

THE KING'S BENCH
WINNIPEG CENTRE

IN THE MATTER OF: THE APPOINTMENT OF A RECEIVER
PURSUANT TO SECTION 243 OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C.
1985, c. B-3, AS AMENDED, AND SECTION 55
OF *THE COURT OF KING'S BENCH ACT*,
C.C.S.M. c. C280

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION,

Applicant,

- and -

5684961 MANITOBA LTD., 6315402 MANITOBA LTD.
and K & P PROPERTIES INC.,

Respondents.

AFFIDAVIT OF SONIA PACHECO
SWORN: FEBRUARY 13th, 2023

FILED
FEB 14 2023

Thompson Dorfman Sweatman LLP
1700 – 242 Hargrave Street
Winnipeg MB R3C 0V1
(Matter No. 0165206 APM/RAM)
(Ross A. McFadyen, Tel: 204-934-2378)
(Mel M. LaBossiere, Tel: 204-934-2508)
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THE KING'S BENCH

WINNIPEG CENTRE

IN THE MATTER OF: THE APPOINTMENT OF A RECEIVER
PURSUANT TO SECTION 243 OF THE
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Applicant,

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5684961 MANITOBA LTD., 6315402 MANITOBA LTD.
and K & P PROPERTIES INC.,

Respondents.

AFFIDAVIT OF SONIA PACHECO

I, SONIA PACHECO, of the City of Winnipeg, in the Province
of Manitoba, Senior Mortgage Closing Specialist,

MAKE OATH AND SAY THAT:

1. I am employed as a Senior Mortgage Closing Specialist with Montrose Mortgage Corporation Ltd. ("**Montrose**"). In that role, I have had primary responsibility for Montrose's dealings with the Respondents in connection with the mortgage of the property commonly known as 485 Furby Street in Winnipeg, Manitoba (the "**Furby Property**"). As such, I have personal knowledge of the matters herein deposed to by me save and except where any of the same are stated to be based on information and belief, in which case, I believe them to be true.

2. The Applicant First National Financial GP Corporation ("**First National**") is the general partner of First National Financial LP, which carries on business as a provider of financial services, including mortgage lending. In its capacity as general partner, First National is authorized to lend funds, and to enter into credit and security agreements.

3. Montrose acts as an agent of First National and a provider of administrative services with respect to the loan and mortgage that is relevant to this proceeding, as described further herein.

Parties and Background

4. The Respondent 5684961 Manitoba Ltd. (“**568**”) is a corporation duly incorporated under the laws of the Province of Manitoba and at all material times has carried on business as a bare trustee for 6315402 Manitoba Ltd. (“**631**”) and K & P Properties Inc. (“**K&P**”) with respect to an apartment complex with 32 residential units located at the Furby Property.

5. Attached hereto as **Exhibit “A”** is a true copy of a Companies Office (Manitoba) search for 568 dated January 6, 2023.

6. 631 is a corporation duly incorporated under the laws of the Province of Manitoba and at all material times has carried on business as a beneficial owner of the Furby Property, along with K&P. Attached hereto as **Exhibit “B”** is a true copy of a Companies Office (Manitoba) search for 631 dated January 18, 2023.

7. K&P is a corporation duly incorporated under the laws of the Province of Manitoba and at all material times has carried on business as a beneficial owner of the Furby Property, along with 631. Attached hereto

as **Exhibit “C”** is a true copy of a Companies Office (Manitoba) search for K&P dated January 18, 2023.

8. Attached hereto and marked as **Exhibit “D”** is a true copy of a Declaration of Trust dated August 26, 2011 from 568, confirming that 631 and K&P are the sole shareholders of 568, and that 631 and K&P are the beneficial owners of the Furby Property. The Declaration of Trust further confirms that 568’s title in the real property and assets comprising the Furby Property are held as bare trustee and agent for and on behalf of 631 and K&P.

9. As indicated in the Companies Office searches, Patrick Penner (“**Penner**”) and Doug Thiessen (“**Thiessen**”) are the directors and officers of 568. In addition, Penner is the director and officer of K&P, and Thiessen is listed as the sole director, officer and shareholder of 631. Thiessen is an undischarged bankrupt at this time, having made an assignment into bankruptcy on July 22, 2022. The trustee in bankruptcy for Thiessen is L.C. Taylor & Co. Ltd.

The Furby Loan and Security

10. On August 11, 2011, 568, 631 and K&P all executed a Commitment Letter in respect of a loan to be provided by First National (the "**Furby Loan**"). The Commitment Letter provided for a loan in an amount of \$2,089,256.25, to be secured by way of a first mortgage against the Furby Property. Attached hereto and marked as **Exhibit "E"** is a true copy of the Commitment Letter executed August 11, 2011.

11. The security provided by 568 in support of the Furby Loan included the following:

- (a) A Mortgage of the Furby Property dated August 29, 2011 (the "**Furby Mortgage**"), as further amended by way of agreements dated September 23, 2011, and March 14, 2012, whereby the principal amount of the Furby Loan and Mortgage was increased to \$2,552,031.25. Attached hereto and marked as **Exhibit "F"** are copies of the Furby Mortgage, including Schedule "A" and the Standard Charge Mortgage Terms (No. 1028245) of Canada Mortgage and Housing Corporation as incorporated into the Furby Mortgage, and the said amending agreements.

- (b) A Security Agreement creating a security interest in favour of First National over all present and after acquired property of 568 in any way relating to the Furby Property dated August 29, 2011, as further amended by way of agreement dated May 7, 2012. Attached hereto and marked as **Exhibit "G"** are copies of the Security Agreement and the said amending agreement; and
- (c) A General Assignment of Rents and Leases relating to the Furby Property dated August 29, 2011, a copy of which is attached hereto and marked as **Exhibit "H"**.

12. Pursuant to and in accordance with the terms of the Furby Mortgage, on September 13, 2013, 568 elected to fix the interest rate under the Furby Loan at 4.22% with a 10-year term, such that the maturity date of the Loan became September 1, 2023. Attached hereto and marked as **Exhibit "I"** is a true copy of the "Request to Fix Rate" letter executed on behalf of 568 on September 12, 2013, with the confirmation of First National.

