial or otherwise) that gives the Financial Institution ground to believe that the Borrower may not, or will be unable to perform or observe in the normal course its Obligations, that its Security Interest is in danger;
  - (xi) if the Borrower does not use the monies advanced to it by the Financial Institution for the purposes for which such monies were extended; or
  - (xii) if, without the prior written consent of the Financial Institution, the outstanding shares of the Borrower are sold, assigned, transferred, hypothecated or additional shares of the Borrower are issued to a person not presently a beneficial owner of the shares such that a change of control of the Borrower results.
- (f) "Insurance Proceeds" means all proceeds of insurance payable to the Borrower under policies of insurance maintained by the Borrower from time to time;
  - (g) "Obligations" means all indebtedness, liabilities and obligations (whether direct, indirect, absolute, contingent or otherwise) of the Borrower to the Financial Institution existing from time to time under or pursuant to any agreement between the Financial Institution and the Borrower, including under this Agreement;
  - (h) "Proceeds" means property in any form derived, directly or indirectly, from any dealing with the Collateral or other Proceeds and includes any payment representing indemnity or compensation for loss to the Collateral or other Proceeds, including without limitation, all Insurance Proceeds;
  - (i) "Reasonable Expenses" means any and all reasonable expenses incurred from time to time by the Financial Institution, or any Receiver, in the preparation of this Agreement, in the perfection or preservation of the Security Interest, in enforcing payment or performance of the Obligations or any part thereof or in locating, taking possession of, transporting, holding, repairing, processing, preparing for and arranging for the disposition of and/or disposing of the Collateral and any and all other reasonable expenses incurred by the Financial Institution or any Receiver as a result of the Financial Institution or a Receiver exercising any of their rights or remedies hereunder and any and all reasonable legal expenses including those incurred in any legal action or proceeding or appeal therefrom commenced, or taken in good faith by the Financial Institution and any and all reasonable fees and disbursements of any solicitor, accountant or valuator or similar person employed by the Financial Institution in connection with any of the foregoing;
  - (j) "Receiver" means a receiver, receiver and manager or any similar person appointed in accordance with Subsection 4.1(l); and
  - (k) "Security Interest" shall have the meaning assigned thereto in Section 2.1.

## ARTICLE TWO - CREATION OF SECURITY INTEREST

- 2.1 **Grant of Security Interest.** Subject to Section 2.4, as continuing security for the due and timely payment and performance by the Borrower of the Obligations, the Borrower hereby grants to the Financial Institution a security interest (the "Security Interest") in the Collateral.
- 2.2 **Proceeds of Collateral.** For greater certainty, the Security Interest shall extend to the Proceeds of the Collateral.
- 2.3 **No Postponement.** The Borrower and the Financial Institution acknowledge and agree that they do not intend to postpone the time for attachment of the Security Interest.
- 2.4 **Excepted from Collateral.** The last day of any term reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Borrower is hereby excepted out of the Collateral. As further continuing security for the due and timely payment and performance by the Borrower of the Obligations, the Borrower agrees that it will stand possessed of the reversion of one day remaining in the Borrower in respect of each such term, respectively, upon trust to assign and dispose of the same in such manner as the Financial Institution may from time to time direct in writing and, upon any sale of any such leasehold premises by the Financial Institution as provided for herein, the Financial Institution shall, for the purpose of vesting the aforesaid residue of any such term in any purchaser or any other person, firm or corporation, be entitled by deed or other written instrument to appoint such purchaser or other person, firm or corporation as a new trustee of the aforesaid residue of any such term in place of the Borrower and to vest the same accordingly in the new trustee freed and discharged from any obligation whatsoever respecting the same.
- 2.5 **Transfers to Financial Institution.** The Borrower shall, upon request from the Financial Institution, forthwith deliver to the Financial Institution to be held by the Financial Institution, all instruments, securities, letters of credit, advances of credit and negotiable documents of title in its possession or control, and shall, where appropriate, duly endorse the same for transfer in blank or as the Financial Institution may direct and shall make all reasonable efforts to forthwith deliver to the Financial Institution any and all consents or other instruments or documents necessary to comply with any restrictions on the transfer thereof in order to transfer the same to the Financial Institution.
- 2.6 **Additional Security.** As further continuing security for the due and timely payment and performance by the Borrower of the Obligations, the Borrower, subject to Section 2.4, hereby grants, bargains, sells, assigns and transfers to the Financial Institution all Collateral such that title thereto and ownership therein shall belong to and be vested in the Financial Institution, provided that the Financial Institution shall not thereby assume or be liable for any obligations or payments in respect of any of the Collateral and provided further that, upon the termination of this Agreement in accordance with Section 9.2, title to and ownership in the Collateral shall be automatically re-vested in the Borrower without any further act of the Financial Institution or the Borrower.



- 2.7 **Borrower not to Encumber Collateral.** The Borrower shall not create, assume, incur or permit to exist any mortgage, hypothec, charge, pledge, assignment, security interest, lien or other encumbrance in, on or of the Collateral or any part or parts thereof other than the Security Interest or other security interests perfected by registration at the date hereof without the express written consent of the Financial Institution.
- 2.8 **Insurance.** The Borrower shall have and maintain insurance at all times over the Collateral against risks of fire, theft and such other risks as the Financial Institution may reasonably require in writing, containing such terms, in such forms, for such periods and underwritten by such companies as may be reasonably satisfactory to the Financial Institution. The Borrower shall duly pay all premiums and other sums payable for maintaining such insurance and shall cause the insurance money thereunder to be payable to the Financial Institution as its interest hereunder may appear and shall, if required, furnish the Financial Institution with certificates or other evidence satisfactory to the Financial Institution of compliance with the foregoing insurance provisions.
- 2.9 **Information.** The Borrower shall upon request by the Financial Institution, furnish the Financial Institution with such information concerning the Collateral and the Borrower's affairs as the Financial Institution may reasonably request from time to time.
- 2.10 **Financial Institution Not Obligated to Advance.** Nothing herein shall obligate the Financial Institution to make any advance or loan or further advance or loan or to renew any note or extend any time for payment or any indebtedness or liability of the Borrower to the Financial Institution.
- 2.11 **Ordinary Course of Business.** Unless and until an Event of Default shall occur, the Inventory may be sold by the Borrower in the ordinary course of business and for the purpose of carrying on same.

#### ARTICLE THREE - COLLECTION OF PROCEEDS

- 3.1 **Payments to Financial Institution.** Any payments made in respect of the Obligations from time to time and monies realized from any securities held therefor (including monies realized on any enforcement of this Agreement) may be applied to such part or parts of the Obligations as the Financial Institution may see fit and the Financial Institution shall, from time to time, have the right to change any appropriation as the Financial Institution may see fit.
- 3.2 **Direction re: payments.** The Financial Institution may, before as well as after the occurrence of an Event of Default, notify any person obligated to the Borrower in respect of an Account, Chattel Paper or an Instrument to make payment to the Financial Institution of all such present and future amounts due thereunder whether or not the Borrower was theretofore making collections on the Collateral. From time to time and upon the request in writing of the Financial Institution, the Borrower shall also so notify such persons to make payment directly to the Financial Institution.
- 3.3 **Demand for Payment.** In addition to the rights of the Financial Institution provided for in Section 3.1, it is understood and agreed that the Financial Institution may, at any time on or after the occurrence of an Event of Default make demand for payment of any monies secured hereby and take control of any Proceeds.
- 3.4 **Monies in Trust for Financial Institution.** In the event that the Borrower shall collect or receive any Accounts or shall be paid for any of the other Collateral or shall receive any Proceeds, all money so collected or received by the Borrower shall be received by the Borrower as trustee for the Financial Institution and shall be paid to the Financial Institution forthwith upon demand and shall, for all purposes, be deemed to form part of the Collateral.

#### ARTICLE FOUR - DEFAULT AND REMEDIES

- 4.1 **Enforcement of Security.** Upon the occurrence of any Event of Default, the Security Interest hereby granted shall immediately become enforceable and the Financial Institution may, forthwith or at any time thereafter and without notice to the Borrower, except as provided by applicable law or this Agreement, take one or more of the following actions:
- (a) declare any or all of the Obligations not then due and payable to be immediately due and payable by giving notice in writing thereof to the Borrower and, in such event, such Obligations shall be forthwith due and payable by the Borrower to the Financial Institution;
  - (b) pursuant to the power of attorney granted to the Financial Institution by the Borrower contemporaneously herewith, execute on behalf of the Borrower and register such further and other instruments whether pursuant to any legislation in any province of Canada relating to the registration of mortgages, charges, hypothecs, pledges, liens or other security interests or encumbrances against land or otherwise, against the Collateral or any of it as may be necessary or desirable in order to fix its priority as a creditor of the Borrower vis-à-vis other creditors of the Borrower;
  - (c) commence legal action to enforce payment or performance of the Obligations;
  - (d) require the Borrower, at the Borrower's expense, to assemble the Collateral at a place or places designated by notice in writing given by the Financial Institution to the Borrower, and the Borrower agrees to so assemble the Collateral;
  - (e) require the Borrower, by notice in writing given by the Financial Institution to the Borrower, to disclose to the Financial Institution the location or locations of the Collateral and the Borrower agrees to make such disclosure when so required by the Financial Institution;
  - (f) without legal process, enter any premises where the Collateral may be situate and take possession of the Collateral by any method permitted by law;
  - (g) repair, process, complete, modify or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Borrower or otherwise;
  - (h) dispose of the Collateral by private or public sale, lease or otherwise upon such terms and conditions as the Financial Institution may determine and whether or not the Financial Institution has taken possession of the Collateral;
  - (i) file such proofs of claim or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, or other proceedings (voluntary or otherwise) relating to the Borrower;
  - (j) where the Collateral has been disposed of by the Financial Institution as provided in Subsection 4.1(h), commence legal action against the Borrower for the Deficiency;
  - (k) where the Financial Institution has taken possession of the Collateral as herein provided, the Financial Institution shall retain the Collateral irrevocably, to the extent not prohibited by law, by giving notice thereof to the Borrower and such retention shall reduce the amount of the Obligations by an amount equal to the fair market value, as reasonably determined by the Financial Institution, of the Collateral so retained;
  - (l) appoint, by an instrument in writing delivered to the Borrower, a Receiver of the Collateral, and remove any Receiver so appointed and appoint another or others in its stead, or institute proceedings in any court of competent jurisdiction for the appointment of a Receiver, it being understood and agreed that:
    - (i) the Financial Institution may appoint any person, firm or corporation as Receiver;
    - (ii) such appointment may be made at any time either before or after the Financial Institution shall have taken possession of the Collateral;
    - (iii) the Financial Institution may from time to time fix the reasonable remuneration of the Receiver and direct the payment thereof out of the Collateral or any proceeds derived from a sale or other disposition or dealing thereof or therewith; and

- (iv) the Receiver shall be deemed to be the agent of the Borrower for all purposes and, for greater certainty, the Financial Institution shall not be in any way responsible for any act, whether wilful, negligent or otherwise, of any Receiver or for any liabilities arising from the use, sale or other disposition of the Collateral by the Receiver (unless all rights of ownership in the Collateral have been transferred to and vested in the Financial Institution prior to the use, sale or other disposition thereof by the Receiver), and the Borrower hereby agrees to indemnify and save harmless the Financial Institution from and against any and all claims, demands, actions, costs, damages, expenses or payments which the Financial Institution may hereafter suffer, incur or be required to pay as a result of, in whole or in part, any action taken by the Receiver or any failure of the Receiver to do any act or thing; and
  - (v) the Receiver so appointed shall have the power to take possession of the Collateral 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 Collateral or any part thereof or the carrying on of the business of the Borrower, and to further charge the Collateral in priority to the security constituted by this Agreement as security for the money so borrowed, and to sell, lease, or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as the Receiver shall determine;
  - (m) pay or discharge any mortgage, charge, encumbrance, lien, adverse claim or security interest claimed by any person, firm or corporation and reasonably established to the satisfaction of the Financial Institution in the Collateral and the amount so paid shall be added to the Obligations;
  - (n) exercise all of the rights under all contracts, notes, debentures or other instruments in writing comprising the Collateral as fully and effectually as if the Financial Institution was the absolute owner thereof;
  - (o) commence legal proceedings for and on behalf of and in the name of the Financial Institution and at the expense of the Borrower in order to enforce the rights of the Borrower under any contracts, agreements, indentures or other instruments in writing which may form part of the Collateral;
  - (p) borrow money for the purpose of carrying on the business of the Borrower or for the maintenance, preservation or protection of the Collateral whether or not in priority to the mortgages, charges, hypothecs, assignments and Security Interest hereby created and granted, to secure repayment of any money so borrowed;
  - (q) carry on all or any part of the business of the Borrower and may, to the exclusion of all others including the Borrower, enter upon, occupy and use all or any of the premises, buildings, plant, undertaking and other property of or used by the Borrower for such time and in such manner as the Financial Institution sees fit and the Financial Institution shall not be liable to the Borrower for any act, omission or negligence in so doing or for any rent, charges, depreciation, damages or other amount in connection therewith or resulting therefrom; and
  - (r) take any other action, suit, remedy or proceeding authorized or permitted by this Agreement, the Act or by law or equity.
- 4.2 **Duty of Financial Institution to Act Reasonably.** In enforcing its rights hereunder the Financial Institution shall be required to act at least to the standards which are consistent with the commercial practices of a person carrying on a business in a distress, default or liquidation situation.
- 4.3 **Sale of Collateral by Financial Institution.** The Borrower and the Financial Institution acknowledge and agree that any sale referred to in Subsection 4.1(h) may be either a sale of all or any portion of the Collateral and may be by way of public tender, private contract or otherwise without notice, advertisement or any other formality, all of which are hereby waived by the Borrower. To the extent not prohibited by law, any such sale may be made with or without any special condition as to the upset price, reserve bid, title or evidence of title or other matter and from time to time as the Financial Institution in its sole discretion thinks fit with power to vary or rescind any such sale or buy in at any public sale and resell without being answerable for any loss. The Financial Institution may sell the Collateral for a consideration payable by instalments either with or without taking security for the payment of such instalments and may make and deliver to any purchaser thereof good and sufficient deeds, assurances and conveyances of the Collateral and give receipts for the purchase money, and any such sale shall be a perpetual bar, both at law and in equity, against the Borrower and all those claiming an interest in the Collateral by, from, through or under the Borrower.
- 4.4 **Financial Institution to Mean Receiver.** For the purposes of Sections 4.1, 4.2 and 4.3, a reference to "Financial Institution" shall, where the context permits, include any Receiver appointed in accordance with Subsection 4.1(i).
- 4.5 **Payment of Reasonable Expenses incurred by the Financial Institution.** The amount of the Reasonable Expenses shall be paid by the Borrower to the Financial Institution from time to time forthwith after demand therefor is given by the Financial Institution to the Borrower and payment of such Reasonable Expenses shall be secured by the Security Interest.
- 4.6 **Payment of Deficiency.** Where the Collateral has been disposed of by the Financial Institution as provided herein, the Deficiency shall be paid by the Borrower to the Financial Institution forthwith after demand therefor has been given by the Financial Institution to the Borrower and the payment of the Deficiency shall be secured by the Security Interest.
- 4.7 **Financial Institution's Remedies.** The Financial Institution's rights and remedies, whether provided for in this Agreement or otherwise, are, to the fullest extent possible in law, mutually exclusive and are cumulative and not alternative.
- 4.8 **No Obligation to Dispose of Collateral.** The Financial Institution shall not be under any obligation to, or be liable or accountable for any failure to, enforce payment or performance of the Obligations or to seize, realize, take possession of or dispose of the Collateral and shall not be under any obligations to institute proceedings for any of such purposes.

#### ARTICLE FIVE - POSSESSION OF COLLATERAL BY FINANCIAL INSTITUTION

- 5.1 **Collateral in the Possession of Financial Institution.** Where any Collateral is in the possession of the Financial Institution,
- (a) the Financial Institution shall have no duty of care whatsoever with respect to such Collateral other than to use reasonable care in the custody and preservation thereof, provided that the Financial Institution need not take any steps of any nature to defend or preserve the rights of the Borrower therein against prior parties;
  - (b) the Financial Institution may, at any time following the occurrence of an Event of Default, grant or otherwise create a security interest in such Collateral upon any terms whether or not such terms impair the Borrower's right to redeem such Collateral; and
  - (c) the Financial Institution may, at any time following the occurrence of an Event of Default, use such Collateral in any manner and to such extent as it, in its sole discretion, deems necessary or desirable.

#### ARTICLE SIX - FIXTURES

- 6.1 **Fixtures.** The Borrower acknowledges and agrees that no Collateral shall become affixed to any real property other than real property owned by the Borrower in respect of which a mortgage or charge in favour of the Financial Institution has been duly registered in all appropriate offices of public record.

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ARTICLE SEVEN - ACKNOWLEDGEMENTS, COVENANTS, REPRESENTATIONS AND WARRANTIES BY THE BORROWER

7.1 *Acknowledgments by the Borrower.* The Borrower:

- (a) acknowledges receipt of a true copy of this Agreement;
- (b) acknowledges and agrees that this Agreement may be assigned by the Financial Institution, without the consent of and without notice to the Borrower, to such person, firm or corporation as the Financial Institution may determine and, in such event, such person, firm or corporation shall be entitled to all of the rights and remedies of the Financial Institution as set forth in this Agreement or otherwise and the Financial Institution shall be released and discharged from its obligations hereunder; and
- (c) agrees not to assert against any assignee of the Financial Institution, and the rights of such assignee are not subject to, any claim, defence, demand, set-off or other right, whether at law or in equity, that the Borrower has or may have against the Financial Institution.