13. Attached hereto and marked as **Exhibit "J"** is a copy of Status of Title No. 2551809/1 obtained from a search of the Land Titles Office with respect to the Furby Property dated January 6, 2023. The registrations against the Property as disclosed on the Status of Title are as follows:

- (a) Mortgage No. 4119823/1 in favour of First National, as amended, and as transferred from and then back to First National;
- (b) Caveat No. 4119824/1 in favour of First National, as assigned from and then back to First National;
- (c) Personal Property Security Notice No. 4119825/1 in favour of First National;
- (d) Mortgage No. 4852462/1 in favour of Pro Auto Ltd.;
- (e) Builders Lien No. 5106419/1 in favour of Omar's Environmental Ltd.; and

(f) Caveat No. 5397709/1 in favour of the City of Winnipeg.

14. The Mortgage and Caveat referred to in sub-paragraphs 13(a) and (b) above were transferred and assigned, respectively, to Computershare Trust Company of Canada ("**Computershare**") in November of 2013. In that regard, Computershare has an arrangement with First National pursuant to which it agreed to act as the registered holder of security interests which are beneficially owned by First National. However, when First National wishes to take steps to enforce its security interests, Computershare typically transfers registered ownership of such security interests back into the name of First National. This has occurred in the case of the Furby Property.

15. Attached hereto and marked as **Exhibit "K"** is a true copy of the Manitoba Personal Property Security Registry ("**PPSR**") search dated January 6, 2023 with respect to 568. The only registration in the PPSR relating to 568 are those in favour of First National, in respect of the security agreements referenced above.

Default and Current Status

16. Since the mortgage interest rate was locked in September of 2013, as referenced above, the required monthly payments of principal and interest owing by 568 to First National pursuant to the Furby Mortgage have been \$12,456.00.

17. In or about February of 2019, the monthly principal and interest payment was returned for insufficient funds. In addition, at that point First National was also aware that there were significant real property tax arrears owing with respect to the Furby Property. As a result, First National (through Montrose) retained the law firm of Thompson Dorfman Sweatman LLP (“TDS”) in March of 2019 to assist with this matter.

18. On or about March 6, 2019, First National gave notice to 568, through Penner, that 568 had defaulted under the Furby Loan and Mortgage, in particular:

- (a) the principal and interest payments for February and March of 2019 were returned for insufficient funds;

- (b) 568 had significant tax arrears owing to the City of Winnipeg. First National requested that 568 provide satisfactory evidence of arrangements with the City of Winnipeg to pay the outstanding real property taxes was requested; and
- (c) 568 had failed to obtain sufficient insurance in respect of the Furby Property. More specifically, 568's insurance policy did not properly name the mortgagee and did not provide replacement loss coverage.

19. As a result of the continuing failure of 568 to pay the outstanding real property taxes and municipal water charges, First National proceeded to make payment of same in the amount of \$82,886.11, inclusive of all arrears and penalties owing as of that date. This amount was added to the indebtedness owing by 568 to First National, pursuant to the terms of the Furby Mortgage.

20. In addition, First National was required to obtain "forced placed" insurance coverage in respect of the Furby Property, which cost

was added to the indebtedness owing by 568 to First National, pursuant to the terms of the Furby Mortgage.

21. On or about August 22 2019, TDS issued, on behalf of First National, a Notice to the tenants of the Furby Property seeking to attorn the rents owing by them to 568 and to have them paid over to ASH Management Group Inc. ("**ASH**"), as agent for and on behalf of First National.

22. Between in or about August and February of 2021, First National received irregular principal and interest payments from 568 from amounts recovered through the attornment of rents.

23. On or about March 9, 2021, First National entered into a forbearance agreement with 568 whereby First National agreed to suspend the attornment of rents at the Furby Property on certain conditions, including that:

- (a) principal and interest arrears, and property taxes and insurance premiums advanced by First National would be

paid in accordance with the repayment schedule set out in the forbearance agreement;

- (b) satisfactory proof of insurance would be provided by 568;
- (c) ongoing inspections of the Furby Property would be made to ensure that the Furby Property was properly maintained; and
- (d) no other defaults under the Furby Loan and Mortgage would occur.

Attached hereto and marked as **Exhibit “L”** is a true copy of the forbearance agreement dated March 9, 2021.

24. On September 27, 2021, the City of Winnipeg issued an Order directing 568 to mitigate unsafe conditions at the Furby Property (the “**City of Winnipeg Order**”). Attached hereto as **Exhibit “M”** is a true copy of Caveat No. 5397709/1, which attaches the City of Winnipeg Order

25. The City of Order identified certain unsafe and hazardous conditions at the Furby Property contrary to section 12.1 and 12.2 of the City of Winnipeg Building By-Law No. 4555/57. In particular, the City of Winnipeg identified cracking in the foundation walls at the west end of the Furby Property and that areas of the face brick around the exterior of the Furby Property were loose and pulling away from the building. The City of Winnipeg ordered that 568 either:

- (a) obtain an inspection report from a structural engineer certifying that the Furby Property is structurally sound, or, identifying all structural defects and outlining a plan for remediation. If remediation was required, 568 was required to submit a construction plan detailing all required repairs and then complete all required repairs by no later than January 14, 2022; or
- (b) obtain a demolition permit and have the Furby Property demolished and the site cleared by no later than December 28, 2021.

26. As at the date of this Affidavit, First National and Montrose are not aware of the issues as set out in the City of Winnipeg Order having been addressed.

27. Following the signing of the forbearance agreement, 568 did make regular monthly payments towards principal and interest owing under the Furby Mortgage. However, 568 did not make the required payments to address the amounts owing on account of property taxes and insurance premiums advanced by First National.

28. In or about May of 2022, I, along with Penner, and two other representatives of First National attended at the Furby Property to perform an inspection. During the inspection, I observed that the Furby Property was in very poor condition and was not properly secured leading to vandalism. In addition, during that visit tenants at the Furby Property approached me and complained that required repairs to the Furby Property were not being made and/or completed. At that time, First National was concerned about the conditions of the Furby Property and the safety of tenants.

29. Given First National's serious concerns about the state of the Furby Property and the continuing arrears owing under the Furby Mortgage, First National decided to re-engage TDS in or about summer of 2022 to deal with potential mortgage enforcement remedies. In connection with that, in or about August of 2022, First National stopped receiving payments of any kind from 568 towards the amounts owing under the Furby Mortgage.