7.2 *Representations and Warranties of Borrower.* The Borrower hereby represents and warrants to the Financial Institution as follows, acknowledging that the Financial Institution is relying on each of these representations and warranties, each of them being considered to be conditions of this Agreement:

- (a) the Borrower has the capacity or required legal authority to enter into this Agreement, provide the Security Interest commitments and fulfil the Obligations; and
- (b) with the exception of the Financial Institution's Security Interest, the Collateral belongs to the Borrower, free and clear of all encumbrances, mortgages, charges, pledges or security interests and all actions or claims.

7.3 *Covenants of the Borrower.* The Borrower covenants and agrees:

- (a) to pay and discharge all Obligations as and when they are due;
- (b) to ensure that the Collateral is free of all taxes, dues, charges, mortgages, liens, claims and security interests, apart from the Financial Institution's Security Interest, and, more specifically, to ensure that all Collateral acquired by the Borrower in the future is free of all taxes, dues, charges, mortgages, liens, encumbrances, claims and security interests;
- (c) not to exchange, transfer, assign, rent, dispose of or deal with the Collateral in any other way than provided in this Agreement;
- (d) to keep the Collateral in a good state of repair;
- (e) to notify the Financial Institution without delay of any loss or damage to the Collateral or of any change in the information contained in this Agreement or of any existing or potential claim that could affect the Borrower, the Collateral or the Financial Institution's Security Interest;
- (f) to obtain from each of the Borrower's landlords a written agreement in the Financial Institution's favour and approved by it, whereby each landlord:
  - (i) undertakes to give written notice to the Financial Institution of any default by the Borrower under the terms of the lease agreement and to give the Financial Institution a reasonable amount of time during which the Borrower would rectify the situation before the landlord exercised his ownership rights; and
  - (ii) acknowledges the existence of the Financial Institution's Security Interest and its right to enforce its Security Interest before and in priority to any claim by the landlord;
- (g) to take whatever action is required to prevent the Collateral from becoming a fixture to personal property that is not part of this Agreement or to prevent it from becoming a fixture to real property;
- (h) to provide the Financial Institution with all information with respect to the Collateral or the Borrower that the Financial Institution may reasonably require from time to time;
- (i) to allow the Financial Institution to have access to places where the Collateral is located and to inspect the Collateral as well as relevant documents;
- (j) to turn over to the Financial Institution from time to time Chattel papers, Instruments, Securities and negotiable drafts; and,
- (k) to give and turn over all other assignments, transfers, deeds, security agreements or other documents that the Financial Institution may require in order to complete or continue its Security Interest.

ARTICLE EIGHT - WAIVER

- 8.1 *Waiver by Borrower.* To the extent not prohibited by law, the Borrower hereby waives the benefit of all of the provisions of the Act or any other legislation which would in any manner adversely affect the Financial Institution's rights or remedies hereunder.
- 8.2 *Waiver by Financial Institution.* The Financial Institution may, in whole or in part, waive any breach of any of the provisions of this Agreement by the Borrower, any default by the Borrower in the payment or performance of any of the Obligations or any of its rights and remedies whether provided for hereunder or otherwise provided that no such waiver shall be considered to have been given unless given expressly by the Financial Institution to the Borrower in writing.
- 8.3 *Failure of Financial Institution to Exercise Rights.* The Financial Institution may, at any time, grant extensions of time or other indulgences to, accept compositions from or grant releases and discharges to the Borrower in respect of the Collateral or otherwise deal with the Borrower or with the Collateral and other security held by the Financial Institution, all as the Financial Institution may see fit, and the Borrower agrees that any such act or any failure by the Financial Institution to exercise any of its rights or remedies, whether provided for hereunder or otherwise, shall in no way affect or impair the Security Interest or the rights or remedies of the Financial Institution, whether provided for in this Agreement or otherwise.

ARTICLE NINE - EFFECTIVE DATE AND TERMINATION

- 9.1 *Effective Date.* This Agreement shall become effective according to its terms immediately upon the execution hereof by the Financial Institution and the Borrower. This Agreement and the Security Interest are in addition to and not in substitution for any other Agreement made between the Financial Institution and the Borrower or any other security granted by the Borrower to the Financial Institution whether before or after the execution of this Agreement. The Security Interest shall be a general and continuing security notwithstanding that the Obligations shall at any time or from time to time be fully satisfied or performed and shall continue in full force and effect until terminated as provided in Section 9.2.
- 9.2 *Termination of Agreement.* This Agreement may be terminated by written agreement made between the Financial Institution and the Borrower or by notice in writing given by the Borrower to the Financial Institution at any time when all of the Obligations have been fully satisfied and performed by the Borrower.

Upon termination of this Agreement in accordance with the provisions of this Section 9.2, the Financial Institution shall, at the request and expense of the Borrower, make and do all such acts and things and execute and deliver all such financing statements, instruments, agreements and documents as the Borrower reasonably considers necessary or desirable to discharge the Security Interest, to release and discharge the Collateral therefrom and to record such release and discharge in all appropriate offices of public record.

ARTICLE TEN - POWER OF ATTORNEY

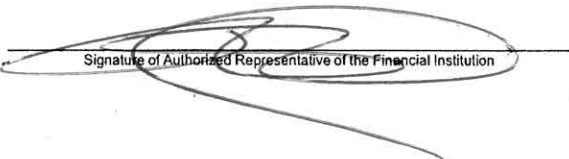
10.1 Appointment of Financial Institution Attorney. The Borrower hereby irrevocably constitutes and appoints [redacted] Financial Institution as the true and lawful attorney of the Borrower with power of substitution in the name of the Borrower to do any and all such acts or things or execute and deliver all such agreements, documents and instruments as the Financial Institution, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise any of its rights and remedies hereunder, and to do all acts or things necessary to realize or collect the Proceeds and the Borrower hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with this Section 10.1. This power of attorney shall not be revoked or terminated by any act or thing other than the termination this Agreement in accordance with Section 9.2.

ARTICLE ELEVEN - GENERAL CONTRACT PROVISIONS

- 11.1 Notices. All notices, requests, demands or other communications (collectively, "Notices") by the terms hereof required or permitted to be given by one party to any other party, or to any other person shall be given in writing by personal delivery or by registered mail, postage prepaid, or by facsimile transmission to such other party at the addresses hereinbefore noted, or at such other address as may be given by such person to the other parties hereto in writing from time to time.  
  
All such Notices shall be deemed to have been received when delivered or transmitted, or, if mailed, 48 hours after 12:01 a.m. on the day following the day of the mailing thereof. If any Notice shall have been mailed and if regular mail service shall be interrupted by strikes or other irregularities, such Notice shall be deemed to have been received 48 hours after 12:01 a.m. on the day following the resumption of normal mail service, provided that during the period that regular mail service shall be interrupted all Notices shall be given by personal delivery or by facsimile transmission.
- 11.2 Additional Considerations. The parties shall sign such further and other documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence, do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part thereof.
- 11.3 Counterparts. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall be but one and the same instrument.
- 11.4 Time of the Essence. Time shall be of the essence of this Agreement and of every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.
- 11.5 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to all of the matters herein and its execution has not been induced by, nor do any of the parties rely upon or regard as material, any representations or writings whatever not incorporated herein and made a part hereof and may not be amended or modified in any respect except by written instrument signed by the parties hereto. Any schedules referred to herein are incorporated herein by reference and form part of the Agreement.
- 11.6 Enurement. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors, and permitted assigns.
- 11.7 Currency. Unless otherwise provided for herein, all monetary amounts referred to herein shall refer to the lawful money of Canada.
- 11.8 Headings for Convenience Only. The division of this Agreement into articles and sections is for convenience of reference only and shall not affect the interpretation or construction of this Agreement.
- 11.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and each of the parties hereto agrees irrevocably to conform to the non-exclusive jurisdiction of the Courts of such Province.
- 11.10 Gender. In this Agreement, words importing the singular number shall include the plural and vice versa, and words importing the use of any gender shall include the masculine, feminine and neuter genders and the word "person" shall include an individual, a trust, a partnership, a body corporate, an association or other incorporated or unincorporated organization or entity.
- 11.11 Calculation of Time. When calculating the period of time within which or following which any act is to be done or step taken pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded. If the last day of such period is not a Business Day, then the time period in question shall end on the first business day following such non-business day.
- 11.12 Legislation References. Any references in this Agreement to any law, by-law, rule, regulation, order or act of any government, governmental body or other regulatory body shall be construed as a reference thereto as amended or re-enacted from time to time or as a reference to any successor thereto.
- 11.13 Severability. If any Article, Section or any portion of any Section of this Agreement is determined to be unenforceable or invalid for any reason whatsoever that unenforceability or invalidity shall not affect the enforceability or validity of the remaining portions of this Agreement and such unenforceable or invalid Article, Section or portion thereof shall be severed from the remainder of this Agreement.
- 11.14 Transmission by Facsimile. The parties hereto agree that this Agreement may be transmitted by facsimile or such similar device and that the reproduction of signatures by facsimile or such similar device will be treated as binding as if originals and each party hereto undertakes to provide each and every other party hereto with a copy of the Agreement bearing original signatures forthwith upon demand.
- 11.15 Borrower A Member. The Borrower represents and warrants to the Financial Institution that the Borrower is a member of the Financial Institution in good standing and that the Borrower is not in default of any existing obligations of the Borrower to the Financial Institution.

The Borrower acknowledges having read all the terms and conditions of this Agreement, agrees to fully comply with them and acknowledges having received a duplicate copy thereof.

Signed at Sault Ste. Marie, Ontario, this 5 day of February, 2018.

  
Signature of Authorized Representative of the Financial Institution

  
Borrower  
Borrower

Name: DANIEL SPRINGER

Title: PRESIDENT

I have the authority to bind the Corporation.

BETWEEN: 1138969 Ontario Inc.  
the "Borrower"

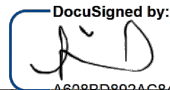
AND: Caisse Populaire Vermillon Inc.  
the "Financial Institution"

Description of certain specific assets forming part of the Collateral:

VEHICLES	1	2	3
Manufacturer			
Year			
Model			
Serial No. (VIN)			
Colour			
Licence No.			

Description of other certain specific assets forming part of the Collateral:

THIS IS **EXHIBIT "P"** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  


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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.

RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 1  
( 4515)

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

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : 1138969 ONTARIO INC.

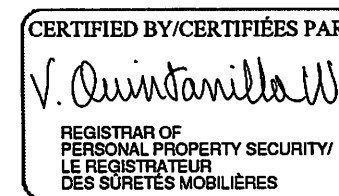
FILE CURRENCY : 30NOV 2022

ENQUIRY NUMBER 20221201091538.35 CONTAINS 19 PAGE(S), 7 FAMILY(IES).

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

GOWLING WLG (CANADA) LLP - TORONTO - MARK EMMANUEL

1600-1 FIRST CANADIAN PLACE  
TORONTO ON M5X 1G5



(crfs 05/2022)

CONTINUED... 2





RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 2  
( 4516)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER  
788832306

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION  
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD  
001 1 20221128 1536 1590 0180 P PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME 1138969 ONTARIO INC.

04 ADDRESS 377 LAKEVIEW ROAD ECHO BAY ONTARIO CORPORATION NO. ON P0S 1C0

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / CAISSE DESJARDINS ONTARIO CREDIT UNION INC.

09 LIEN CLAIMANT ADDRESS 1173 CYRVILLE ROAD GLOUCESTER ON K1J 7S6

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

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL  
14 COLLATERAL  
15 DESCRIPTION

16 REGISTERING GOWLING WLG (CANADA) LLP (K. YURKOVICH)  
17 AGENT ADDRESS SUITE 1600, 100 KING STREET WEST TORONTO ON M5X 1G5

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

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR  
*V. Quintanilla W.*  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTRATEUR  
DES SÛRETÉS MOBILIÈRES  
(cjt1fv 05/2022)





RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 3  
( 4517)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER  
766401228

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION  
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD  
001 001 20201002 1515 1862 2214 P PPSA 10

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
03 NAME BUSINESS NAME SPRINGER AEROSPACE HOLDINGS LIMITED

04 ADDRESS 377 LAKEVIEW ROAD ECHO BAY ONTARIO CORPORATION NO. 1972686  
ON P0S 1C0

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
06 NAME BUSINESS NAME 1138969 ONTARIO INC.

07 ADDRESS 377 LAKEVIEW ROAD ECHO BAY ONTARIO CORPORATION NO. 1138969  
ON P0S 1C0

08 SECURED PARTY / AVIATION MAINTENANCE INC.  
09 LIEN CLAIMANT

09 ADDRESS 3255 HAIGHT ROAD ST. JOSEPH ISLAND ON P0R 1G0

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE  
X X X X X 2500000 21NOV2029

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

13 GENERAL GENERAL SECURITY AGREEMENT OF ALL PRESENT AND FUTURE PROPERTY OF THE  
14 COLLATERAL DEBTOR, GUARANTEE, INDEMNITY, ASSIGNMENT AND POSTPONEMENT.  
15 DESCRIPTION

16 REGISTERING WISHART LAW FIRM LLP  
17 AGENT ADDRESS 390 BAY STREET, 5TH FLOOR SAULT STE. MARIE ON P6A 1X2

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

CONTINUED... 4

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

(crj1fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 4  
( 4518)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER  
765706797

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	002		20200914 1107 1862 0810	P PPSA	13

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME SPRINGER AEROSPACE HOLDINGS LIMITED

04 ADDRESS 377 LAKEVIEW ROAD ECHO BAY ONTARIO CORPORATION NO. ON P0S 1C0

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME 1138969 ONTARIO INC.

07 ADDRESS 377 LAKEVIEW ROAD ECHO BAY ONTARIO CORPORATION NO. ON P0S 1C0

08 SECURED PARTY / LIEN CLAIMANT NORTHERN ONTARIO HERITAGE FUND CORPORATION

09 ADDRESS #200-70 FOSTER DRIVE SAULT STE. MARIE ON P6A 6V8

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

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

12 VEHICLE

13 GENERAL

14 COLLATERAL

15 DESCRIPTION

16 REGISTERING AGENT MNDM - LEGAL SERVICES BR (NOHFC 8410837/TJ)  
17 ADDRESS SUITE 1601, 700 BAY STREET TORONTO ON M5G 1Z6

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

CONTINUED... 5

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

(crj1fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 5  
( 4519)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER  
765706797

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION  
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD  
002 002 20200914 1107 1862 0810

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME SPRINGER AEROSPACE

04 ADDRESS 377 LAKEVIEW ROAD ECHO BAY ONTARIO CORPORATION NO.  
ON P0S 1C0

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY /  
LIEN CLAIMANT

09 ADDRESS

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

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL  
14 COLLATERAL  
15 DESCRIPTION

16 REGISTERING  
17 AGENT

ADDRESS

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

CONTINUED...

6

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

(crj1fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 6  
( 4520)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER  
760580019

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20200303 1320 6005 8193	P PPSA	05

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME 1138969 ONTARIO INC.

04 ADDRESS 377 LAKE VIEW ROAD ECHO BAY ONTARIO CORPORATION NO. ON P0S 1C0

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME SPRINGER AEROSPACE

07 ADDRESS 377 LAKE VIEW ROAD ECHO BAY ONTARIO CORPORATION NO. ON P0S 1C0

08 SECURED PARTY / CWB NATIONAL LEASING INC.

09 LIEN CLAIMANT ADDRESS 1525 BUFFALO PLACE (2979258) WINNIPEG MB R3T 1L9

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

11 MOTOR YEAR MAKE MODEL V.I.N.  
2005 SKYJACK SJ4632 SCISSOR LIFT 711591

12 VEHICLE 2007 SKYJACK SJ4632 SCISSOR LIFT 718796

13 GENERAL AGREEMENT NUMBER 2979258, TOGETHER WITH ALL ATTACHMENTS,  
14 COLLATERAL ACCESSORIES, SUBSTITUTIONS AND PROCEEDS OF ANY KIND DERIVED DIRECTLY  
15 DESCRIPTION OR INDIRECTLY THEREFROM.

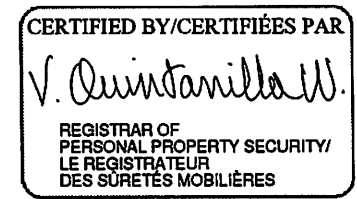
16 REGISTERING AGENT

17 ADDRESS

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

CONTINUED...

7



(cj11fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 7  
( 4521)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER  
758066724

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION  
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD  
001 1 20191129 0835 1532 6371 P PPSA 06

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
03 NAME BUSINESS NAME 1138969 ONTARIO INC.