30. On September 28, 2022, TDS issued, on behalf of First National, a Notice to the tenants of the Furby Property seeking to attorn the rents owing by them to 568, and to have them paid over to ASH, as agent for and on behalf of First National. Attached hereto and marked as **Exhibit "N"** is a copy of the said Notice to the tenants of the Furby Property.

31. I am advised that on October 5, 2022, a representative of ASH attended at the Furby Property to serve the Notice to tenants. I am further advised that upon arriving at the Furby Property, ASH discovered that Winnipeg Fire Services had vacated and boarded up the Furby Property as a result of a fire that had occurred in the early morning hours

of July 17, 2022. This was the first that First National had heard of this issue, as Mr. Penner did not notify First National of the fire and/or that Winnipeg Fire Services had vacated and boarded up the Furby Property. Copies of photographs of the Furby Property taken by ASH on October 5, 2022 are attached hereto as **Exhibit "O"**.

32. As a result of the fact that the Furby Property had been vacated, First National was obviously not able to obtain any funds in connection with the Notice to tenants issued on September 28, 2022.

33. I am advised that on or about January 9, 2023, ASH performed a further inspection of the Furby Property and noted that the fire damage observed at the October 5, 2022 inspection had not been remedied and the Furby Property remained vacant.

34. To my knowledge, as at the date of this Affidavit, the Furby Property remains vacant.

35. The Furby Property is covered by forced place insurance obtained by First National as described above (the "**Furby Policy**"). To my knowledge, the insurer has and/or will be paying out certain insurance

proceeds in connection with the losses sustained as a result of the fire at the Furby Property.

36. Pursuant to the Furby Loan and security, including the Furby Mortgage, First National is and/or is entitled to be the first payee on the Furby Policy. First National has made requests to Penner for information concerning the Furby Policy, and the payment to and/or use of insurance proceeds, but has not received a satisfactory response from Penner.

37. On or about January 26, 2023, Penner provided certain information regarding insurance proceeds received by 568 including scanned copies of four cheques made out to the order of 568 and First National in the amount of \$16,198.99 each (for a total of \$64,795.96). The cheques were dated from November 22 and 24, 2022.

38. As at the date of this Affidavit, these insurance proceeds have not been paid over to First National.

39. The records of First National disclose that as of January 6, 2023, the total amount of indebtedness owing by 568 to First National pursuant to the Furby Loan was \$2,470,012.69 (including \$173,511.78 in

property tax arrears with the City of Winnipeg), together with interest accruing thereafter at 4.22% per annum, both before and after default and judgment.

40. On January 16, 2023, given the continuing defaults under the Furby Mortgage, TDS issued, on behalf of First National, a Notice of Intention to Enforce Security to 568 pursuant to section 244 of the *Bankruptcy and Insolvency Act* (a “**NITES**”). Attached hereto and marked as **Exhibit “P”** is a true copy of the NITES dated January 16, 2023 and the covering letter that was delivered with it.

41. Following delivery of the NITES, on or about January 26, 2023, Penner sent an email to TDS which included a document entitled “485 Furby – Planning January 22nd, 2023”. Attached hereto and marked as **Exhibit “Q”** is a true copy of this document provided to TDS with a proposed plan with respect to the Furby Property. The plan provided for:

- (a) certain insurance funds to be applied to the principal and interest and tax arrears;

- (b) additional funds to be obtained “this week” (being the week of January 26, 2023); and
- (c) renovations to the Furby Property being undertaken.

42. The proposed plan provided by Penner did not address various concerns of First National, including:

- (a) the fact that an overall accounting of insurance proceeds purportedly received or to be received by 568 in connection with the Furby Policy has never been provided to First National;
- (b) while the plan indicated no amounts had been received for rents from insurance, the cheques dated as at November of 2022 appeared to represent the amounts referenced for rent; and
- (c) a schedule relating to the proposed renovations that was provided with the proposed plan relating to the Furby Property pertained to a completely different property.

43. The “additional funds” referenced by in the plan that was provided on January 26, 2023 have not received by First National.

44. As at the date of this Affidavit, the defaults under the Furby Loan and Mortgage have not been cured by 568.

Appointment of a Receiver

45. Despite issuance of the demands as referenced above, the amounts outstanding to First National under the Furby Loan remains unpaid. In the circumstances, First National is at liberty to exercise all of its rights under the security agreements as described above, including but not limited to applying to this Honourable Court for a Receivership Order relating to the Furby Property.

46. Aside from the failure 568 to pay the amounts required under the Furby Loan, Montrose and First National are also extremely concerned with the overall state of the Furby Property, and the failure by management 568 (which, as noted above is Penner), to keep it in a state of good condition and repair. This has had a negative impact on the value of the Furby Property and the safety of tenants and/or persons

attending at the Furby Property. Montrose and First National believe that unless a receiver is appointed to take control of the Furby, the value of its security in the Furby Property will continue to deteriorate.

47. Additionally, First National is concerned about the lack of transparency from Penner with respect to the Furby Policy and the proceeds of insurance. First National is concerned that any proceeds paid out 568, will not be used appropriately and may not be recoverable if misapplied or misused.

48. First National has provided 568 with numerous opportunities to provide information and develop a workable plan to bring the Furby Loan current and preserve the condition and value of the Furby Property. However, to the date of this Affidavit, 568 has failed to provide any proposal that addresses the concerns expressed by First National (as described herein). Moreover, previous assurances given by Penner on behalf 568 have not been met.

49. In the result, First National has lost confidence in the management 568 as it relates to the Furby Property.

50. Accordingly, I believe that the security held by First National is enforceable, and First National is entitled to its remedies pursuant to the security agreements described above including, *inter alia*, the appointment of a Receiver or a Receiver-Manager over the Furby Property.

51. I believe that MNP Ltd. is qualified to act as Receiver in this proceeding, and has consented to act in that capacity.

52. I make this affidavit in good faith, and in support of First National's application to appoint a Receiver over the Property.

SWORN BEFORE ME at the City)
)
of Winnipeg, in the Province of)
)
Manitoba this 13th day of)
)
February, 2023)
)
)
)



SONIA PACHECO



A Barrister-at-law entitled to practice
in and for the Province of Manitoba

This is **Exhibit "A"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

A handwritten signature in blue ink, appearing to be 'M. R. B.', is written above a horizontal line.

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba

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File Summary

Registry No : 5684961
Entity Name : 5684961 MANITOBA LTD.

As of : 06-Jan-2023

Entity Name : 5684961 MANITOBA LTD.
Registry No : 5684961
Business No : 805549615MC0001
Current Status : Active

Entity Type : BUSINESS CORPORATION
Entity Sub Type : MB SHARE CORPORATION

Incorp/Amalg Date : 05-May-2008
Home Jurisdiction : MANITOBA
Annual Return/Renewal Date : 30-Jun-2023
Year of Last A/R - Renewal : 2022
Nature of Business : BARE TRUSTEE CORP.
NAICS Code : 531

Registered Office Address :
Effective date, if changing address : 01-Jan-2021
Address : 971 CORYDONE AVE
City/Province : WINNIPEG, MB
Country/Postal Code : CANADA, R3M 3S7

Mailing Address :
Name : 5684961 MANITOBA LTD
Address : 971 CORYDONE AVE
City/Province : WINNIPEG, MB
Country/Postal Code : CANADA, R3M 3S7

Director Information :
Name : PENNER, PATRICK
Address : PO BOX 285, 971 CORYDON AVE
City/Province : WINNIPEG, MB
Country/Postal Code : CANADA, R3M 3S7
Name : THIESSEN, DOUG
Address : 14 BRELAND BAY
City/Province : WINNIPEG, MB
Country/Postal Code : CANADA, R3X 2B9

Officer Information :
Name : PENNER, PATRICK
Address : PO BOX 285, 971 CORYDON AVE
City/Province : WINNIPEG, MB
Country/Postal Code : CANADA, R3M 3S7
Position Held as Officer : SECRETARY

Name : THIESSEN, DOUG
Address : 14 BRELAND BAY
City/Province : WINNIPEG, MB
Country/Postal Code : CANADA, R3X 2B9
Position Held as Officer : PRESIDENT

Shareholders Information (holders of 10% or more of Issued Voting Shares) :

Firm Name : 6315402 MANITOBA LTD.
Class Name : COM A
Shares Held : 70500.00
Firm Name : K & P PROPERTIES INC.
Class Name : COM A
Shares Held : 529500.00

Share Structure :

Class	Authorized Number
COM A	UNLIMITED
COM B	UNLIMITED
COM C	UNLIMITED
COM D	UNLIMITED
PREF A	UNLIMITED
PREF B	UNLIMITED

Shares are distributed to the public : No

Event History :

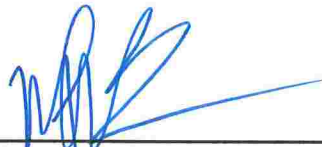
<u>Event</u>	<u>Date :</u>	<u>Filing Year :</u>
FILINGS RECORDED IN THE PREVIOUS SYSTEM ARE NOT INCLUDED		
ANNUAL RETURN (Filed on the Web)	22-Mar-2018	2017
NATURE OF BUSINESS	29-Mar-2018	
ANNUAL RETURN (Filed on the Web)	09-Apr-2019	2018
COMPLIANCE STATUS - DEFAULT	22-Jul-2019	
CHANGE OF REGISTERED OFFICE (Filed on the Web)	29-Jan-2020	
COMPLIANCE STATUS - NOTICE	01-Jun-2020	
ANNUAL RETURN (Filed on the Web)	25-Aug-2020	2019
ANNUAL RETURN (Filed on the Web)	25-Aug-2020	2020
COMPLIANCE STATUS - DEFAULT	19-Jul-2021	
ANNUAL RETURN (Filed on the Web)	05-Oct-2021	2021
ANNUAL RETURN (Filed on the Web)	21-Jun-2022	2022

The accuracy of this information is not guaranteed. In particular, it is possible that certain filings have been received which have not yet been updated onto the system. You should consult original documents or obtain appropriate certificates when you need to be certain of information.

This is **Exhibit "B"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba

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File Summary

Registry No : 6315402
Entity Name : 6315402 MANITOBA LTD.

As of : 18-Jan-2023

Entity Name : 6315402 MANITOBA LTD.
Registry No : 6315402
Business No : 810722710MC0001
Current Status : Inactive (Diss. by Branch)

Entity Type : BUSINESS CORPORATION
Entity Sub Type : MB SHARE CORPORATION

Incorp/Amalg Date : 30-Jun-2011
Home Jurisdiction : MANITOBA
Annual Return/Renewal Date : 31-Jul-2018
Year of Last A/R - Renewal : 2017
Nature of Business : MISC SERVICES
NAICS Code : 81

Registered Office Address :

Address : TAYLOR MCCAFFREY LLP, 900-400 ST. MARY AVE
City/Province : WINNIPEG, MB
Country/Postal Code : CANADA, R3C 4K5

Mailing Address :

Name :
Address : TAYLOR MCCAFFREY LLP, 900-400 ST. MARY AVE
City/Province : WINNIPEG, MB
Country/Postal Code : CANADA, R3C 4K5

Director Information :

Name : THIESSEN, DOUG
Address : 14 BRELAND BAY
City/Province : WINNIPEG, MB
Country/Postal Code : CANADA, R3X 2B9

Officer Information :

Name : THIESSEN, DOUG
Address : 14 BRELAND BAY
City/Province : WINNIPEG, MB
Country/Postal Code : CANADA, R3X 2B9
Position Held as Officer : PRESIDENT, SECRETARY

Shareholders Information (holders of 10% or more of Issued Voting Shares) :

Name : THIESSEN, DOUG
Class Name : COMMON VOTING
Shares Held : 100.00

Share Structure :

Class	Authorized Number
COMMON NONVOT	UNLIMITED
COMMON VOTING	UNLIMITED
PREF A	UNLIMITED
PREF B	UNLIMITED
PREF C	UNLIMITED
PREF D	UNLIMITED
PREF E	UNLIMITED

Shares are distributed to the public : No

Event History :

Event	Date :	Filing Year :
FILINGS RECORDED IN THE PREVIOUS SYSTEM ARE NOT INCLUDED		
ANNUAL RETURN (Filed on the Web)	26-Feb-2018	2017
COMPLIANCE STATUS - NOTICE	02-Jul-2019	
DISSOLVED BY BRANCH	18-Oct-2019	

The accuracy of this information is not guaranteed. In particular, it is possible that certain filings have been received which have not yet been updated onto the system. You should consult original documents or obtain appropriate certificates when you need to be certain of information.