04 ADDRESS 377 LAKEVIEW RD ECHO BAY ONTARIO CORPORATION NO.  
ON P0S 1C0

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

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / VW CREDIT CANADA INC.  
09 LIEN CLAIMANT

09 ADDRESS 4865 MARC-BLAIN ST., SUITE 300 ST-LAURENT QC H4R 3B2

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE  
X X X 32319.70 22NOV2025

11 MOTOR YEAR MAKE MODEL V.I.N.  
12 VEHICLE 2019 VOLKSWAGEN GOLF COMFORTLINE 3VWGS7AU3KM032822

13 GENERAL  
14 COLLATERAL  
15 DESCRIPTION

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

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

CONTINUED... 8

CERTIFIED BY/CERTIFIÉES PAR  
*V. Quintanilla W.*  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTRATEUR  
DES SÛRETÉS MOBILIÈRES  
(cj1fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 8  
( 4522)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20200401 1632 1532 9212	
21	RECORD REFERENCED	FILE NUMBER	758066724		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
			E TRANSFER		
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	1138969 ONTARIO INC.		
25	OTHER CHANGE REASON/ DESCRIPTION				
02/05	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/06	TRANSFEE	BUSINESS NAME	SPRINGER AEROSPACE HOLDINGS LIMITED		
04/07	ADDRESS	377 LAKEVIEW RD	ECHO BAY	ONTARIO CORPORATION NO.	ON P0S 1C0
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08	[REDACTED]				
09	ADDRESS	[REDACTED]			
	COLLATERAL CLASSIFICATION	[REDACTED]			
	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED	
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR	MATURITY DATE
10	YEAR	MAKE	MODEL	V.I.N.	
11	MOTOR VEHICLE GENERAL DESCRIPTION				
12	REGISTERING AGENT OR	D + H LIMITED PARTNERSHIP			
13	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	2 ROBERT SPECK PARKWAY, 15TH FLOOR	MISSISSAUGA	ON L4Z 1H8

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

CONTINUED... 9

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

(rj2fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 9  
( 4523)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER  
751723425

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION  
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD  
001 3 20190529 1614 1532 6717 P PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME 1138969 ONTARIO INC.

04 ADDRESS 377 LAKEVIEW RD ECHO BAY ONTARIO CORPORATION NO.  
ON P0S 1C0

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / CAISSE POPULAIRE VERMILLON INC.  
LIEN CHATMANT

09 ADDRESS 29, RUE MAIN EST CHELMSFORD ON P0M 1L0

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

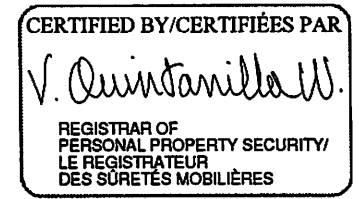
11 MOTOR YEAR MAKE MODEL V.I.N.  
12 VEHICLE 2016 DODGE GRAND CARAVAN 2C4RDGB9GR169495

13 GENERAL 1. DASH 8 HEAVY CHECK WING, ENGINE AND NACELLE DOCK STANDS  
14 COLLATERAL 2. DASH 8 JACKS AND TAIL STANDS INCLUDING, BUT NOT LIMITED TO  
15 DESCRIPTION A. TRONAIR NOSE JACK SN 181286011

16 REGISTERING CSRS  
17 AGENT ADDRESS 4126 NORLAND AVE BURNABY BC V5G 3R8

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

CONTINUED... 10



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 10  
( 4524)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
751723425

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	002	3		20190529 1614 1532 6717		

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

--	--	--	--	--

ONTARIO CORPORATION NO.

--	--	--	--	--

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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ONTARIO CORPORATION NO.

--	--	--	--	--

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

MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.
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13 GENERAL	B. TRONAIR MAIN JACK SN 9834071001
14 COLLATERAL	C. TRONAIR MAIN JACK SN 9834071002
15 DESCRIPTION	3. 2016 JCB 35D 4X4 TELETRUK FORKLIFT SN 2253620 TOGETHER WITH THE

16 REGISTERING AGENT	
17	ADDRESS

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

CONTINUED...

11

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

(crj1fv 05/2022)





RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 11  
( 4525)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
751723425

00  
01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION  
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD  
003 3 20190529 1614 1532 6717

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

04 ADDRESS ONTARIO CORPORATION NO.

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

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY /  
09 LIEN CREATOR ADDRESS

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

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

13 GENERAL FULL CAB, PALLET FORKS AND SIDE SHIFT  
14 COLLATERAL 4. 80X40X24 ARCTIC SHELTER STORAGE BUILDING / PEAK DOUBLE TRUSS, PVC  
15 DESCRIPTION FABRIC

16 REGISTERING  
17 AGENT ADDRESS

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

CONTINUED...

12

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

(crj1fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 12  
( 4526)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20221128 1537 1590 0181 P	PPSA
21	RECORD REFERENCED	FILE NUMBER	751723425		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
		X	A AMENDMENT		
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	1138969 ONTARIO INC.		
25	OTHER CHANGE	REASON/ DESCRIPTION			
26		TO ADD AN ADDITIONAL DEBTOR			
27					
28					
02/05	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/06		BUSINESS NAME	SPRINGER AEROSPACE		
04/07		ADDRESS	377 LAKEVIEW ROAD	ECHO BAY	ONTARIO CORPORATION NO. ON P0S 1C0
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08					
09		ADDRESS			
	COLLATERAL CLASSIFICATION				
	CONSUMER	MOTOR VEHICLE		DATE OF	NO. FIXED
	GOODS	INVENTORY	EQUIPMENT	AMOUNT	MATURITY OR MATURITY DATE
10			ACCOUNTS	OTHER	INCLUDED
11	MOTOR VEHICLE	YEAR	MAKE	MODEL	V-I-N
12	GENERAL				
13	COLLATERAL				
14	DESCRIPTION				
15	REGISTERING AGENT OR	GOWLING WLG (CANADA) LLP (K. YURKOVICH)			
16	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	SUITE 1600, 100 KING STREET WEST	TORONTO	ON M5X 1G5

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

CONTINUED... 13

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

(crj2hv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 13  
( 4527)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL MOTOR VEHICLE PAGES SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1	20221128 1540 1590 0184	P PPSA
21	FILE NUMBER	751723425		
22	PAGE-AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS
		X	A AMENDMENT	
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	1138969 ONTARIO INC.	
25	OTHER CHANGE	REASON/ DESCRIPTION		
26		TO AMEND THE SECURED PARTY'S NAME AND ADDRESS		
27				
28				
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
05	DEBTOR/ TRANSFeree	BUSINESS NAME		
06				ONTARIO CORPORATION NO.
04/07	ADDRESS			
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE		
08		CAISSE DESJARDINS ONTARIO CREDIT UNION INC.		
09	ADDRESS	1173 CYRVILLE ROAD	GLUCESTER	ON K1J 7S6
	COLLATERAL CLASSIFICATION			
	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR MATURITY DATE
10				
11	MOTOR	YEAR MAKE	MODEL	V.I.N.
12	VEHICLE			
13	GENERAL			
14	COLLATERAL			
15	DESCRIPTION			
16	REGISTERING AGENT OR	GOWLING WLG (CANADA) LLP (K. YURKOVICH)		
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	SUITE 1600, 100 KING STREET WEST	TORONTO ON M5X 1G5

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

CONTINUED... 14

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

(crj2fv 05/2022)

RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 14  
( 4528)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
738525033

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20180423 1432 6083 1810	P PPSA	10

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 BUSINESS NAME 1138969 ONTARIO INC.

04 ADDRESS 377 LAKEVIEW ROAD ECHO BAY

ONTARIO CORPORATION NO. 1138969  
ON P0S 1C0

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 BUSINESS NAME

ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT CAISSE POPULAIRE VERMILLON INC.

09 ADDRESS 866 NEWGATE AVENUE SUDBURY

ON P3A 5J9

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
X	X	X	X	X	500000		X

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

12

13 GENERAL COLLATERAL DESCRIPTION GENERAL SECURITY AGREEMENT DATED FEBRUARY 5, 2018 BETWEEN 1138969 ONTARIO INC. AND CAISSE POPULAIRE VERMILLON INC.

14

15 REGISTERING AGENT ELAINE S. PITCHER

16 ADDRESS 390 BAY STREET SUITE #300 SAULT STE MARIE ON P6A 1X2

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

CONTINUED... 15

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

(cj1fv 05/2022)



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 15  
( 4529)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	01	001		20181004 1937 1531 1552	
21 RECORD REFERENCED	FILE NUMBER	738525033			
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED A AMENDMENT	RENEWAL YEARS	CORRECT PERIOD
		X			
23 REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME		
24 DEBTOR/ TRANSFEROR	BUSINESS NAME	1138969 ONTARIO INC.			
25 OTHER CHANGE	REASON/ DESCRIPTION				
26	REMOVE AMOUNT SECURED				
27					
28					
02/ DEBTOR/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
03/ TRANSFEREE	BUSINESS NAME				
06					ONTARIO CORPORATION NO.
04/07	ADDRESS				
29 ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE				
08					
09	ADDRESS				
	COLLATERAL CLASSIFICATION				
	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED
10	X	X	X	X	X
	YEAR	MAKE	MODEL	V.I.N.	DATE OF MATURITY OR NO FIXED MATURITY DATE
11	MOTOR VEHICLE				
12	GENERAL COLLATERAL				
13	DESCRIPTION				
14	REGISTERING AGENT OR				
15	CANADIAN SECURITIES REGISTRATION SYSTEMS				
16	SECURED PARTY/ LIEN CLAIMANT				
17	ADDRESS	4126 NORLAND AVENUE	BURNABY	BC	V5G 3S8

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

CONTINUED... 16

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

(crj2iv 05/2022)

Ontario 

RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 16  
( 4530)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER		
01	001	1		20221128 1532 1590 0177	P	PPSA	
21	RECORD REFERENCED	FILE NUMBER	738525033				
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD		
		X	A AMENDMENT				
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME			
24	DEBTOR / TRANSFEROR	BUSINESS NAME	1138969 ONTARIO INC.				
25	OTHER CHANGE REASON / DESCRIPTION	TO AMEND THE COLLATERAL CLASSIFICATION					
02/05	DEBTOR / TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME		
03/06	TRANSFEREE	BUSINESS NAME					ONTARIO CORPORATION NO.
04/07	ADDRESS						
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE					
08							
09	ADDRESS						
10	COLLATERAL CLASSIFICATION	CONSUMER	MOTOR VEHICLE	DATE OF MATURITY	NO FIXED MATURITY DATE		
		GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	AMOUNT				
		X X X X X					
11	MOTOR VEHICLE GENERAL DESCRIPTION	YEAR MAKE	MODEL	V.I.N.			
12							
13							
14							
15							
16	REGISTERING AGENT OR SECURED PARTY / LIEN CLAIMANT	ADDRESS	GOWLING WLG (CANADA) LLP (K. YURKOVICH) SUITE 1600, 100 KING STREET WEST	TORONTO	ON	M5X 1G5	

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

CONTINUED... 17

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



(crj2fv 05/2022)

RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 17  
( 4531)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF PAGES	TOTAL MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER		
01	001	1	20221128 1534 1590 0178	P	PPSA	
21	RECORD REFERENCED	FILE NUMBER	738525033			
22	PAGE AMENDED	NO. SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD	
		X	A AMENDMENT			
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME		
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	1138969 ONTARIO INC.			
25	OTHER CHANGE					
26	REASON/ DESCRIPTION	TO ADD AN ADDITIONAL DEBTOR				
27						
28						
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME		
05	DEBTOR/ TRANSFEREE	BUSINESS NAME	SPRINGER AEROSPACE			
06		ADDRESS	377 LAKEVIEW ROAD	ECHO BAY	ONTARIO CORPORATION NO.	ON P0S 1C0
04/07						
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE				
08						
09		ADDRESS				
	COLLATERAL CLASSIFICATION					
	CONSUMER	MOTOR VEHICLE	DATE OF	NO. FIXED		
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR	MATURITY DATE	
10						
11	MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.		
12	GENERAL					
13	COLLATERAL					
14	DESCRIPTION					
15	REGISTERING AGENT OR	GOWLING WLG (CANADA) LLP (K. YURKOVICH)				
16	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	SUITE 1600, 100 KING STREET WEST	TORONTO	ON	M5X 1G5
17						

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

CONTINUED... 18

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

(crj2hv 05/2022)

Ontario 

RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 18  
( 4532)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
	PAGES	SCHEDULE NUMBER UNDER
01	001	1 20221128 1535 1590 0179 P PPSA
21	RECORD REFERENCED	FILE NUMBER 738525033
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED X CHANGE REQUIRED A AMENDMENT
23	REFERENCE	FIRST GIVEN NAME INITIAL SURNAME
24	DEBTOR/ TRANSFEROR	BUSINESS NAME 1138969 ONTARIO INC.
25	OTHER CHANGE	
26	REASON/ DESCRIPTION	TO AMEND THE SECURED PARTY'S NAME AND ADDRESS
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03/	TRANSFEE	BUSINESS NAME
04/07	ADDRESS	ONTARIO CORPORATION NO.
29	ASSIGNOR	
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE	CAISSE DESJARDINS ONTARIO CREDIT UNION INC.
09	ADDRESS	1173 CYRVILLE ROAD GLOUCESTER ON K1J 7S6
10	COLLATERAL CLASSIFICATION	
	CONSUMER GOODS	MOTOR VEHICLE INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED DATE OF AMOUNT MATURITY OR NO FIXED MATURITY DATE
11	MOTOR VEHICLE GENERAL	YEAR MAKE MODEL V.I.N.
12	VEHICLE DESCRIPTION	
13	GENERAL DESCRIPTION	
14	COLLATERAL DESCRIPTION	
15	REGISTERING AGENT OR SECURED PARTY/LIEN CLAIMANT	GOWLING WLG (CANADA) LLP (K. YURKOVICH) SUITE 1600, 100 KING STREET WEST TORONTO ON M5X 1G5

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

CONTINUED... 19

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

(crj21v 05/2022)

Ontario 



RUN NUMBER : 335  
RUN DATE : 2022/12/01  
ID : 20221201091538.35

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

REPORT : PSSR060  
PAGE : 19  
( 4533)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1138969 ONTARIO INC.  
FILE CURRENCY : 30NOV 2022

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
788832306	20221128 1536 1590 0180			
766401228	20201002 1515 1862 2214			
765706797	20200914 1107 1862 0810			
760580019	20200303 1320 6005 8193			
758066724	20191129 0835 1532 6371	20200401 1632 1532 9212		
751723425	20190529 1614 1532 6717	20221128 1537 1590 0181	20221128 1540 1590 0184	
738525033	20180423 1432 6083 1810	20181004 1937 1531 1552	20221128 1532 1590 0177	20221128 1534 1590 0178
	20221128 1535 1590 0179			

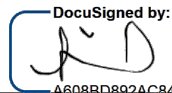
14 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

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

(crj)6 05/2022)

Ontario 

THIS IS **EXHIBIT “Q”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  


A608BD892AC840E...

---

*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.

June 30, 2022

**BY EMAIL**

**Me François Viau**  
Direct: 514-392-9530  
Fax : 514-876-9530  
francois.viau@gowlingwlg.com

**1138969 ONTARIO INC.**  
377 Lakeview Rd  
Echo Bay (Ontario) P0S 1C0

Att : Mr. James Daniel Springer, President

**RE: Notice of Termination of a Variable Credit Contract and Notice of intention to enforce security pursuant to Section 244 (1) of the *Bankruptcy and Insolvency Act***  
**Our file : L153200041**

---

Sir,

We are the attorneys of the Caisse Desjardins Ontario Credit Union Inc. (the “**Creditor**”), which has instructed us to address you the following Notice of Termination of a Variable Credit Contract and Notice of intention to enforce security pursuant to section 244 (1) of the *Bankruptcy and Insolvency Act*.

We refer you to a variable credit contract, as amended from time to time, made by the Creditor to 1138969 Ontario Inc. (the “**Borrower**”) dated May 16, 2019 and accepted by the latter on May 22, 2019, and bearing loan No. 03 (“**Credit 03**”).

For avoidance of doubt, we also refer you to the following guarantees, by which Aviation Maintenance Inc., 1929927 Ontario Inc., 5010945 Ontario Limited, Springer Aerospace Holdings Limited, Christopher Grant and yourself (collectively the “**Guarantors**”) accepted to jointly and severally guarantee all of the financial obligations of the Borrower, for a maximum amount of \$1,025,000:

- i. A General Guarantee and Postponement of Claim executed by Christopher Grant and yourself on August 28, 2020;
- ii. A General Guarantee and Postponement of Claim executed by Aviation Maintenance Inc., 1929927 Ontario Inc., and 5010945 Ontario Limited on July 9, 2021;
- iii. A General Guarantee and Postponement of Claim executed by 5010945 Ontario Limited and 1929927 Ontario Inc. on August 28, 2020;
- iv. A General Guarantee and Postponement of Claim executed by Springer Aerospace Holdings Limited on August 28, 2020;

It shall also be noted that the performance of the Borrower's obligations set forth in the Credit 03 is further secured by a guarantee under the Export Development Canada program run by Government of Canada, up to an amount of \$400,000.00 plus accrued and unpaid interest calculated at the Guaranteed Interest Rate (as defined in the EDC Guarantee Approval dated May 19, 2021 and amended from time to time) for up to a maximum of one hundred and twenty (120) days of accrued.