This is **Exhibit "C"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

A handwritten signature in blue ink, appearing to be 'M. H. H.', is written over a horizontal line.

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba



File Summary

Registry No : 5124973
Entity Name : K & P PROPERTIES INC.

As of : 18-Jan-2023

Entity Name : K & P PROPERTIES INC.
Registry No : 5124973
Business No : 832394076MC0001
Current Status : Active

Entity Type : BUSINESS CORPORATION
Entity Sub Type : MB SHARE CORPORATION

Incorp/Amalg Date : 15-Jul-2005
Home Jurisdiction : MANITOBA
Annual Return/Renewal Date : 31-Aug-2023
Year of Last A/R - Renewal : 2022
Nature of Business : INVESTMENT AND/OR HOLDING COMPANY
NAICS Code : 551113

Registered Office Address :

Effective date, if changing address : 25-Mar-2021
Address : 971 CORYDON AVE
City/Province : WINNIPEG, MB
Country/Postal Code : CANADA, R3M 3S7

Mailing Address :

Name :
Address : 971 CORYDON AVE BOX 285
City/Province : WINNIPEG, MB
Country/Postal Code : CANADA, R3M 3S7
Attention : PATRICK PENNER

Director Information :

Name : PENNER, PATRICK
Address : 971 CORYDON AVE BOX 285
City/Province : WINNIPEG, MB
Country/Postal Code : CANADA, R3M 3S7

Officer Information :

Name : PENNER, PATRICK
Address : 971 CORYDON AVE BOX 285
City/Province : WINNIPEG, MB
Country/Postal Code : CANADA, R3M 3S7
Position Held as Officer : PRESIDENT

Shareholders Information (holders of 10% or more of Issued Voting Shares) :

Firm Name : HARPENN PROPERTIES INC.
Class Name : COM A

Shares Held : 200.00

Share Structure :

Class	Authorized Number
COM A	UNLIMITED
COM B	UNLIMITED
PREF C	UNLIMITED
PREF D	UNLIMITED

Shares are distributed to the public : No

Name History :

Previous Name : J & P PROPERTIES INC.
Date of Change : 23-Mar-2006

Event History :

<u>Event</u>	<u>Date :</u>	<u>Filing Year :</u>
FILINGS RECORDED IN THE PREVIOUS SYSTEM ARE NOT INCLUDED		
ANNUAL RETURN	30-Aug-2017	2017
ANNUAL RETURN	14-Sep-2018	2018
COMPLIANCE STATUS - DEFAULT	27-Nov-2019	
ANNUAL RETURN	15-Jan-2020	2019
COMPLIANCE STATUS - DEFAULT	21-Sep-2020	
ANNUAL RETURN (Filed on the Web)	25-Mar-2021	2020
COMPLIANCE STATUS - DEFAULT	20-Sep-2021	
ANNUAL RETURN (Filed on the Web)	19-Nov-2021	2021
ANNUAL RETURN (Filed on the Web)	30-Aug-2022	2022

The accuracy of this information is not guaranteed. In particular, it is possible that certain filings have been received which have not yet been updated onto the system. You should consult original documents or obtain appropriate certificates when you need to be certain of information.

This is **Exhibit "D"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

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

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba

DECLARATION OF TRUST

WHEREAS 5684961 Manitoba Ltd. (the "Trustee") is the registered owner of certain real property and assets commonly known as 485 Furby Street, Winnipeg, Manitoba and legally described as

LOTS 8 AND 9 PLAN 313 WLTO (W DIV)
IN RL 73 PARISH OF ST JAMES

AND WHEREAS K & P Properties Inc. and 6315402 Manitoba Ltd. (collectively, the "Beneficial Owners") have acquired all of the issued and outstanding shares of the Trustee, and all beneficial ownership in and to the real property and assets described above (the "Property"), each as to an undivided one-half interest, from the prior beneficial owner thereof, 3221073 Nova Scotia Company;

NOW THEREFORE, the Trustee in respect of its legal ownership over the Property declares as follows:

1. The undersigned acknowledges, confirms and declares that its rights, interest and title in the real property and assets comprising the Property are held as bare trustee and as agent for and on behalf of the Beneficial Owners and, furthermore, all benefits pertaining to the Property and all monies which may be payable from time to time in respect of any disposition of the Property are held by the undersigned as bare trustee in trust for and for the sole benefit of the Beneficial Owners.

2. The undersigned hereby irrevocably grants to the Beneficial Owners a Power of Attorney in respect of the Property as if it were the registered and legal owner thereof, and, without limiting the generality of the foregoing, shall, as attorney for the undersigned, be authorized and empowered to execute documents in the name, place and stead of the undersigned as if it were the registered owner of the Property.

This Declaration of Trust is delivered by 5684961 Manitoba Ltd. as of the 16th day of August, 2011.

5684961 MANITOBA LTD.

Per: _____

Doug Thiessen, President

Per: _____

Patrick Penner, Secretary

This is **Exhibit "E"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

A handwritten signature in blue ink, appearing to be 'M. P.', is written over a horizontal line.

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba

August 10, 2011

5684961 Manitoba Ltd.
c/o Harpenn Properties Inc.
155 Foch Avenue
Winnipeg, MB R2C 5J1

Attention: Mr. Patrick Penner & Mr. Douglas Thiessen

Dear Sirs:

**RE: 5684961 Manitoba Ltd. on behalf of
K&P Properties Inc. and 6315402 Manitoba Ltd.
485 Furby Street, Winnipeg, Manitoba**

Montrose Mortgage Corporation Ltd. ("Montrose" or "Administrator") on behalf of First National Financial LP (the "Lender") is pleased to offer a first mortgage loan (the "Loan") to 5684961 Manitoba Ltd. (the "Borrower") on the terms and conditions set out in this letter (the "Commitment").

1. **Loan Amount**

\$2,089,256.25 which includes CMHC application fee of \$6,000.00 and mortgage insurance premium of \$55,756.25

An initial advance to acquire the building of \$822,375.00 will be advanced with construction advances to fund the renovations and repairs of \$1,060,000.00 to follow on a cost to complete basis for a total loan amount of \$1,882,375.00. A final advance of \$145,125.00 will be provided once all of the renovations are complete, the building meets all municipal requirements and formal orders to decontrol rents have been approved and issued by the Residential Tenancies Branch. (All figures above are net of the CMHC application fee and insurance premiums.)

2. **Interest Rate**

See Schedule 3

3. **Term**

Five (5) years from the **final** advance. The final advance must be made on or before February 28, 2013 (the "Term").

At the Lender's option, it may extend the Term of the Loan so that it matures up to 12 months later than the final advance. If the Lender chooses to exercise this option it

may do so by delivering written notice to the Borrower at any time prior to the first anniversary of the final advance. While the Lender may request the Borrower to acknowledge the extension, the Borrower's failure to do so shall not invalidate the extension.

Provided the Interest Rate has not been set in accordance with Schedule 3, if at the time of the final advance, the Lender is making CMHC insured loans for a term of Ten (10) years, and provided all conditions with respect to the CMHC Certificate of Insurance and this Commitment are met, then the Borrower may request a term of Ten (10) years subject to the extension provisions described above.

4. **Amortization**

25 years (the "Amortization Period")

Upon confirmation from CMHC and receipt of a revised Certificate of Insurance the amortization period may be extended to thirty (30) years subject to a premium surcharge of \$5,068.75 which would result in total CMHC premiums of \$60,825. The application fees remained unchanged at \$6,000.

5. **Interest Adjustment Date**

The interest adjustment date (the "Interest Adjustment Date") shall be the first day of the calendar month immediately following the date of the first advance under the Loan, or at the Lender's option, the first day of the month in which the first advance of the Loan is made, unless the first advance of the Loan is made on the first day of a month in which case the Interest Adjustment Date shall be the date of the advance.

In the case of multiple advances, at the Lender's option the Interest Adjustment Date may be the first day of the month following the final advance.

6. **Repayment**

Instalments of principal and interest based on the above amortization period shall be payable on the first day of each month during the Term, the first instalment being payable on the first day of the month after the Interest Adjustment Date and the last, on the maturity date of the Loan.

Until the Interest Adjustment Date, simple interest on the portion of the Loan advanced, calculated daily, is payable either on the Interest Adjustment Date or if applicable, on the first day of each month prior to the Interest Adjustment Date, or, at the option of the Lender, such interest may be deducted from the amount of the advance.

7. **Prepayment**

There shall be no right of prepayment of the Loan in whole or in part except as provided in Schedule 5.

8. **Realty Taxes**

Borrower will pay to the Lender on the first day of each month an amount stipulated by the Lender from time to time sufficient to provide a fund to pay in full the annual property taxes (including any local improvement charges) for the Property (as hereinafter defined) at the time that the first instalment of taxes for each year becomes due, based on estimated annual taxes and subject to adjustment based on taxes actually levied. At the Lender's option, it may withhold from the advance of funds a sum sufficient to create the foregoing fund for the first year of the Term.

Notwithstanding the foregoing, the Borrower shall have the ability to pay property tax instalments directly to the City of Winnipeg through its TIPP Program. The Borrower shall provide satisfactory evidence of payment thereunder to the Lender quarterly in March, June, September and December of each year. The Lender reserves the right to receive monthly tax instalments, as called for in the Mortgage, in the event that the Borrower fails to comply with the terms of the TIPP Program.

9. **Processing Fee**

The Borrower shall pay to the Lender upon the acceptance of this Commitment a non-refundable loan processing fee of **\$1,000**. All CMHC fees associated with insured advances shall be for the account of the Borrower.

10. **Commitment Fee**

The Borrower shall pay to the Lender upon the acceptance of this Commitment, a commitment fee of **\$10,000** (the "Commitment Fee") by **certified cheque**. Upon disbursement of the whole Loan Amount, the Commitment Fee shall be returned to the Borrower, without interest. In the event this Commitment is cancelled by the Lender in accordance with its rights hereunder, the Commitment Fee shall be retained by the Lender as liquidated damages, and not as a penalty, without prejudice to the right of the Lender to claim such further and other damages as it may sustain by reason of the occurrence of any of the events detailed in the Section of this Commitment headed "Cancellation of Commitment". It is agreed that the Commitment Fee represents the reasonable cost of the Lender's work and expenses in underwriting the Loan and that it is not a penalty. In addition to the Commitment Fee, in the event of cancellation of this Commitment by the Lender pursuant to its rights hereunder, if the interest rate payable on the Loan has been fixed, the Lender shall be entitled to be paid by the Borrower an amount equal to the present value of the unadvanced portion of the Loan Amount multiplied by the Interest Rate Differential (as hereinafter defined) multiplied by the number of years of the Term of the Loan as set out herein.

Interest Rate Differential shall for the purposes of this Commitment mean the difference expressed as a percentage per annum between the fixed interest rate and the interest rate being charged by the Lender on similar mortgage loans for similar terms for similar properties on the date of cancellation of the Commitment. In the event that the latter rate is higher than the fixed interest rate, there shall be no payment due from the Lender to the Borrower.

11. Security

The following security shall be required for the Loan:

- (a) a first in priority mortgage and charge (the "Mortgage") of the fee simple interest of the Borrower in the following lands and improvements thereon (the "Property"):

Municipal Address: 485 Furby Street, Winnipeg, Manitoba

Site Area: ±6,500 SF

Description: a 3 ½ storey walk-up style apartment building containing 30 units.

- (b) a first in priority general assignment of rents and/or leases of the Property;
- (c) a first in priority general security agreement over all the Borrower's present and after-acquired personal property located on, related to, arising from or used or acquired in connection with the Property;
- (d) a first in priority specific assignment of any lease (including any guarantee and/or indemnity related thereto) required by the Lender together with an acknowledgment of same by the tenant thereunder if so required by the Lender;
- (e) a Guarantee and Postponement of Claim from
Mr. Patrick Penner, Mr. Douglas Thiessen, K&P Properties Inc. & 6315402 Manitoba Ltd. (the "Additional Covenantors") who shall be jointly and severally liable with the Borrower for all obligations of the Borrower under the Mortgage, all other Security Documents and this Commitment; and
- (f) such further security as the Lender may reasonably require

(the documents in (a) through (f) above being herein referred to as the "Security Documents"). The Security Documents shall be prepared by the Lender's counsel in form and content determined by the Lender.