The Borrower's obligations under the Credit 03 are also secured, *inter alia*, by the following:

- i. A first priority ranking general personal property security securing all of the present future personal property of the Borrower;
- ii. A charge/mortgage of land in the original principal amount of \$350,000.00 registered as Instrument No. AL207556 at the Algoma Land Titles Office (No. 1) against the property municipally known as 201 River Side Rd, Echo Bay, ON, P0S 1C0, together with the assignment of rents and of insurance proceeds in respect thereto which such assignment is subject to a security interest in favour of the Creditor;
- iii. A charge/mortgage of land in the original principal amount of \$6,500,000.00 registered as Instrument No. AL213732 at the Algoma Land Titles Office (No. 1) against the property municipally known as 377 Lake View Rd, Echo Bay, ON, P0S 1C0 and owned by the Borrower (the "**Immovable**") together with an assignment of rents and of insurance proceeds in respect thereto;

The Borrower is in default under the Financing Offer and the aforementioned security documents (collectively the "**Security Documents**"), in that, notably, but not limited to :

- i. It failed to pay the outstanding property taxes related to the Immovable;
- ii. As per the latest consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc., 1929927 Ontario Inc. and Aviation Maintenance Inc., it failed to achieve a ratio of total debt to tangible net worth equal or less than 3.0:1;
- iii. It failed to maintain a ratio of total debt to tangible net worth equal or less than 3.00:1;

Moreover, Springer Aerospace Holdings Limited is in default under the financing offer, as amended from time to time, made by the Creditor as of May 7, 2020 and accepted by Springer Aerospace Holdings Limited on May 12, 2020 (the "**Financing Offer**"), which constitutes an additional default as per the Cross Default Clause incorporated in both the Financing Offer and the Credit 03, by which an event of default in any of the obligations of the Borrower and/or Springer Aerospace Holdings Limited will constitute a default in the credit arrangement of both credit facilities.

In consideration of the foregoing, the Creditor is terminating the Credit 03 as of the date of receipt of the present Notice of Termination, and demands, subject to all of its other rights and remedies, full and immediate payment of the amounts loaned, accrued interest and any other amount payable by the Borrower under the Credit 03:

<b>Credit 03</b>	<b>Total due Including arrears</b>
Principal balance	\$794,006.87
Interest (up to and including June 21, 2022) <sup>1</sup>	\$1,610.04
<b>Total</b>	<b>\$795,616.91</b>
<i>Per Diem</i>	<i>\$107.90</i>

plus interest accrued thereon, by certified funds payable to the order of Gowling WLG (Canada) LLP *in Trust*, failing which the appropriate legal proceedings will be instituted against the Borrower and the Guarantors without any further notice or delay.

If you require additional time to pay the full outstanding amount, then we require that you contact our office within the next (10) days following the receipt of the present letter to discuss any terms that Desjardins, in its sole discretion, may consider.

The Creditor expressly reserves its rights and remedies with respect to any other default, past, present and future that arose or may arise at the time of the present Notice of Termination, as per the Credit 03, the Security Documents, and/or other agreement or more generally by law.

The Creditor further reserves all of its rights and remedies against any other party in connection with the amounts owing, including, but not limited to, the Guarantors, whether as per the Financing Offer, the Security Documents, personal guarantees and/or any other agreement or more generally by law.

**DO GOVERN YOURSELF ACCORDINGLY.**

**GOWLING WLG (CANADA) LLP**



**FRANÇOIS VIAU**

c.c. Aviation Maintenance Inc., 1929927 Ontario Inc., 5010945 Ontario Limited, Springer Aerospace Holdings Limited and Christopher Grant

---

<sup>1</sup> The Credit 03 bears interest at the Creditor's Prime Rate plus 1.250% per annum. As of the date of the present Notice of Termination, the Creditor's Prime Rate is 3.70% per annum.

**NOTICE OF INTENTION TO ENFORCE SECURITY**  
**(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))**

TO : **SPRINGER AEROSPACE HOLDINGS LIMITED** (HEREINAFTER THE “**INSOLVENT PERSON**”)  
377 Lakeview Rd  
Echo Bay (Ontario) P0S 1C0

Att : Mr. James Daniel Springer, President

**TAKE NOTICE THAT:**

1. The Caisse Desjardins Ontario Credit Union Inc., a secured creditor, intends to enforce its securities on the property of an Insolvent Person described below :
  - i. 201 River Side Rd, Echo Bay, ON, P0S 1C0 (the “River Side Lands”)
  - ii. The rents and insurance proceeds of the River Side Lands
  - iii. 377 Lake View Rd, Echo Bay, ON, P0S 1C0 (the “Lake View Lands”)
  - iv. The rents and insurance proceeds of the Lake View Lands
  - v. All property of the Insolvent Person charged by the general personal property security described below and registered under the *Personal Property Security Act* (Ontario) on April 23, 2018 as reference file no. 738525033 (original registration no. 20180423 1432 6083 1810)
2. The security that is to be enforced is in the form of:
  - a) A charge/mortgage of land in the original principal amount of \$350,000.00 registered as Instrument No. AL207556 at the Algoma Land Titles Office (No. 1) against the property municipally known as 201 River Side Rd, Echo Bay, ON, P0S 1C0;
  - b) A charge/mortgage of land in the original principal amount of \$6,500,000.00 registered as Instrument No. AL213732 at the Algoma Land Titles Office (No. 1) against the property municipally known as 377 Lake View Rd, Echo Bay, ON, P0S 1C0; and
  - c) A General Security Agreement dated February 5, 2018 in favour of Caisse Desjardins Ontario Credit Union Inc. and registered under the *Personal Property Security Act* (Ontario) on April 23, 2018 as reference file no. 738525033 (original registration no. 20180423 1432 6083 1810).

The total amount of indebtedness secured by the security was, as of June 21, 2022, \$795,616.91 plus interest at the then present rate of \$107.90 per day thereafter.

3. The secured creditor will not have the right to enforce its securities until after the expiry of the 10-day period after this notice is sent unless the Insolvent Person consents to an earlier enforcement.

**GOWLING WLG (CANADA) LLP**



**FRANÇOIS VIAU**

---

### **ACKNOWLEDGMENT OF RECEIPT AND CONSENT**

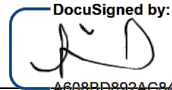
The undersigned, for and on behalf of 1138969 Ontario Inc., acknowledge receipt of the present notice under section 244 of the *Bankruptcy and Insolvency Act.*, declare having not signed nor filed a notice of intention under the *Bankruptcy and Insolvency Act.*, and consent to the immediate enforcement of Caisse Desjardins Ontario Credit Union Inc.'s securities against the assets mentioned in the said notice.

**1138969 Ontario Inc.**

---

By : James Daniel Springer, President

THIS IS **EXHIBIT “R”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  


A608BD892AC840E...

---

*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.



June 30, 2022

**BY EMAIL**

**Me François Viau**  
Direct: 514-392-9530  
Fax : 514-876-9530  
francois.viau@gowlingwg.com

**SPRINGER AEROSPACE HOLDINGS LIMITED**  
377 Lakeview Rd  
Echo Bay (Ontario) P0S 1C0

Att : Mr. James Daniel Springer, President

**RE: Demand for payment and Notice of intention to enforce security pursuant to Section 244 (1) of the *Bankruptcy and Insolvency Act*  
Our file : L153200041**

---

Sir,

We are the attorneys of the Caisse Desjardins Ontario Credit Union Inc. (the “**Creditor**”), which has instructed us to address you the following Demand for payment and Notice of intention to enforce security pursuant to section 244 (1) of the *Bankruptcy and Insolvency Act*.

We refer you to a financing offer, as amended from time to time, made by the Creditor to Springer Aerospace Holdings Limited (the “**Borrower**”) dated May 7, 2020 and accepted by the latter on May 12, 2020, and bearing loan Nos. 480229-PR-2 (“**Loan PR-2**”) and 480229-PR-3 (“**Loan PR-3**” and collectively with the Loan PR-2 the “**Financing Offer**”).

For avoidance of doubt, we also refer you to the following guarantees, by which Aviation Maintenance Inc., 1929927 Ontario Inc., 5010945 Ontario Limited, 1138969 Ontario Inc., Christopher Grant and yourself (collectively the “**Guarantors**”) accepted to jointly and severally guarantee all of the financial obligations of the Borrower, for a maximum amount of \$6,500,000.00:

- i. A General Guarantee and Postponement of Claim executed by Christopher Grant and yourself on July 9, 2021;
- ii. A General Guarantee and Postponement of Claim executed by Aviation Maintenance Inc., 1929927 Ontario Inc., and 5010945 Ontario Limited on July 9, 2021;
- iii. A General Guarantee and Postponement of Claim executed by 1138969 Ontario Inc. on July 9, 2021;

We also refer you to a personal guarantee executed by yourself with respect to all facilities made to the Borrower, thus including the Financing Offer, for a maximum of \$500,000.00.

It shall also be noted that the performance of the Borrower's obligations set forth in the Loan PR-2 is further secured by a guarantee under the Export Development Canada program run by Government of Canada with a percentage of 75.00%, plus accrued and unpaid interest calculated at the Guaranteed Interest Rate (as defined in the EDC Guarantee Approval dated June 4, 2020) for up to a maximum of one hundred and twenty (120) days of accrued and unpaid interest.

The Borrower's obligations under the Financing Offer are also secured, *inter alia*, by the following:

- i. A general personal property security against all of the present and future personal property of the Borrower filed in the Ontario Personal Property Registry under Registration Number 745544772;
- ii. A charge/mortgage of land in the original principal amount of \$350,000.00 registered as Instrument No. AL207556 at the Algoma Land Titles Office (No. 1) against the property municipally known as 201 River Side Rd, Echo Bay, ON, P0S 1C0, together with the assignment of rents and of insurance proceeds in respect thereto which such assignment is subject to a security interest in favour of the Creditor;
- iii. A charge/mortgage of land in the original principal amount of \$6,500,000.00 registered as Instrument No. AL213732 at the Algoma Land Titles Office (No. 1) against the property municipally known as 377 Lake View Rd, Echo Bay, ON, P0S 1C0 and owned by the Borrower (the "Immovable") in the amount of \$6,500,000.00 together with an assignment of rents and of insurance proceeds in respect thereto.
- iv. A 1<sup>st</sup> ranking security interest on the following property: 1986 PIPER, Model PA-46-310P, VIN 4608032 FAA Registration N712MK 15 Pratt & Whitney PT-6A-34 Engine bearing serial PCE RB-0006 HARTZELL;
  - a. Of the same rank on the rights and indemnities under the insurance policy or policies covering the property listed above as well as any other compensation to which the Borrower may be entitled if said property is damaged, lost, destroyed or otherwise affected, or if debts or accounts cannot be collected in whole or in part, including indemnities for loss of income or equipment breakdown, as the case may be;
  - b. of the same rank on debts, accounts, instruments or monies arising from the lease, sale or other disposal of the aforementioned collateral;

The Borrower is in default under the Financing Offer and the aforementioned security documents (collectively the "**Security Documents**"), in that, notably, but not limited to :

- i. It failed to pay the outstanding property taxes related to the Immovable;
- ii. It failed to maintain a working capital ratio equal to or greater than 1.25:1;
- iii. It failed to maintain a fixed-charge coverage ratio equal to or greater than 1.10:1;

iv. It failed to maintain a ratio of total debt to tangible net worth equal or less than 3.00:1;

Moreover, 1138969 Ontario Inc. is in default under the variable credit contract, as amended from time to time, made by the Creditor to 1138969 Ontario Inc. on May 16, 2019 and accepted by the latter on May 22, 2019, and bearing loan No. 03 (“**Credit 03**”), which constitutes an additional default as per the Cross Default Clause incorporated in both the Financing Offer and the Credit 03, by which an event of default in any of the obligations of the Borrower and/or 1138969 Ontario Inc. will constitute a default in the credit arrangement of both credit facilities.

In consideration of the foregoing, the indebtedness has been accelerated and, in accordance with the terms of the Financing Offer, the Creditor demands, subject to all of its other rights and remedies, full and immediate payment of the amounts loaned, accrued interest and any other amount payable by the Borrower under the Financing Offer:

<b>Loan PR-2</b>	<b>Total due Including arrears</b>
Principal balance	\$1,027,951.97
Interest (up to and including June 21, 2022) <sup>1</sup>	\$2,011.25
<b>Total</b>	<b>\$1,029,963.22</b>
<i>Per Diem</i>	<i>\$146.00</i>
<b>Loan PR-3</b>	<b>Total due Including arrears</b>
Principal balance	\$3,914,127.73
Interest (up to and including June 21, 2022) <sup>2</sup>	\$7,519.15
<b>Total</b>	<b>\$3,921,646.88</b>
<i>Per Diem</i>	<i>\$549.61</i>

plus interest accrued thereon, by certified funds payable to the order of Gowling WLG (Canada) LLP *in Trust*, failing which the appropriate legal proceedings will be instituted against the Borrower and the Guarantors without any further notice or delay.

If you require additional time to pay the full outstanding amount, then we require that you contact our office within the next (10) days following the receipt of the present letter to discuss any terms that Desjardins, in its sole discretion, may consider.

The Creditor expressly reserves its rights and remedies with respect to any other default, past, present and future that arose or may arise at the time of the present Demand for payment, as per the Financing Offer, the Security Documents, and/or other agreement or more generally by law.

The Creditor further reserves all of its rights and remedies against any other party in connection with the amounts owing, including, but not limited to, the Guarantors, whether as per the

<sup>1</sup> The Loan PR-2 bears interest at the fixed rate of 5.00% as of the date of the present Demand for payment.

<sup>2</sup> The Loan PR-3 bears interest at the fixed rate of 5.00% as of the date of the present Demand for payment.

Financing Offer, the Security Documents, personal guarantees and/or any other agreement or more generally by law.

**DO GOVERN YOURSELF ACCORDINGLY.**

**GOWLING WLG (CANADA) LLP**



**FRANÇOIS VIAU**

c.c. Aviation Maintenance Inc., 1929927 Ontario Inc., 5010945 Ontario Limited, 1138969 Ontario Inc.,  
Christopher Grant

**NOTICE OF INTENTION TO ENFORCE SECURITY**  
**(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))**

TO : **SPRINGER AEROSPACE HOLDINGS LIMITED** (HEREINAFTER THE “**INSOLVENT PERSON**”)  
377 Lakeview Rd  
Echo Bay (Ontario) P0S 1C0

Att : Mr. James Daniel Springer, President

**TAKE NOTICE THAT:**

1. The Caisse Desjardins Ontario Credit Union Inc., a secured creditor, intends to enforce its securities on the property of an Insolvent Person described below:
  - i. 201 River Side Rd, Echo Bay, ON, P0S 1C0 (the “River Side Lands”)
  - ii. The rents and insurance proceeds of the River Side Lands
  - iii. 377 Lake View Rd, Echo Bay, ON, P0S 1C0 (the “Lake View Lands”)
  - iv. The rents and insurance proceeds of the Lake View Lands
  - v. 1986 PIPER, Model PA-46-310P, VIN 4608032 FAA Registration N712MK 15 Pratt & Whitney PT-6A-34 Engine bearing serial PCE RB-0006 HARTZELL
  - vi. All property of the Insolvent Person charged by the general personal property security described below and registered under the *Personal Property Security Act* (Ontario) on November 5, 2018 as reference file no. 745544772 (original registration no. 20181105 1424 9489 0035)
2. The security that is to be enforced is in the form of:
  - a) A charge/mortgage of land in the original principal amount of \$350,000.00 registered as Instrument No. AL207556 at the Algoma Land Titles Office (No. 1) against the property municipally known as 201 River Side Rd, Echo Bay, ON, P0S 1C0;
  - b) A charge/mortgage of land in the original principal amount of \$6,500,000.00 registered as Instrument No. AL213732 at the Algoma Land Titles Office (No. 1) against the property municipally known as 377 Lake View Rd, Echo Bay, ON, P0S 1C0;
  - c) A general personal property security interest in favour of Caisse Desjardins Ontario Credit Union Inc. and registered under the *Personal Property Security Act* (Ontario) on November 5, 2018 as reference file no. 745544772 (original registration no. 20181105 1424 9489 0035); and

- d) A personal property security interest in favour of Caisse Desjardins Ontario Credit Union Inc. and registered under the *Personal Property Security Act* (Ontario) on July 13, 2021 as reference file no. 774382131 (original registration no. 20210713 1406 1462 5841).
3. The total amount of indebtedness secured by the security was, as of June 21, 2022, \$4,951,610.10 plus interest at the then present rate of \$695.61 per day thereafter. The particulars of the indebtedness can be broken down as follows:

Loan No. 480229-PR-2	<b>Total due</b> Including arrears
Principal balance	\$1,027,951.97
Interest (up to and including June 21, 2022)	\$2,011.25
<b>Total</b>	<b>\$1,029,963.22</b>
<i>Per Diem</i>	<i>\$146.00</i>
Loan No. 480229-PR-3	<b>Total due</b> Including arrears
Principal balance	\$3,914,127.73
Interest (up to and including June 21, 2022)	\$7,519.15
<b>Total</b>	<b>\$3,921,646.88</b>
<i>Per Diem</i>	<i>\$549.61</i>

4. The secured creditor will not have the right to enforce its securities until after the expiry of the 10-day period after this notice is sent unless the Insolvent Person consents to an earlier enforcement.

**GOWLING WLG (CANADA) LLP**



François Viau

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## **ACKNOWLEDGMENT OF RECEIPT AND CONSENT**

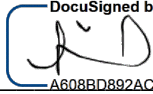
The undersigned, for and on behalf of Springer Aerospace Holdings Limited, acknowledge receipt of the present notice under section 244 of the *Bankruptcy and Insolvency Act.*, declare having not signed nor filed a notice of intention under the *Bankruptcy and Insolvency Act.*, and consent to the immediate enforcement of Caisse Desjardins Ontario Credit Union Inc.'s securities against the assets mentioned in the said notice.

**SPRINGER AEROSPACE HOLDINGS LIMITED**

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By : James Daniel Springer, President

THIS IS **EXHIBIT “S”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  
  
A608BD892AC840E

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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.



**Yurkovich, Kate**

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**Subject:** FW: Springer Aerospace - plan de redressement  
**Attachments:** Springer - plan de redressement 06juillet2022.pdf

**De :** JC Barrette <[jbarrette@springeraerospace.com](mailto:jbarrette@springeraerospace.com)>  
**Envoyé :** 6 juillet 2022 13:59  
**À :** Dominic Bacon <[dominic.bacon@desjardins.com](mailto:dominic.bacon@desjardins.com)>  
**Objet :** Springer Aerospace - plan de redressement

**COURRIEL EXTERNE CONTENANT UNE PIÈCE JOINTE OU UN LIEN URL / EXTERNAL EMAIL WITH AN ATTACHMENT OR A URL LINK**

**Soyez vigilant, développez les bons réflexes et ne téléchargez aucune pièce jointe non sollicitée!** Au besoin, cliquez sur l'icône Signaler ou faites suivre ce courriel à [protection@desjardins.com](mailto:protection@desjardins.com). / **Be vigilant, develop the right instincts and do not download any unsolicited attachment!** If required, click the Report button or forward the email at [protection@desjardins.com](mailto:protection@desjardins.com)

Bonjour Dominic,

Tout d'abord, j'aimerais te confirmer que mon offre d'acquisition de 50% des parts de Springer Aerospace a été signée hier. La transaction sera effective à partir de lundi le 11 juillet, et j'ai l'intention d'être sur place à partir de la semaine prochaine.

Je joins à ce courriel notre plan de redressement initial et les requêtes de Springer pour compléter le redressement d'ici la revue annuelle des facilités bancaires au mois de novembre. Mon objectif est de permettre à Springer de retourner avec la succursale à ce moment, et tu auras tout mon attention et efforts pour y arriver.

Ceci dit, mon premier objectif est de terminer le mandat de RCGT. Avec mon arrivée dans l'entreprise, je ne vois plus leur valeur ajoutée à nos efforts de redressement. Je serai capable de te fournir toute l'information nécessaire à tes suivis, et beaucoup plus d'information que ce que RCGT te fournit. À \$35k par mois, il y a moyen de bien mieux dépenser ces sous pour l'entreprise. Ceci dit, si Desjardins veut payer pour les services de RCGT, ou d'un autre cabinet, il nous fera plaisir de travailler avec ces professionnels.

SVP laisse-moi savoir quand tu auras pu prendre connaissance du plan de redressement, et nous céderons un appel pour en discuter.

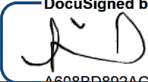
Bien cordialement,  
Jc

--

**JC Barrette**

Springer Aerospace | 377 Lakeview Rd. | Echo Bay (Ontario) P0S 1C0  
Phone: +1 249 957 0167 | Toll free: +1 877 603 6633 Ext. 202 | Fax: +1 877 603 6633  
Cell: +1 647 574 5140  
[jbarrette@springeraerospace.com](mailto:jbarrette@springeraerospace.com)  
[springeraerospace.com](http://springeraerospace.com)

THIS IS **EXHIBIT “T”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  


A608DD892AC840E...

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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.



July 21, 2022

**1138969 ONTARIO INC.**  
377 Lakeview Rd  
Echo Bay (Ontario) P0S 1C0

Att : Mr. James Daniel Springer, President

**SPRINGER AEROSPACE HOLDINGS LIMITED**  
377 Lakeview Rd  
Echo Bay (Ontario) P0S 1C0

Att : Mr. James Daniel Springer, President

**RE: Forbearance Agreement**

Sir,

Reference is made to a variable credit contract, as amended from time to time, between Caisse Desjardins Ontario Credit Union Inc. (the "**Lender**") and 1138969 Ontario Inc. (the "**113**") dated May 16, 2019 and accepted by the latter on May 22, 2019, and bearing loan No. 03 ("**Credit 113-03**").

Reference is also made to a financing offer, as amended from time to time, made by the Lender to Springer Aerospace Holdings Limited (the "**SAHL**") dated May 7, 2020 and accepted by the latter on May 12, 2020, and bearing loan Nos. 480229-PR-2 ("**Loan SAHL-2**") and 480229-PR-3 ("**Loan SAHL-3**") and collectively with the Loan SAHL-2 the "**SAHL-Financing**". The SAHL-Financing and Credit 113-03 are hereinafter collectively referred to as "**the Financing Documents**").

113's obligations under Credit 113-03 are secured, *inter alia*, by the following:

- i. A first priority ranking general personal property security securing all of the present future personal property of 113;
- ii. A charge/mortgage of land in the original principal amount of \$350,000.00 registered as Instrument No. AL207556 at the Algoma Land Titles Office (No. 1) against the property municipally known as 201 River Side Rd, Echo Bay, ON, P0S 1C0, together with the assignment of rents and of insurance proceeds in respect thereto which such assignment is subject to a security interest in favour of the Lender;

- iv. A charge/mortgage of land in the original principal amount of \$6,500,000.00 registered as Instrument No. AL213732 at the Algoma Land Titles Office (No. 1) against the property municipally known as 377 Lake View Rd, Echo Bay, ON, P0S 1C0 and owned by the 113 (the "**113-Immovable**") together with an assignment of rents and of insurance proceeds in respect thereto.

(collectively: the "**113-Security**")

- v. Guarantees, by which Aviation Maintenance Inc., 1929927 Ontario Inc., 5010945 Ontario Limited, SAHL, Christopher Grant and Jean Daniel Springer Lender (collectively: the "**113-Guarantors**") accepted to jointly and severally guarantee all of the financial obligations of 113, for a maximum amount of \$1,025,000 under the following;

- a. A General Guarantee and Postponement of Claim executed by Christopher Grant and Jean Daniel Springer on August 28, 2020;
- b. A General Guarantee and Postponement of Claim executed by Aviation Maintenance Inc., 1929927 Ontario Inc., and 5010945 Ontario Limited on July 9, 2021;
- c. A General Guarantee and Postponement of Claim executed by 5010945 Ontario Limited and 1929927 Ontario Inc. on August 28, 2020;
- d. A General Guarantee and Postponement of Claim executed by SAHL on August 28, 2020.

(collectively: the "**113-Guarantor Agreements**")

SAHL's obligations under SAHL Financing are secured, inter alia, by the following:

- i. A general personal property security against all of the present and future personal property of the SAHL filed in the Ontario Personal Property Registry under Registration Number 745544772;
- ii. A charge/mortgage of land in the original principal amount of \$350,000.00 registered as Instrument No. AL207556 at the Algoma Land Titles Office (No. 1) against the property municipally known as 201 River Side Rd, Echo Bay, ON, P0S 1C0, together with the assignment of rents and of insurance proceeds in respect thereto which such assignment is subject to a security interest in favour of the Lender;
- iii. A charge/mortgage of land in the original principal amount of \$6,500,000.00 registered as Instrument No. AL213732 at the Algoma Land Titles Office (No. 1) against the property municipally known as 377 Lake View Rd, Echo Bay, ON, P0S 1C0 and owned by the SAHL (the "**SAHL-Immovable**") in the amount of \$6,500,000.00 together with an assignment of rents and of insurance proceeds in respect thereto;
- iv. A 1<sup>st</sup> ranking security interest on the following property: 1986 PIPER, Model PA-46-310P, VIN 4608032 FAA Registration N712MK 15 Pratt & Whitney PT-6A-34 Engine bearing serial PCE RB-0006 HARTZELL.



(collectively: the "**SAHL-Security**". The SAHL-Security and the 113-Security are hereinafter collectively referred to as the "**Security**")

- v. Guarantees, by which Aviation Maintenance Inc., 1929927 Ontario Inc., 5010945 Ontario Limited, 1138969 Ontario Inc., Christopher Grant and Jean Daniel Springer (collectively: the "**SAHL-Guarantors**". The SAHL-Guarantors and the 113-Guarantors are hereinafter collectively referred to as the "**Guarantors**") accepted to jointly and severally guarantee all of the financial obligations of SAHL, for a maximum amount of \$6,500,000.00 under the following:
- a. A General Guarantee and Postponement of Claim executed by Christopher Grant and Jean Daniel Springer on July 9, 2021;
  - b. A General Guarantee and Postponement of Claim executed by Aviation Maintenance Inc., 1929927 Ontario Inc., and 5010945 Ontario Limited on July 9, 2021;
  - c. A General Guarantee and Postponement of Claim executed by 1138969 Ontario Inc. on July 9, 2021.

(collectively: the "**SAHL-Guarantor Agreements**". The SAHL Guarantors-Agreements and the 113-Guarantors Agreements are hereinafter collectively referred to as the "**Guarantor Agreements**")

113 is in default under Credit 113-03 and the 113-Security, in that, notably, but not limited to :

- i. It failed to pay the outstanding property taxes related to the 113-Immovable;
- ii. As per the latest consolidated financial statements of SAHL, 113, 1929927 Ontario Inc. and Aviation Maintenance Inc., it failed to achieve a ratio of total debt to tangible net worth equal or less than 3.0:1;
- iii. It failed to maintain a ratio of total debt to tangible net worth equal or less than 3.00:1;
- iv. SAHL is in default under the SAHL-Financing.

(collectively: the "**113-Defaults**")

SAHL is in default under SAHL-Financing and SAHL-Security, in that, notably, but not limited to:

- i. It failed to pay the outstanding property taxes related to the SAHL-Immovable;
- ii. It failed to maintain a working capital ratio equal to or greater than 1.25:1;
- iii. It failed to maintain a fixed-charge coverage ratio equal to or greater than 1.10:1;
- iv. It failed to maintain a ratio of total debt to tangible net worth equal or less than 3.00:1;

v. 113 is in default under the Credit 113-03.

(collectively: the "**SAHL-Defaults**". The SAHL-Defaults and the 113-Defaults and hereinafter collectively referred to as the "**Defaults**")

On, or about June 30<sup>th</sup>, 2022, given the 113-Defaults, the Lender served upon 113 and 113-Guarantors, a *Notice of Termination of a Variable Credit Contract and Notice of intention to enforce security pursuant to Section 244 (1) of the Bankruptcy and Insolvency Act.* (the "**113-244 Notice**").

On, or about June 30<sup>th</sup>, 2022, given the SACH-Defaults, the Lender served upon SACH and SAHL Guarantors a *Demand for payment and Notice of intention to enforce security pursuant to Section 244 (1) of the Bankruptcy and Insolvency Act* (the "**SAHL-244 Notice**". The SAHL-244 Notice and the 113-244 Notice are hereinafter collectively referred to as "the "**244 Notices**").

As of June 21<sup>st</sup> 2022, the outstanding amount owed to the Lender by 113 is as follows:

<b>Credit 03</b>	<b>Total due</b> Including arrears
Principal balance	\$794,006.87
Interest (up to and including June 21, 2022)	\$1,610.04
<b>Total</b>	<b>\$795,616.91</b>
<i>Per Diem</i>	\$107.90

subject to adjustment plus any other indebtedness, liabilities and obligations of the 113 to the Lender of every nature and kind whatsoever, present, future, direct, indirect and contingent, including without limitation: (i) any and all indebtedness, liabilities and obligations and all other fees, charges and expenses required to be paid by 113 to the Lender and (ii) any and all expenses and charges, whether for legal expenses or otherwise, suffered or incurred by the Lender in collecting or enforcing any such indebtedness, obligations and liabilities or in realizing on or protecting or preserving any security, including the present Forbearance Agreement provided for under Credit 113-03 (the "**113-Outstanding Obligations**").

As of June 21<sup>st</sup> 2022, the outstanding amount owed to the Lender by SAHL is as follows:

<b>Loan SAHL-2</b>	<b>Total due</b>
	Including arrears
Principal balance	\$1,027,951.97
Interest (up to and including June 21, 2022)	\$2,011.25
<b>Total</b>	<b>\$1,029,963.22</b>
<i>Per Diem</i>	\$146.00

<b>Loan SAHL-3</b>	<b>Total due</b>
	Including arrears
Principal balance	\$3,914,127.73
Interest (up to and including June 21, 2022)	\$7,519.15
<b>Total</b>	<b>\$3,921,646.88</b>
<i>Per Diem</i>	\$549.61

subject to adjustment plus any other indebtedness, liabilities and obligations of SAHL to the Lender every nature and kind whatsoever, present, future, direct, indirect and contingent, including without limitation: (i) any and all indebtedness, liabilities and obligations and all other fees, charges and expenses required to be paid by SAHL to the Lender (ii) any and all expenses and charges, whether for legal expenses or otherwise, suffered or incurred by the Lender in collecting or enforcing any such indebtedness, obligations and liabilities or in realizing on or protecting or preserving any security, including the present Forbearance Agreement provided for under the SAHL-Financing (the "**SAHL-Outstanding Obligations**");

(the 113-Outstanding Obligations and SAHL-Outstanding Obligations are collectively referred to as the "**Outstanding Obligations**").

113 and SAHL (collectively: the "**Borrowers**") have advised the Lender that they are not in a position to pay the Outstanding Obligations and therefore have requested that the Lender forbear from exercising its rights and remedies under the Financing Documents as a result of the Defaults. The Lender has agreed to such request for a period on the terms and conditions set out in this agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the parties hereto covenant and agree with each other as follows:



**1. PREAMBLE**

1.1 The Borrowers and Guarantors acknowledge that all of the facts set out in the preamble are true and correct.

**2. ACKNOWLEDGMENT OF DEBTS**

2.1 The Borrowers acknowledges that they are indebted to the Lender for the full amount of the Outstanding Obligations and that the Outstanding Obligations continue to accrue until same are paid in full.

2.2 The Borrowers acknowledges that all Outstanding Obligations are secured by the Security, and that all security held by the Lender are valid, in full force and effect and enforceable by the Lender.

2.3 The Guarantors acknowledge being indebted to the Lender pursuant to the Guarantee Agreements in respect of all Outstanding Obligations of the Borrowers and that such Guarantee Agreements are valid, in full force and effect and enforceable by the Lender.

**3. PREREQUISITES FOR SUSPENSION**

3.1 Payment by SAHL of USD\$112,000. to the Lender to be applied in permanent reduction of Loan SAHL-3.

3.2 The maintenance in force and renewal of the EDC Guarantees.

**4. FORBEARANCE PERIOD**

4.1 In consideration of the terms and conditions herein, the Lender agrees to forbear from exercising its rights and remedies under the Financing Documents and following the expiry of the 244 Notice with respect to the Defaults until the earlier of (the "**Forbearance Period**"):

a) January 31, 2023; and

b) The date upon which a Default or Event of Default (as defined hereafter) occurs;


Upon termination of the Lender's Forbearance obligations hereunder, the Lender shall be free, in the Lender's sole and absolute discretion, subject to the law, to proceed to enforce and or all of its rights and remedies under or in respect of the Financing Documents, the Security and applicable law.

4.2 During the Forbearance Period:

4.2.1 Borrowers agree that RCGT will monitor the 13 week cash-flow provided to the Lender in Schedule A every two weeks (next review being for the 2 weeks ending July 30th 2022) with explanations for any significant variances between actual and forecast results and shall deliver to the Lender its updated 13 week cash-flow on a bi-weekly basis. All information required for the bi-weekly monitoring and update of the 13 week cash flow shall be provided to RCGT no later than noon on the Wednesday following the end of



the 2 week period (deadline to provide information for the 2 weeks ending July 30th 2022 will be August 3rd 2022).

- 4.2.2 Borrowers undertake to deliver the following documents on a monthly basis, no later than the 20th day after the end of the month:
- 4.2.2.1 Monthly financial statements;
  - 4.2.2.2 Detailed list of accounts receivable;
  - 4.2.2.3 Detailed list of accounts payable, including amounts owing under tax laws;
  - 4.2.2.4 Summary statement of goods in inventory;
  - 4.2.2.5 Confirmation of payments of deductions at source and taxes (GST/QST);
  - 4.2.2.6 Calculation of the ratios of all creditors; and
  - 4.2.2.7 Signed officer's certificate.
- 4.2.3 Borrowers will submit to the Lender, on or before September 30<sup>th</sup>, 2022, a detailed business plan for the next 12 months, duly validated by RCGT Inc., which will address the Borrowers' plan to profitability and the repayment of the Outstanding Obligations.
- 4.2.4 ~~1929927 Ontario Inc. will remit to SAHL, on or before, September 30<sup>th</sup>, 2022, a detailed repayment plan of all amounts owed to SAHL to be paid within a maximum period of 24 months, duly validated by RCGT Inc. and to the Lender's satisfaction, being understood that the borrowers will not have to right to provide additional credit to 1929927 Ontario Inc..~~ 
- 4.2.5 SAHL will pay to the Lender, before September 30<sup>th</sup>, 2022, an amount of USD\$100,000. to be applied in permanent reduction of Loan SAHL-3;
- 4.2.6 as of August 30<sup>th</sup> 2022, the following financial ratios will have to be followed and maintained:
- 4.2.6.1 a working capital ratio, equal to or greater than 1.25:1;
  - 4.2.6.2 a debt service coverage ratio equal to or greater than 1.25:1;
  - 4.2.6.3 total debt to tangible net worth equal to or less than 3:1
- 4.2.7 the Borrowers agree to deliver the following documents no later than November 30<sup>th</sup>, 2022:
- 4.2.7.1 annual financial statements as of August 31<sup>st</sup>, 2022, including a consolidated version;

- 4.2.7.2 detailed list of accounts receivable and accounts payable as at the date of the annual financial statements;
- 4.2.7.3 confirmation of payment of government remittances and other government claims;
- 4.2.7.4 confirmation of payment of property taxes for the 113 Immovable and the SAHL Immovable;
- 4.2.7.5 the duly signed balance sheets of Christopher Grant and Jean Daniel Springer.