Notwithstanding the provisions for Additional Guarantors, the Lender will reduce the guarantees of Mr. Patrick Penner and Mr. Douglas Thiessen to \$584,992.00 on a joint and several basis upon satisfaction of all the provisions contained within the Special Conditions forming part of the CMHC Certificate of Insurance (attached as Schedule 6) and when the property has generated an annualized effective gross income of \$268,884.00.

12. **Special Conditions**

The Borrower shall provide an undertaking to complete the following repairs in a good and workmanlike manner within 365 days of the initial advance of the Loan:

“The Borrower shall renovate and refurbish all suites and common areas, which shall include the sanding and refinishing of floors, repairing and repainting of drywall finishes, replacement of all kitchen cabinetry, replacement of all kitchen appliances and the replacement of all bathroom fixtures.”

The Borrower shall provide the Lender with confirmation of completion of same in a good and workmanlike manner from an architect or other consultant, acceptable to the Lender. Default under the undertaking shall constitute default under the Mortgage and in such event the Lender may, at its sole option, declare the Loan immediately due and payable or arrange for the completion of such repairs on behalf of the Borrower. All monies expended by the Lender in respect of same shall be payable forthwith by the Borrower to the Lender, shall bear interest at the Interest Rate from the date same are expended by the Lender and shall be secured by the Mortgage.

QUANTITY SURVEYOR:

The Lender shall employ, at the Borrower's expense, a Quantity Surveyor to review and approve the plans for the project, as well as the renovation project budget and progress claims including all hard costs and soft costs for the project.

AVAILABILITY:

Subject to the Borrower fulfilling all terms discussed herein, construction advances of up to \$1,060,000 (plus CMHC's premium) will be made available upon presentation of costs incurred in accordance with the approved budget, and as certified by the Quantity Surveyor. Funds will be advanced on a cost to complete basis with the un-drawn portion of the Loan at all times being sufficient to complete the construction of the project in accordance with the approved plans and specifications. A draw fee of \$250 per advance shall apply and is payable to Montrose. CMHC approval will be required for the first and last advance. Where the number of advances authorized by CMHC exceeds two, a progress advance fee of \$350 per advance will apply to all advances beyond the second.

The un-drawn portion of the Loan will at all times be sufficient to complete the construction of the project in accordance with the approved plans and specifications. Each draw will be subject to satisfactory inspection by the Lender or its consultants, and must be supported by the following documents:

1. A certificate from the Quantity Surveyor certifying the following:
 - (a) The percentage of completion of the project in dollar amounts.
 - (b) The funds requested represent work completed on the project (including statutory and customary holdbacks) for which advances have not yet been received from the Lender.

- (c) That all construction work is in accordance with the plans, specifications and renovation budget previously submitted and approved by the Lender. Any change orders over \$10,000 that will result in an increase in the project budget will be submitted to the Lender for approval. The contractor must acknowledge the procedure for change orders. All reasonable requests for changes will be authorized by the Lender, provided they fall within the approved budget. When any cost overruns are identified which would result in the total cost of the project exceeding the approved budget, the amount of such excess must be paid as additional equity by the Borrower prior to any further advances by the Lender.
 - (d) That the construction is progressing within the original time schedule.
 - (e) That the project being renovated on the mortgaged premises is being renovated in compliance with all laws, ordinances, zoning, health and other rules and regulations.
 - (f) That the cost to complete the project does not exceed the undrawn portion of the Loan.
 - (g) Soft costs have been supported with related invoices.
2. A certificate from the Borrower specifying the amount which it desires to draw and including the breakdown of all costs to date, the cost for which the advance is requested, and the cost to complete.
 3. A Statutory Declaration under the Canada Evidence Act signed by the Borrower stating that all amounts payable relative to the project are in good and current standing and that the Borrower is not aware of any default under its obligation pursuant to the Commitment Letter.
 4. A Statutory Declaration from the General Contractor/Borrower to the effect that all trades payable with respect to the project are in current standing and there has been no notification of any pending builder's liens.
 5. CMHC's Authorization-to-Advance.

Should at any time the estimated cost of completion exceed the un-disbursed balance of the loan, at Montrose's option, all further advances shall be postponed until financial arrangements satisfactory to Montrose have been made to meet such excess costs. Draws will be limited to a maximum of one per month; the Lender shall be provided with a minimum of seven (7) business day's notice of draw requests.

EQUITY:

The Borrower shall contribute minimum equity of \$145,125.00 towards acquisition of the subject property.

An initial advance of \$822,375.00 (plus CMHC application fee and premium) will be advanced to acquire the building with construction advances of \$1,060,000.00 to follow on a cost to complete basis for a total loan amount of \$1,882,375.00 (plus CMHC premium) to fund the renovations and repairs. A final advance of \$145,125.00 (plus CMHC premium) will be advanced once all of the renovations are complete, the building meets all municipal requirements and formal orders to decontrol rents have been approved and issued by the Residential Tenancies Branch.

BUDGET:

The Lender shall have the right to have its Quantity Surveyor review and approve, at the Borrower's expense, the renovation budget for the project including all hard and soft costs. Any reduction in final construction costs will be added to the contingency reserve, and advanced to the Borrower upon completion of the construction. The Project budget as supplied by the Borrower indicates a total renovation cost of \$1,060,000.00 and is attached as Schedule 7.

13. **Conditions Precedent to Funding**

On or before funds are advanced, the following conditions shall have been satisfied.

- (a) The executed Security Documents shall have been delivered and registered with the priority required herein at all appropriate registration offices.
- (b) Intentionally Deleted
- (c) The Lender shall have received an environmental site assessment for the Property addressed to it, prepared by an environmental consultant acceptable to it and confirming to the Lender's satisfaction that there are no hazardous substances on or about the Property and that the Property complies with all environmental laws.

The Security Documents shall contain representations, warranties and covenants and an indemnity with respect to environmental matters, all as set out in Schedule 1 hereto.