4.3 Except as otherwise expressly provided for in this Agreement, nothing in this Agreement shall extend or affect in any way, any of the Borrowers' obligations under the Financing Documents, the Security or any of the rights and remedies of the Lender which shall not be deemed to have waived any or all of such its rights or remedies with respect to any Defaults or Event of Default or event or condition which, with notice or the lapse of time or both, would become a Default or Event of Default under the Financing Documents, the Guarantee Agreements, the Security and which upon the Borrowers' execution and delivery of this Agreement might otherwise exist or which might hereafter occur.

## 5. **ACKNOWLEDGEMENTS, REPRESENTATIONS AND WARRANTIES BY THE BORROWERS**

5.1 Borrowers hereby represent, warrant, acknowledge and agree that:

- a) The Lender has not waived the Defaults and, subject to this Agreement, presently has an exercisable right to enforce its rights under the terms of the Financing Documents, the Security, the Guarantee Agreements and applicable law;
- b) except as expressly or implicitly amended or varied hereby, this Agreement does not and shall not be construed as revoking, amending, limiting or otherwise varying any of the terms, conditions, undertakings and covenants of the Financing Documents, the Security and the Guarantee Agreements;
- c) there are no disputes or claims of any nature or kind against the Lender or any shareholder, officer, director, employee, solicitors or agent of the Lender relating to the Outstanding Obligations, the Financing Documents, the Security, the Guarantee Agreements or that would constitute a valid defence or cause of opposition to the Lender's claim for the payment of the Outstanding Obligations or the enforcement of its rights and remedies under the its Security;
- d) the execution and delivery of this Agreement and the performance of the Borrowers' obligations hereunder have been duly authorized by all necessary corporate action;
- e) the property secured by the Security is in existence, in their possession and control and has not been transferred, sold, encumbered or impaired in any manner which would deteriorate from or adversely affect the value of same;

- f) they shall not make any settlement with or payment to any party or to any other current or future creditor, other than in the ordinary course of their business and in conformity with the cash-flow and the law;
- g) they shall not pay to its shareholders or any affiliates or the shareholders thereof, any amount, other than normal salary and expenses, whether by way of dividend, repayment of loans or otherwise, or grant any loan to any of its officers, directors or shareholders or any affiliates or the shareholders thereof, without the prior written consent of the Lender;
- h) They will not incur or create any further or additional indebtedness other than under their cash-flow forecasts, except as expressly authorized by the Lender in writing or that such indebtedness is incidental to the ordinary course of their business;
- i) they shall not create any additional liens upon or assign or transfer security or pledge or hypothecate any of their property;
- j) they shall not cease or threaten to cease to carry on its business; and
- k) they shall not amalgamate, merge, acquire or otherwise combine their business, or create an affiliated company, or sell or otherwise transfer a substantial part of their business or any substantial part of their assets, or grant any operating license.

5.2 The Borrowers acknowledge that the Lender is relying on the foregoing acknowledgements, representations and warranties in granting the Forbearance Period and entering into this Agreement. The following covenants and foregoing acknowledgements, representations and warranties shall survive the execution and delivery of this Agreement.

## 6. OTHER COVENANTS

6.1 The Borrowers agree to pay to the Lender the following forbearance fees ("**Forbearance Fee**") concurrently with the execution of this Agreement and hereby authorizes the Lender to debit such amounts directly from their accounts.

6.1.1 113: \$2,500;

6.1.2 SAHL: \$2,600 (Loan SAHL-2): \$9,800 (Loan SAHL-3).

It is understood that the Forbearance Fee shall be fully earned when due and non-refundable when paid.

6.2 The Borrowers agree to pay to the Lender monthly monitoring fees of \$400.00 each retroactively to the 1<sup>st</sup> of July 2022 and hereby authorizes the Lender to debit such amounts directly from their accounts.

6.3 If any document is not submitted by the deadline, the Borrowers will pay a penalty fee of \$150 per document, per week to be debited from their accounts, the borrowers hereby authorize the Lender to debit such amounts directly from their accounts.



6.4 The Borrowers further agrees to be responsible for all reasonable present and future out-of-pocket costs and expenses (including, without limitation, all lawyers' fees and disbursements) incurred by the Lender in connection with the Defaults, the preparation, execution, delivery or enforcement of this Agreement or the Security.

## 7. EVENTS OF DEFAULT

7.1 Other than the existing Defaults, the following shall constitute an event of default ("**Event of Default**"):

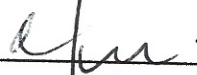
- a) any default or breach in the observance or performance of any of the obligations, covenants, agreements or undertakings set out in this Agreement or any further default or breach under any terms of the Financing Documents, the Security and the Guarantee Agreements;
- b) any representation, warranty or statement herein or any document delivered in connection this Agreement herewith which is proven to be untrue or incorrect in a manner materially adverse to the Lender;
- c) any material deterioration of the Lender's position or any adverse change in the financial situation, the ownership or the business of the Borrowers or the ability of the Borrowers to pay amounts owing has been impaired, worsened, diminished or threatens to further deteriorate;
- d) any steps taken by the Borrowers or a third party to wind-up or dissolve the Borrowers or to put the Borrower into receivership, bankruptcy or liquidation;
- e) the Borrowers cease to carry on business, files an assignment in bankruptcy under the *Bankruptcy and Insolvency Act* or make an application for relief under the *Companies' Creditors Arrangement Act*, or a receiver, interim receiver, liquidator, agent or other similar party is appointed in respect of their property or any material part thereof; or
- f) any person, whether or not holding of any security interest, hypothec, mortgage, lien, charge, claim or encumbrance, institutes proceedings, enforces against, delivers any notice relating to its rights or its intention to institute proceedings or enforce against (where such holder is reasonably considered to have a bona fide right to enforce) the Borrowers or any of their assets, otherwise take possession, management or control of any of the assets of the Borrowers or the interest of the Borrowers in any of such assets, and such proceedings or enforcement are not stayed within 5 days.

7.2 Upon the occurrence of any Event of Default, under the terms of this Agreement or under the terms of any other agreement between the Lender and the Borrowers, the Lenders may enforce the Security and pursue all remedies that it may have in connection with the Borrowers, as it deems appropriate, including, without limitation, the appointment, upon providing any notices required by law, of a receiver or a trustee in bankruptcy over the assets and ongoing business of the Borrowers, with all powers deemed to be necessary by the Lender, at its own discretion, the Borrowers hereby renouncing to oppose the appointment of any such receiver or trustee.


## 8. GENERAL

- 8.1 It is expressly declared and agreed that all covenants, clauses, agreements, provisions, stipulations, conditions, powers, matters and things whatsoever contained in the Financing Documents, the Security and the Guarantee Agreements shall continue in full force and effect, except only as set out herein.
- 8.2 Time shall be of the essence in all respects herein.
- 8.3 This Agreement may be modified, cancelled or extended at any time but only with the written consent and agreement of the Lender and the Borrowers.
- 8.4 This Agreement and Financing Documents, the Security and the Guarantee Agreements constitute the entire agreement between the parties hereto pertaining to the subject matter hereof. This Agreement supersedes any prior or contemporaneous agreements, negotiations and discussions of the parties in respect of the subject matter hereof. No agreement, waiver or termination of this Agreement shall extend to any other than the specific subject matter thereof. The failure at any time of any party to insist on strict performance of any provision of this Agreement shall not limit the ability of the party to insist at any future time whatsoever on the performance of the same or any other provision (except insofar as that party may have given a valid and effective written waiver or release).
- 8.5 Each party shall from time to time promptly execute and deliver or cause to be executed and delivered all such further documents and instruments and shall do or cause to be done all such further acts and things in connection with this Agreement that the other party may require as being necessary or desirable in order to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement or any provision hereof.
- 8.6 This Agreement shall not constitute and shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Financing Documents, the Security and the Guarantee Agreements.
- 8.7 Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.
- 8.8 This Agreement shall in all respects be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 8.9 This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereof.

**AVIATION MAINTENANCE INC., as Guarantor**  
Per:

  
\_\_\_\_\_  
Name: JAMES DANIEL SPRINKLER  
Title: PRESIDENT

**5010945 ONTARIO LIMITED., as Guarantor**  
Per:

  
\_\_\_\_\_  
Name: JAMES DANIEL SPRINKLER  
Title: PRESIDENT

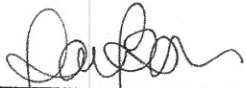
**1929927 ONTARIO INC., as Guarantor**  
Per:

  
\_\_\_\_\_  
Name: Christopher Grant  
Title: VP Business Development

**9. Acceptance**

The Borrowers and Guarantors must accept this agreement by returning the attached copy, duly signed, before 4:00 p.m, on July 27, 2022

Desjardins Ontario Credit Union Inc.

By:   
\_\_\_\_\_  
Dominic Bacon, Account Manager  
Special Loans

**ACCEPTANCE**

The undersigned accept all the terms and conditions set out in this Forbearance Agreement.

**1138969 ONTARIO INC., as Borrower**

Per:



\_\_\_\_\_  
Name: Christopher Grant  
Title: VP Business Development

**SPRINGER AEROSPACE HOLDINGS LIMITED, as Borrower**

Per:



\_\_\_\_\_  
Name: Christopher Grant  
Title: VP Business Development

**1138969 ONTARIO INC., as Guarantor**

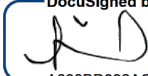
Per:



\_\_\_\_\_  
Name: Christopher Grant  
Title: VP Business Development



THIS IS **EXHIBIT “U”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  


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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.



October 7, 2022

**Via Email**

**Haddon Murray**  
Direct +1 416 862 3604  
haddon.murray@gowlingwlg.com  
File no. L153200041

Springer Aerospace Holdings Limited and 1138969 Ontario Inc.  
377 Lakeview Road  
Echo Bay, Ontario  
P0S 1C0

**Attention: Mr. James Daniel Springer**  
**President**

Dear Mr. Springer:

**Re: Notice of Default under Forbearance Agreement between Caisse Desjardins Ontario Credit Union Inc., a lender (“Desjardins”) and Springer Aerospace Holdings Limited (“SAHL”) and 1138969 Ontario Inc. (“113” and together with SAHL the “Borrowers”) as borrowers dated July 21, 2022 (the “Forbearance Agreement”)**

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As you know, we act for Desjardins in connection with the above-noted matter.

On May 12, 2020, SAHL, as borrower, and Desjardins, as lender, entered into a financing agreement (the “**SAHL Financing Agreement**”), as amended from time to time, for loan Nos. 480229-PR-2 (“**Loan PR-2**”) and 480229-PR-3 (“**Loan PR-3**”).

On May 22, 2019, 113, as borrower, and Desjardins, as lender, entered into a variable credit contract, as amended from time to time (the “**113 Variable Credit Contract**”).

Both the SAHL Financing Agreement and the 113 Variable Credit Contract contain a cross-default clause, which provides that any default in any of the obligations of the Borrower and/or Guarantors will constitute a default in the SAHL Financing Agreement and the 113 Variable Credit Contract.

As of June 30, 2022, the Borrowers had defaulted under their respective agreements with Desjardins. Particulars these defaults were set out in the demand letters and notices of intention to enforce security pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* sent to each of the Borrowers on or about June 30, 2022 (the “**Demand Letters and NITES**”).

On July 21, 2022, Desjardins and the Borrowers entered into the Forbearance Agreement. Notwithstanding Desjardins’ agreement to forbear on enforcement against the Borrower pursuant to the terms of the Forbearance Agreement, each of the defaults set out in the SAHL and 113 Demand Letters

and NITES is continuing (the “**Continuing Defaults**”) and has not been cured by SAHL or 113 nor have they been waived by Desjardins.

We write to put you on notice that the Borrowers are in default of the Forbearance Agreement (the “**Forbearance Defaults**”). Particulars of the Borrowers’ breaches and defaults under the Forbearance Agreement are set out in Schedule “A”. As a result of the Forbearance Defaults, Desjardins is in a position to enforce its debt and security against the Borrowers immediately.

Desjardins expressly reserves its rights and remedies with respect to the Continuing Defaults, the Forbearance Defaults, and any other default, past, present and future that arose or may arise under the Financing Agreement, the Security Documents, the Guarantees, the Forbearance Agreement and/or any other agreement or more generally by law.

Sincerely,

Gowling WLG (Canada) LLP



Haddon Murray  
HM:sc

## **Schedule “A”**

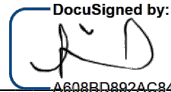
### **Forbearance Defaults**

All capitalized terms have the meaning given to them in the letter above or the Forbearance Agreement. Where there is disagreement in the defined terms between these documents, the definitions in the letter have been used.

The following existing and continuing defaults and breaches are Events of Default Pursuant to article 7.1(a) of the Forbearance Agreement:

- 1) in contravention of article 4.2.1 of the Forbearance Agreement, the Borrowers failed to provide the required information to permit RCGT to engage in bi-weekly monitoring of the 13 week cash-flow;
- 2) in contravention of article 4.2.2 of the Forbearance Agreement, the Borrowers failed to provide the required documents on a monthly basis, including but not limited to the signed officer’s certificate;
- 3) in contravention of article 4.2.5 of the Forbearance Agreement, SAHL failed to pay Desjardins the amount of \$100,000 USD before September 30, 2022, to be applied in permanent reduction of Loan PR-3; and
- 4) in contravention of article 4.2.6 of the Forbearance Agreement, the Borrowers failed to maintain the required financial ratios.

THIS IS **EXHIBIT “V”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
ON THIS 21st DAY OF FEBRUARY, 2023

DocuSigned by:  


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*A Commissioner for Oaths and Notary Public in  
and for the Province of Ontario*

Hyunju Park, a Commissioner, etc.,  
Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.

**CITATION:** Springer Aerospace Holdings Limited, 2022 ONSC 6581  
**COURT FILE NO.:** CV-22-00690657-00CL  
**DATE:** 20221124

**SUPERIOR COURT OF JUSTICE – ONTARIO**

**COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED (the “CCAA”)**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS LIMITED AND 1138969 ONTARIO INC.**

**BEFORE:** Penny, J.

**COUNSEL:** *Sharon Kour, Caitlin Fell and Joel Turgeon*, Counsel for the Applicants

*Miranda Spence and Matilda Lici*, Counsel for Proposed Monitor, MNP

*Haddon Murray and Katherine Yurkovich*, Counsel for Caisse Desjardins Ontario Credit Union Inc.

*Vern DaRe*, Counsel for the Proposed DIP Lender

**HEARD:** November 23, 2022

**ENDORSEMENT**

**Overview and Issues**

- [1] This is an application for relief under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36. It is made by 1138969 Ontario Inc. (o/a Springer Aerospace) (which I will refer to as “Springer”) and its sole shareholder, Springer Aerospace Holdings Limited (referred to as “Holdco”). Following the hearing, I granted the initial order with reasons to follow. These are the reasons.
- [2] Springer operates one of the largest aircraft maintenance, repair and overhaul businesses in Canada, dating back to 1972. Springer is one of the only “one-stop-shops” for aircraft maintenance in Canada. It is located in Echo Bay, near Sault Ste. Marie, Ontario. Springer employs about 100 people. It is the second largest employer in the region. The loss of employment and income for 100 households in a town of 1,600 residents would have serious implications in the local area. Springer is the only aerospace business in Northern Ontario, such that it is unlikely that the company’s employees would find similar employment in the area. Springer provides maintenance services to most of the airlines servicing the Northern Ontario region, including the fly-in and Indigenous communities

located there. Air transport is critical for the delivery of food, fuel and medical supplies and for the provision of air ambulance services to these remote areas.

- [3] Springer experienced major disruptions to its business as a result of the COVID-19 shutdown and resulting impact on the travel and aviation industry. The pandemic exacerbated existing operational inefficiencies following a rapid expansion by the company and growth initiatives designed to increase top line revenue.
- [4] The Applicants' primary secured creditor, Caisse Desjardins Ontario Credit Union Inc., has delivered demands and notices under s. 244 of the BIA for amounts advanced by Desjardins under a line of credit and two term loans. In total, \$5,747,228.31 was outstanding to Desjardins as of July 2022. Springer is unable to pay the amounts outstanding to Desjardins. In addition, Springer has accrued payables in the ordinary course of its business, including unsecured trade payables in excess of \$1.6 million and property taxes of \$186,000.
- [5] The Applicants require interim financing to meet their ordinary course obligations. As of November 22, 2022, their cash position has deteriorated leaving a cash balance of only \$1,400. Absent an immediate cash infusion, Springer will not be able to make payroll this week. Desjardins declined the opportunity to be the provider of the needed interim financing. Although Desjardins did not oppose the initial order, it did not agree to it either. Desjardins has made its concerns known, coalescing essentially around two major issues: i) the extent of the loss of its priority due to its first charge being "primed" by proposed charges under the CCAA; and (ii) the delay in realizing on its loan (and attendant increased risk of deterioration of its security position) if the attempt at restructuring is not formulated and executed promptly and successfully.
- [6] With this context in mind, the issues on this application are:
- a. Does the court have jurisdiction to grant the relief requested under the CCAA and should a stay of proceedings be granted?
  - b. Should the court approve the DIP term sheet and grant the charges sought?
  - c. Should the court permit payment of pre-filing amounts on the terms requested?
  - d. Should MNP be appointed as Monitor? and
  - d. Should the court seal the confidential affidavit?

### ***Jurisdiction***

- [7] The evidence satisfies me that the Applicants are unable to meet their obligations as they become due. They have accrued payables in the ordinary course of business that they cannot meet and are unable to pay amounts owed to secured parties.
- [8] I am also satisfied that it is appropriate for both Applicants to be included as applicants in these proceedings as "affiliated companies" under the CCAA. The Applicants' business is

fully integrated. Holdco owns the premises and the facilities where the business is operated. The Applicants have jointly and severally cross-guaranteed and cross-collateralized their obligations to Desjardins and two other secured creditors, the Northern Ontario Heritage Fund and the Development Corporations.

- [9] The Applicants are corporations collectively owing over \$5 million in outstanding liabilities. They have delivered the documents and financial statements required under s. 10(2) of the CCAA.

*Stay*

- [10] Section 11.02(1) of the CCAA provides that the court may order a stay of proceedings on an initial CCAA application for a period of not more than 10 days. Section 11.001 of the CCAA provides that relief granted on an initial CCAA application shall be limited to relief that is reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that initial 10-day period.
- [11] This is not proposed to be a “liquidating CCAA”; it is an attempt to operationally and financially restructure. It is clear that no effective restructuring could be achieved if creditors were permitted to enforce against either of the Applicants. The complete cessation of the Springer business or even a major disruption would likely be irreparable. Springer has built its business up since 1972. It has trained and retained a skilled workforce through the COVID-19 pandemic. It has developed a reputation and expertise in a specialized industry and its customers are large corporations and governments who rely on Springer’s services. The Monitor concurs that the Applicants represent a viable business. While the CCAA filing may cause some disruption to the business, a shut down or liquidation would likely effectively terminate operations with little or no chance of recovery.
- [12] At first blush, the evidence suggests that the value of the land, in addition to the equipment and other assets of the Applicants, likely exceeds liabilities owing to Desjardins. As noted above, Desjardins does not, with reservations, oppose the initial order at this time.
- [13] The Applicants have worked with MNP, the proposed Monitor, to assess and determine appropriate operational restructuring steps to execute during the stay period. In addition to an operational restructuring, the Applicants intend to implement a SISF. The business needs time, however, to properly expose the assets to market on a going concern basis.
- [14] In addition, public policy weighs in favour of a going-concern restructuring. Springer is a significant local employer. It is also operating in a critical sector that is vital to the fly-in and Indigenous communities in Northern Ontario.

## *The Charges*

### The DIP

- [15] Section 11.2(4) of the CCAA establishes a non-exhaustive list of criteria that the court must consider in deciding whether to grant a DIP lender's charge: the period during which the Applicants are expected to be subject to CCAA proceedings, how the Applicants' business and financial affairs are to be managed during the proceedings, whether the Applicants' management has the confidence of its major creditors, whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the Applicants, the nature and value of the Applicants' property, whether any creditor would be materially prejudiced as a result of the security or charge, and whether the monitor supports the charge. DIP financing may be approved even if it potentially prejudices some creditors, as long as the prejudice is outweighed by the benefit to all stakeholders.
- [16] While management no longer enjoys the confidence of Desjardins, I am satisfied, at this stage of the application for an initial order, that the factors, considered as a whole, favour the grant of the relief sought. In particular, where the funding is sought on an interim basis, the Court must consider if the terms of the loan are limited to what is reasonably necessary for the continued operations of the company.
- [17] The initial proposed DIP loan and charge is \$600,000. The Applicants need liquidity to continue their operations during the restructuring period. According to the cash flows, the Applicants need to draw on the DIP loan to meet their payroll obligations this week. The proposed amount is roughly tailored to the initial 10 days. A first charge is a condition of advancing the DIP loan. The terms of the DIP loan term sheet are typical for such facilities approved in similar matters before the Commercial List. The DIP lender's charge will not secure any obligations existing before the initial order is made, satisfying the terms set out in s. 11.2(1) of the CCAA. The Monitor supports the approval of the DIP loan and the DIP lenders charge in the circumstances.

### Administration Charge

- [18] The Court has jurisdiction to grant an administration charge under s. 11.52 of the CCAA. I am to consider: the size and complexity of the business being restructured, the proposed role of the beneficiaries of the charge, whether there is an unwarranted duplication of roles, whether the quantum of the proposed charge appears to be fair and reasonable, the position of the secured creditors likely to be affected by the charge, and the position of the Monitor.
- [19] The success of the Applicants' restructuring is dependent on the involvement of the Monitor and legal counsel. Those roles are not duplicative. While estimating the quantum of an administration charge is "an inexact exercise", the quantum of the administration charge sought is commensurate with the complexity of the Applicants' business and anticipated restructuring. The Applicants have incurred fees leading to this Application and are forecast to incur further fees in connection with the restructuring, including to prepare for the comeback hearing, communicating with employees and stakeholders following the



initial filing, and complying with statutory notices, mailings and communications. It is appropriate for the Court to grant the initial administration charge sought of \$80,000.

### The Directors' Charge

- [20] The Applicants currently have no director and officer liability insurance. Obtaining director and officer insurance at this stage is unlikely to be within the realm of reasonable possibility.
- [21] To ensure the stability of the business during the restructuring period, the Applicants need the ongoing assistance of their directors and officers, who have considerable institutional knowledge and specialized expertise. The proposed directors' charge is for the maximum amount of \$165,000, which is equivalent to approximately two weeks of the Applicants' payroll, including source deductions. That is the only reasonably anticipated potential exposure of directors and officers for the initial 10-day period of these CCAA proceedings. The proposed directors' charge provides assurance to employees that directors' liability for unpaid wages and vacation pay will be satisfied.
- [22] The directors' charge does not prime Desjardins' security and Desjardins suffers no prejudice. The proposed directors' charge secures only obligations and liabilities incurred after the commencement of the proceedings and does not apply to liability incurred as a result of gross negligence or wilful misconduct, which satisfies the requirements of s. 11.51(1) and 11.51(4) of the CCAA.
- [23] Finally, the Monitor supports the Applicants' request for the directors' charge.
- [24] The directors' charge is approved in the amount of \$165,000.

### Pre-filing Amounts Owed to Key Suppliers

- [25] Courts have often granted orders under s. 11 of the CCAA allowing applicants to pay pre-filing amounts to critical suppliers with the consent of the monitor. In doing so, courts have considered: whether the goods and services concerned are integral to the business, the applicants' need for the uninterrupted supply of the goods or services, the monitor's support and willingness to work with the applicants to ensure that payments to suppliers in respect of pre-filing liabilities are appropriate, and the effect on the applicants' ongoing operations and ability to restructure if they were unable to make pre-filing payments to their critical suppliers.
- [26] Given Springer's location in Northern Ontario and the specialized nature of the aerospace business, Springer has limited vendors who are able to supply the specific products and services that Springer requires. Any interruption of supply would have a material adverse effect on the business. Springer is particularly vulnerable to interruptions as it does not stockpile significant inventory of parts and supplies in the ordinary course.
- [27] It is appropriate that the Applicants be entitled but not required to pay, with the consent of the Monitor, amounts owing for goods or services supplied to the Applicants prior to the

date of the initial order, if these payments are necessary to avoid disruption to the operations of the Applicants' business during these proceedings.

Appointment of MNP as Monitor

[28] The Applicants propose to have MNP appointed as the Monitor. MNP is a "trustee" within the meaning of subsection 2(1) of the BIA, is established and qualified, and has consented to act as Monitor. The involvement of MNP as the court-appointed Monitor will lend stability and assurance to Springer's stakeholders. MNP is not subject to any of the restrictions set out in s. 11.7(2) of the CCAA.

The Sealing Order

[29] The confidential affidavit filed in this application contains appraisals of the Applicants' property appended as exhibits. This is sensitive information, the confidentiality of which must be preserved until a plan of compromise or other restructuring is completed. This is to preserve the ability of the Applicants and the Monitor to maximize value during the restructuring process.

[30] This court has jurisdiction to make the sealing orders sought under s. 137(2) of the *Courts of Justice Act*. There is a public interest in maximizing recovery in an insolvency that goes beyond each individual case. The relief sought meets the test in *Sherman Estate* and is appropriate in the circumstances.

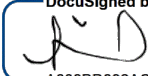
Comeback Hearing

[31] The comeback hearing shall take place on December 2, 2022 at 11:00 AM

  
\_\_\_\_\_ Penny, J.

**Date:** November 24, 2022

THIS IS **EXHIBIT “W”** TO THE AFFIDAVIT OF  
**DOMINIC BACON**, SWORN BEFORE ME BY VIDEOCONFERENCE  
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DocuSigned by:  


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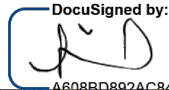
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and for the Province of Ontario*

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Province of Ontario, while a  
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For the period ending May 13, 2023		NOTES														
Unaudited - in thousands of \$	ACTUAL	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Total	
	04-Feb	11-Feb	18-Feb	25-Feb	04-Mar	11-Mar	18-Mar	25-Mar	01-Apr	08-Apr	15-Apr	22-Apr	29-Apr	06-May	13-May	
<b>Receipts</b>																
Accounts receivable (OTHER)																
Routine work	76	269	141	108	279	8	14	112	81	207					1,077	
Non-routine work	149		26					342	567	590	114				2,788	
Anticipated Part Sales								100							148	
Other Income - obsolete inventory sold		0.10														
Advance from shareholders																
<b>Disbursements</b>	224	398	145	140	8	279	8	379	179	387	478	5	16	11	6	1,592
Supplies (fuel, paint)																
Routine work - Parts and materials																
Non-routine work - Parts and materials																
Other parts & materials																
Tools & supplies																
Labour	141	0	115	0	115	0	115	0	115	0	115	0	115	0	115	802
Subcontract labour	3	34	0	26	0	28	0	28	0	28	0	28	0	28	0	166
Wages - administration	27	30	0	32	0	32	0	32	0	32	0	32	0	32	0	224
Travel insurance	1	1	0	1	0	1	0	1	0	1	0	1	0	1	0	7
Garnishments - Wages																
WSB and EHT	6	0	0	0	5	0	0	0	0	0	0	0	0	0	0	17
KCP	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	70
Freight	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12
Office supplies & postage																
Banking - Cdn																
Repairs and maintenance																
Property taxes																
Utilities, fees and dues																
Automotive expenses																
Automotive Lease																
Travel and promotion																
Training																
Bank charges and interest																
Insurance																
Telephone and communications																
Professional fees (Legal and accounting)																
Chief restructuring Officer/Director of maintenance																
Utilities (hydro, propane and electric, GPL, water, Kabin (septic))																
Other expenses																
DIP fees (net of initial deposit received by DIP lender)																
DIP Legal fees																
Interest on DIP Loan																
Contingency (general provision)																
<b>Total Disbursements</b>	227	194	223	151	252	156	177	216	324	154	269	147	218	152	106	2,025
Forecast receipts over disbursements	(3)	269	(81)	9	(252)	123	(168)	163	(164)	243	259	(142)	(206)	(181)	(186)	(843)
Return of funds to shareholder																
Bank Transferred Interest																
DIP Loan					100	0			200		100	100	100	100	100	400
Bank balance - beginning balance	(25)	(26)	181	93	102	(1)	122	4	168	4	46	(20)	(62)	(35)	(21)	181
Bank balance - ending balance	(28)	(18)	93	102	(1)	122	4	168	4	46	(20)	(42)	(98)	(21)	(20)	(32)
Cumulative DIP	1,100	1,100	1,100	1,100	1,200	1,200	1,300	1,300	1,300	1,100	815	905	1,165	1,345	1,530	
DIP Interest	12.95%	12.95%	12.95%	12.95%	12.95%	12.95%	12.95%	12.95%	12.95%	12.95%	12.95%	12.95%	12.95%	12.95%	12.95%	
DIP interest amount (assumed to be paid at the end of each month)					11.9			13.5					11.9			

Yellow highlight assumes sale completed and/or operations by the company ending due to no expected financial benefit

Although in process, excluded are ACA's Project MSN 812 (~\$29K gross receipts) and Wasaya's Project GHRIC 381 (~\$230K gross receipts) due to there being uncertainty as to the delivery of parts to complete work prior to Apr 15. It does include DHA's Monaco paint project (~\$33K gross receipts) but this is subject to assurances that operations continue to Apr 15 in order to complete the project - this aircraft is not on site.

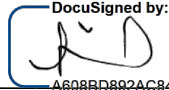
Although in process, excluded are ACA's Project MSN 812 (~\$29K gross receipts) and Wasaya's Project GHRIC 381 (~\$230K gross receipts) due to there being uncertainty as to the delivery of parts/receipts to complete work prior to Apr 15. It does include DHA's Monaco paint project (~\$33K gross receipts) but this is subject to assurances that operations continue to Apr 15 in order to complete the project - this aircraft is not on site.

Employees are paid 1 week in arrears and will need to be addressed

Employees are paid 1 week in arrears and will need to be addressed

TED - potential needs to be addressed prior to April 15

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Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.

**BB at February 15, 2023**

Borrower's name: 1138969 Ontario Inc.  
 As at: February 15, 2023  
 Authorized line of credit amount:

RCGT
------

\$1,000,000

**1 ) Accounts receivable**

<b>a) Uninsured Canadian accounts receivable</b>	
total accounts before deductions	\$ 536,412
(-) accounts 90 days old or more including Holdbacks	\$ 22,208
(-) Subcontractors <sup>1</sup>	\$ -
(-) Construction material suppliersSubcontractors <sup>2</sup>	\$ -
(-) Holdbacks	\$ -
(-) Doubtful Accounts	\$ 15
(-) contra accounts <sup>1</sup>	\$ -
(-) amounts due for goods on consignment	\$ -
(-) portion of accounts subject to compensation	\$ -
(-) related accounts and those of affiliated companies	\$ -
(-) advances to shareholders, officers or employees	\$ -
<b>Basic value of accounts receivable considered:</b>	<u>\$ 514,189</u>
Percentage applicable to this category	75%
	\$ 385,642
<b>b) Uninsured U.S. accounts receivable</b>	
total accounts before deductions	\$ -
(-) accounts 90 days old or more	\$ -
(-) accounts 21 days old or more (if perishable goods)	\$ -
(-) receivables in dispute	\$ -
(-) receivables of doubtful quality	\$ -
(-) portion of accounts representing amounts withheld from contract	\$ -
(-) contra accounts <sup>1</sup>	\$ -
(-) receivables due at a later date	\$ -
(-) amounts due for goods on consignment	\$ -
(-) portion of accounts subject to compensation	\$ -
<b>Basic value of accounts receivable considered:</b>	<u>\$ -</u>
Percentage applicable to this category	65%
	\$ -
<b>c) EDC Insured accounts receivable (ACIA accounts insured at max USD 400k - expires Feb 26, 2023)</b>	
total accounts before deductions	\$ -
(-) accounts 90 days old or more	\$ -
(-) accounts 21 days old or more (if perishable goods)	\$ -
(-) receivables in dispute	\$ -
(-) receivables of doubtful quality	\$ -
(-) portion of accounts representing amounts withheld from contract	\$ -
(-) contra accounts <sup>1</sup>	\$ -
(-) receivables due at a later date	\$ -
(-) amounts due for goods on consignment	\$ -
(-) portion of accounts subject to compensation	\$ -
<b>Basic value of accounts receivable considered:</b>	<u>\$ -</u>
Percentage applicable to this category	90%
	\$ -
<b>Loan value before prior rights or claims: \$ 385,642</b>	

**2) Inventory**

<b>a) Maximum value considered for inventory:</b>	\$ 350,000
<b>b) Raw materials and finished products:</b>	
raw materials	\$ -
(+) finished products	\$ 1,240,201
(-) acquired with reservation of ownership	\$ -
(-) rights of unpaid suppliers, unless they have renounced those rights	\$ -
(-) under consignment	\$ -
(-) inventory specific to the company's production (packaging, containers, etc.)	\$ -
(-) obsolete inventory and other inventory deemed worthless by the caisse	\$ -
<b>Basic value of inventory considered:</b>	<u>\$ 1,240,201</u>
Percentage applicable to the raw materials and finished products categories	50%
	\$ 620,100
<b>Loan value before prior rights or claims: \$ 350,000</b>	

**3) Prior rights or claims**

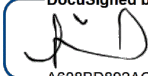
<b>a) Prior obligations:</b>	
letter of guarantee	[REDACTED]
(+) foreign exchange contract and option	[REDACTED]
(+) documentary letter of credit	[REDACTED]
(+) junior debt	[REDACTED]
	\$ 0
<b>b) Prior accounts payable:</b>	
number of employees	70
income tax	\$ -
(+) sales taxes (GST and QST) or (GST and HST) <sup>2</sup>	\$ -
(+) deductions at source	\$ -
reported wage claims	\$ 163,551
wage claims calculated based on the number of employees	\$ 140,000
(+) amounts not paid to the employee pension fund	\$ -
(+) security of farmers, fishers and aquaculture operators	[REDACTED]
(+) other	[REDACTED]
	\$ 140,000
<b>Total prior rights or claims: \$ 140,000</b>	

**4) Loan value of other securities**

**Loan value of all securities: \$ 595,642**



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Province of Ontario, while a  
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## Yurkovich, Kate

---

**From:** Caitlin Fell <cfell@reconllp.com>  
**Sent:** December 15, 2022 1:16 PM  
**To:** Murray, Haddon; Joel Turgeon  
**Cc:** Jessica Wuthmann; Miranda Spence; Sheldon Title; Yurkovich, Kate  
**Subject:** RE: Springer | Draft SISP terms

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Thanks Haddon.

We agree that it can only be a maximum extension of two weeks either in Phase 1 or Phase 2 but not both. The Bid letter will be consistent with this timing and the existing dates.

With respect to your other points below and in your mark-up

- Re: rejection of bids- If there are no bids or we reject bids and we return to court, you can bring an application to appoint a receiver. We are not going to reflect this in the process, nor in any affidavit. We suggest not doing the same in order to ensure that the press don't get ahold of it and spook either bidders or customers/employees thereby reducing the chances of obtaining a successful bid which will payout your client.
- Para 19(b)(i)- We are not putting in the wording "going concern or termination of operations." The process contemplates a sale of assets.

**RECON**  
RECONSTRUCT LLP

**Caitlin Fell**  
**Partner**  
T | 416.613.8282  
C | 416.258.5843  
E | cfell@reconllp.com

Reconstruct LLP | Restructuring and Litigation Lawyers  
200 Bay Street | Suite 2305 | Box 120 | Toronto ON M5J 2J3

---

**From:** Murray, Haddon <Haddon.Murray@gowlingwlg.com>  
**Sent:** Thursday, December 15, 2022 12:56 PM  
**To:** Joel Turgeon <jturgeon@reconllp.com>; Caitlin Fell <cfell@reconllp.com>  
**Cc:** Jessica Wuthmann <jwuthmann@reconllp.com>; Miranda Spence <mspence@airdberlis.com>; Sheldon Title <Sheldon.Title@mpn.ca>; Yurkovich, Kate <Kate.Yurkovich@gowlingwlg.com>  
**Subject:** RE: Springer | Draft SISP terms

I have reviewed the draft SISP with Desjardins and have some revisions in the document in track changes (attached) and the following comments.

### Two week extension

At paragraph 6 you have the following statement:

The following table sets out the key milestones and deadlines under the SISP, which milestones and deadlines may be extended or amended by the Company, with the prior written approval of the Monitor, by up to two weeks without Court approval

I note that paragraphs 24 and 41 also contemplate 2 week extensions to the timeline. I want to confirm that these two week extensions are not additive. In other words, there is discretion to push the deadlines by a maximum of 2 weeks in accordance with paragraphs 24 and 41 without needing to return to court. You will see that I have added language to the effect.

## Phase II Bids

Para 26 says that the Monitor will prepare a Bid Process Letter for Phase II of the bid. Para 28 and 31 say that the Phase II process is subject to the Bid Process Letter. That's fine so long as the Phase II Bid Deadline is not subject to being delayed as a result of the Bid Process Letter. If the Applicants want to make the deadline sooner (or not run Phase II at all) that's no problem, but they want to increase past the 2 weeks set out in paragraphs 6 and 41, you'll need to come back to court.

## Selection of Successful Bidder

Desjardins' has significant concerns around paragraph 44, which reads:

The Company shall have no obligation to select a Successful Bid, and it reserves the right, after consultation with the Monitor, to reject any or all Qualified Phase II Bids.

There needs to be certainty and finality to this process. If all bids are rejected (or no bids are received) then the SISF and CCAA have failed and Desjardins should be entitled to appoint a Receiver. I have not drafted specific language to this effect in the SISF because I think some discussion of the terms would be appropriate. But Desjardins' position has been consistent that if this process fails, that is it.

## Confidentiality Requirements

Finally, we appreciate the statements at paragraph 49 regarding keeping Desjardins informed and would appreciate if you could send over your draft confidentiality agreement (or whatever arrangements you were contemplating). Without limiting the matters that Desjardins would appreciate particularly like to be informed of any contemplated extension of the process and the basis for that extension, the existence and amount of any bids and the decision to reject any Qualified Phase II Bid.

Regards,

Haddon Murray

*Partner*

T +1 416 862 3604

[haddon.murray@gowlingwlg.com](mailto:haddon.murray@gowlingwlg.com)



---

**From:** Joel Turgeon <[jturgeon@reconllp.com](mailto:jturgeon@reconllp.com)>  
**Sent:** Wednesday, December 14, 2022 3:52 PM  
**To:** Murray, Haddon <[Haddon.Murray@ca.gowlingwlg.com](mailto:Haddon.Murray@ca.gowlingwlg.com)>  
**Cc:** Caitlin Fell <[cfell@reconllp.com](mailto:cfell@reconllp.com)>; Jessica Wuthmann <[jwuthmann@reconllp.com](mailto:jwuthmann@reconllp.com)>  
**Subject:** Springer | Draft SISF terms

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Hi Haddon,

Hope you're doing well.

I attach draft SISP terms for your review. This remains subject to comments from the CRO, company and monitor, but sharing now in the interest of time.

Please let me know if you have any thoughts, comments, question or concern on the draft SISP.

Regards,  
Joel

**RECON**  
RECONSTRUCT LLP

**Joel Turgeon**  
**Senior Associate**  
T | 416.613.8281  
C | 514.889.5886  
E | [jturgeon@reconllp.com](mailto:jturgeon@reconllp.com)

Reconstruct LLP | Restructuring and Litigation Lawyers  
200 Bay Street | Suite 2305 | Box 120 | Toronto ON M5J 2J3

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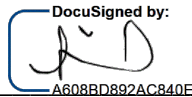
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ON THIS 21st DAY OF FEBRUARY, 2023

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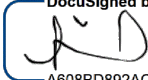
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Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.

**This Confidential Exhibit has  
been redacted pending a  
determination of Desjardins'  
request for a  
Sealing Order**

THIS IS **EXHIBIT “AA”** TO THE AFFIDAVIT OF  
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Province of Ontario, while a  
Student-at-Law. Expires June 28, 2024.

Montréal, le 21 février 2023

Me Haddon Murray  
Courriel : [Haddon.Murray@gowlingwlg.com](mailto:Haddon.Murray@gowlingwlg.com)

**OBJET : Springer Aerospace Holdings Limited  
État des créances**

---

Me Murray,

La présente a pour but de vous confirmer le solde de prêts consentis à l'emprunteur mentionné ci-dessus

Les sommes payables à la Caisse Desjardins Ontario Credit Union Inc. en cas de remboursement total des prêts s'élèvent actuellement à :

**Prêt autorisé au montant de 1 350 000,00\$ (Folio 480229 prêt 02)**

- Solde en capital au 21 février 2023:	914 149,39\$
- Intérêt courus au 21 février 2023:	14 666,42\$
<b>Total :</b>	<b>928 815,81\$</b>

**Intérêt journalier : 130,03\$**

**Prêt autorisé au montant de 4 150 000,00\$ (Folio 480229 prêt 03)**

- Solde en capital au 21 février 2023:	3 739 650,13\$
- Intérêt courus au 21 février 2023:	60 212,00\$
<b>Total :</b>	<b>3 799 862,10\$</b>

**Intérêt journalier : 531,98\$**

Sur réception, d'ici cinq jours ouvrables, du montant total précité ainsi que des intérêts à courir, notre institution s'engage, si le paiement est honoré, à signer la mainlevée sur les garanties précitées.

**IMPORTANT \*\*\*** Le chèque doit être libellé au nom de la Caisse Desjardins Ontario Credit Union Inc et expédié à l'adresse de la **Direction Prêts spéciaux, Entreprises, 100 des Commandeurs RC Ouest B, Lévis (Québec) G6V 7N5** à l'attention du soussigné.

Veuillez accepter, Me Murray, l'expression de nos salutations distinguées.



**Dominic Bacon, Directeur de comptes**  
Direction Prêts spéciaux, Entreprises



Montréal, le 21 février 2023

Me Haddon Murray  
Courriel : [Haddon.Murray@gowlingwlg.com](mailto:Haddon.Murray@gowlingwlg.com)

**OBJET : 1138969 Ontario Inc.  
État des créances**

---

Me Murray,

La présente a pour but de vous confirmer le solde de prêts consentis à l'emprunteur mentionné ci-dessus

Les sommes payables à la Caisse Desjardins Ontario Credit Union Inc. en cas de remboursement total des prêts s'élevaient actuellement à :

**Prêt autorisé au montant de 1 000 000,00\$ (Folio 480196 prêt 03)**

- Solde en capital au 21 février 2023:	929 026,00\$
- Intérêt courus au 21 février 2023:	19 152,29\$
<b>Total :</b>	<b>948 178,29\$</b>

**Intérêt journalier :** **206,52\$**

**Prêt autorisé au montant de 25 000,00\$ (Folio 800314 prêt 01)**


- Solde en capital au 21 février 2023:	32 810,00\$
- Intérêt courus au 21 février 2023:	812,06\$
<b>(TAUX DE CONVERSION = 1,31240) Total :</b>	<b>33 622,06\$</b>

**Intérêt journalier :** **8,75\$**

Sur réception, d'ici cinq jours ouvrables, du montant total précité ainsi que des intérêts à courir, notre institution s'engage, si le paiement est honoré, à signer la mainlevée sur les garanties précitées.

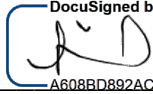
**IMPORTANT \*\*\*** Le chèque doit être libellé au nom de la Caisse Desjardins Ontario Credit Union Inc et expédié à l'adresse de la **Direction Prêts spéciaux, Entreprises, 100 des Commandeurs RC Ouest B, Lévis (Québec) G6V 7N5** à l'attention du soussigné.

Veuillez accepter, Me Murray, l'expression de nos salutations distinguées.



**Dominic Bacon, Directeur de comptes**  
Direction Prêts spéciaux, Entreprises

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Court File No.

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

B E T W E E N:

CAISSE DESJARDINS ONTARIO CREDIT UNION INC.

Applicant

- and -

SPRINGER AEROSPACE HOLDINGS LIMITED

AND 1138969 ONTARIO INC.

Respondents

**CONSENT TO ACT**

**Raymond Chabot Inc.** hereby consents to act as receiver and manager over all of the assets, undertakings and properties of every nature and kind whatsoever and wherever situated, including all proceeds thereof, of Springer Aerospace Holdings Limited and 1138969 Ontario Inc., in accordance with an order substantially in the form of the receivership order sought and included in the Application Record of Caisse Desjardins Ontario Credit Union Inc.

**DATED** at Ottawa this 20<sup>th</sup> day of February, 2023.

**Raymond Chabot Inc.**



---

Per: Stanley Loiseau, CIRP  
Title: Licensed Insolvency Trustee

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT*  
*ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF THE PLAN OF COMPROMISE OR  
ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS LIMITED AND  
1138969 ONTARIO INC.

Applicants

Court File No. CV-22-00690657-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**AFFIDAVIT OF DOMINIC BACON  
(Sworn February 21, 2023)**

**GOWLING WLG (CANADA) LLP**

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Lawyers for Caisse Desjardins Ontario Credit Union  
Inc.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) WEDNESDAY, THE 22<sup>ND</sup> DAY  
 )  
JUSTICE PENNY ) OF FEBRUARY, 2023

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

**AND IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF  
SPRINGER AEROSPACE HOLDINGS LIMITED AND 1138969 ONTARIO INC.**

Applicants

**ORDER**

**(Termination of CCAA Proceeding)**

**THIS MOTION** made by Caisse Desjardins Ontario Credit Union Inc. ("**Desjardins**") for an Order amending the Order of Justice Penny dated December 2, 2022 to permit Desjardins to commence and proceed with its application (the "**Application**") to appoint Raymond Chabot Inc. ("**Raymond Chabot**") as receiver and manager (in such capacity, the "**Receiver**") of all of the assets, undertakings and properties (the "**Property**") of each of Springer Aerospace Holdings Limited ("**SAHL**") and 1138969 Ontario Inc. ("**113**", and together with SAHL, "**Springer**") and terminating the CCAA proceedings commenced by Springer, was heard this day by judicial videoconference via Zoom.

**ON READING** the affidavit of Dominic Bacon sworn February 21, 2023 and the Exhibits thereto (the "**Bacon Affidavit**"), the affidavit Christopher Grant sworn February 20, 2023 and the Exhibits thereto and the Third Report of the Monitor dated February 21, 2023 and on hearing the submissions of counsel for Desjardins, counsel for Springer, and

those other parties listed on the counsel slip, no one else appearing for any other party although duly served as appears from the affidavit of service of [●] sworn February [●], 2023, and on reading the consent of Raymond Chabot to act as the Receiver,

## **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

## **TERMINATION OF CCAA PROCEEDINGS**

2. **THIS COURT ORDERS AND DECLARES** that the proceedings of the Applicants under the *Companies Creditors' Arrangement Act* (Canada) (the "**CCAA Proceedings**") are hereby terminated.

## **DISCHARGE OF MONITOR**

3. **THIS COURT ORDERS AND DECLARES** that MNP Ltd. ("**MNP**") is hereby discharged from its duties as Monitor in the CCAA Proceedings and released from all claims relating to its activities as Monitor, whether before or after the date of this Order.

4. **THIS COURT ORDERS** that, in addition to the protections in favour of the Monitor as set out in the Amended and Restated Initial Order, in any other Order of this Court in the CCAA Proceedings or the CCAA, MNP, whether in its capacity as Monitor or otherwise, Aird & Berlis, and their respective affiliates and officers, directors, partners, employees and agents (collectively, the "**Released Parties**") are hereby released and discharged from any and all claims that any person may have or be entitled to assert against the Released Parties, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the date of this Order in any way relating to, arising out of or in respect of the CCAA Proceedings (collectively, the "**Released Claims**"), and any such Released Claims are hereby released, stayed, extinguished and forever barred and the Released Parties shall

have no liability in respect thereof, provided that the Released Claims shall not include any claim or liability arising out of any gross negligence or willful misconduct on the part of the Released Parties.

5. **THIS COURT ORDERS** that notwithstanding its discharge as provided for above, the Monitor is hereby authorized, directed and empowered to perform such functions and provide such services to the Receiver as the Receiver may reasonably and expressly require to complete all matters incidental to the termination of these CCAA Proceedings and the transition to receivership (the “**Transition Services**”) and that the Receiver shall pay the Monitor its reasonable fees and disbursements, in each case at the Monitor’s standard rates and charges for the provision of these Transition Services.

6. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against MNP in any way arising from or related to its capacity or conduct as Monitor except with prior leave of this Court on at least seven (7) days’ prior written notice to MNP and upon further order securing, as security for costs, the full indemnity costs of the Monitor in connection with any proposed action or proceeding as the Court hearing the motion for leave to proceed may deem just and appropriate.

7. **THIS COURT ORDERS** that, notwithstanding any provision of this Order, nothing contained in this Order shall affect, vary, derogate from or amend any of the protections in favour of the Monitor at law or pursuant to the Amended and Restated Initial Order.

#### **PRIORITY OF CHARGES**

8. **THIS COURT ORDERS** that the Administration Charge and the DIP Lender’s Charge previously granted by this Court in the CCAA Proceedings shall continue to charge the Property and the priority of the Administration Charge and the DIP Lender’s Charge, in relation to the Receiver’s Charge and the Receiver’s Borrowing Charge granted in the Order made this day in the proceedings identified in the files of the court as Court File No. CV-22-\_\_\_\_\_, shall be as follows:

- a. First — Receiver’s Charge, *pari passu* with the Administration Charge; provided however, that (i) the Administration Charge shall (a) not exceed

\$250,000, (b) only secures amounts due to the beneficiaries thereof for work performed up to the date of this Order, and otherwise subject to the review and approval of invoices by the Receiver, and (c) reduce dollar for dollar with every payment authorized by the Receiver.

- b. Second — DIP Lender's Charge, *pari passu* with the Receiver's Borrowing Charge; provided however, that (i) the DIP Lender's Charge shall (a) not exceed \$1,100,000, (b) only secures amounts due to the beneficiaries thereof for amounts advanced up to the date of this Order, and otherwise subject to the review and approval of invoices by the Receiver, and (c) reduce dollar for dollar with every payment authorized by the Receiver.

9. **THIS COURT ORDERS** that, following payment by the Receiver to the Monitor of all amounts secured by the Administration Charge, as modified by paragraph 10(a) above, the Administration Charge shall be terminated, discharged and released.

#### **SEALING**

10. **THIS COURT ORDERS** that Confidential Exhibit "A" to the Bacon Affidavit is hereby sealed in the files of the Court and shall not form part of the public record, subject to further order of the Court.

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**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS LIMITED  
AND 1138969 ONTARIO INC.**

Applicants

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**ORDER**

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IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985 c. C36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS LIMITED  
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Court File No. CV-22-00690657-00CL

Applicants

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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**MOTION RECORD OF CAISSE DESJARDINS  
ONTARIO CREDIT UNION INC.  
(Re: Motion to terminate CCAA Proceeding)  
(Returnable February 22, 2022)**

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