- (d) Intentionally Deleted
- (e) Delivery of certified copies of the property, liability and other insurance policies in compliance with the insurance requirements hereinafter set out and the review and approval of same by the Lender's insurance consultant at the Borrower's expense (**\$600 plus GST or \$630 for a 5 year term and \$960 plus GST or \$1,008 for a 10 year term**).
- (f) Delivery of a building location survey/certificate of location for the Property prepared by a licensed surveyor and satisfactory to the Lender.
- (g) Title to the Property shall be satisfactory to the Lender and all realty taxes, local improvement charges and rates in respect of the Property shall have been paid.

- (h) The Lender shall be satisfied that the Property complies with all applicable building and zoning by-laws, that the use of the Property is in compliance with all applicable legislation, including the applicable Fire Code and that there are no outstanding work orders, deficiency notices, directives, investigations or the like with respect to the Property.
- (i) The Lender shall have received, reviewed and approved complete copies of all existing non-residential leases for the Property, together with all related renewals, amendments, assignments, guarantees, indemnities and other related agreements, as well as the Borrower's standard lease form.
- (j) For all non-residential leases, the Borrower shall have delivered tenant estoppel certificates in the Lender's required form signed by each tenant and confirming, inter alia, that it is in possession of its premises, open for business and paying rent in accordance with its lease.
- (k) The Lender shall have received and approved a copy of the property management agreement for the Property (if applicable).
- (l) The Lender shall have received certified or notarized copies of the constating documents of the Borrower, a government issued certificate confirming that the Borrower is in good standing and an opinion from the Borrower's counsel addressed to the Lender confirming the Borrower's capacity to grant the security required herein and the due authorization, execution and delivery of the Security Documents and their enforceability in form and content satisfactory to the Lender. Similar documentation and a similar opinion shall also have been delivered for each corporate Additional Covenantor.
- (m) The Borrower shall have delivered to the Administrator the executed "pre-authorized payment" documents hereinafter required.
- (n)
 - (i) CMHC shall have issued a Certificate of Insurance, in form and content satisfactory to the Lender, insuring the full amount of the Loan and such Certificate of Insurance shall be in full force and effect on the date of each disbursement;
 - (ii) all conditions, requirements and provisions contained in the CMHC Certificate of Insurance shall have been satisfied in full; and
 - (iii) the Lender shall have received prior to any disbursement of all or part of the Loan the written authorization of CMHC to make the disbursement.
- (o) Such financial and other information, statements and documentation as the Lender may reasonably require in connection with the underwriting or closing of the Loan shall have been delivered to it and all other requirements of this Commitment shall have been satisfied.

All conditions precedent to funding expressed herein are for the sole benefit of the Lender and may be waived at its option. The Borrower shall do everything necessary to meet all such conditions precedent.

14. **Leases**

In the case of residential leases the Lender shall approve the Borrower's standard form of lease and the Borrower shall not amend same without the Lender's consent. In the case of non-residential leases, the Lender shall have the right to approve the future tenant and the terms of any future lease which would produce more than 15% of the then current gross revenue from Property. All non-residential tenants shall enter into a non-disturbance and attornment agreement with the Lender wherein the tenant agrees to attorn to the Lender on the terms of its lease on request and the Lender agrees not to disturb the occupancy of the Tenant so long as it is not in default.

15. **Property Management**

The Lender shall have the right to require the Borrower to retain professional property management for the Property satisfactory to the Lender. The Lender shall also have the right to approve the terms and conditions of the management agreement. Any change in the management of the Property shall require the prior written approval of the Lender, both as to manager and the terms and conditions of the management agreement. **The Lender confirms that Winpark Dorchester Properties is an acceptable property manager.**

16. **Insurance**

The Borrower will comply with the insurance requirements set out in Schedule 2 hereto.

17. **Financial Reporting**

Within 120 days of the end of each of its fiscal years, or if the Borrower is an individual, each calendar year, or more often if requested by the Lender, the Borrower shall provide to the Lender:

- (a) Notice to reader financial statements of the Borrower and of any corporate Additional Covenantor, including a Balance Sheet and supporting schedules, a detailed Statement of Income and Expenditures and supporting schedules, and a Statement of Change in Cash Flow; in the case of an individual Borrower or Additional Covenantor, net worth statements may be supplied in lieu of financial statements;
- (b) management prepared financial statements in respect of the Property, including a Balance Sheet and supporting schedules and a detailed Statement of Income and Expenditures and supporting schedules;
- (c) a current rent roll for the Property containing such detail as may be required by the Lender; and

- (d) a budget for the Property for the next fiscal year, forecasting both operating income and expenses and capital expenditures.

Each Borrower and Additional Covenantor hereby authorizes the Lender to obtain such financial information from third parties respecting it or him as the Lender may require and covenants to deliver any further financial information requested by the Lender.

18. **Due on Sale, Change of Control etc.**

If:

- (a) the Borrower directly or indirectly sells, conveys, transfers or otherwise disposes of its interest in the Property or any part thereof or agrees to do so;
- (b) there is a change in the direct or indirect effective voting control of the Borrower or more than 25% of the voting shares/units of the Borrower are transferred, unless the Borrower is a publicly traded entity (as hereinafter defined); or
- (c) the Borrower amalgamates or merges;

without the prior written consent of the Lender being obtained, such consent not to be unreasonably withheld, then the Lender may, at its option, declare forthwith due and payable the entire balance of the unpaid principal together with accrued and unpaid interest due thereon. The decision to accelerate the Loan shall be at the sole option of the Lender. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. A "publicly traded entity" means an entity whose shares/units are listed and traded on a recognized stock exchange in Canada or the United States.

The Borrower will provide reasonable notice to the Lender of any anticipated or impending transaction which would require the consent of the Lender under this Section together with such reasonable information as the Lender may require to determine whether or not to grant its consent thereto.

19. **Changes and Alterations**

Any major changes, additions, and/or alterations contemplated to the Property, including major changes in use of the Property and/or any proposed use of the Property as a hotel or similar type of accommodation, must receive the Lender's written consent prior to the commencement of the changes, additions and/or alterations. If the Borrower changes and/or alters the Property or its use without the prior written consent of the Lender being obtained, then the Lender may, at its sole option, declare forthwith due and payable the entire balance of the unpaid principal together with the accrued interest due thereon. The Borrower will provide reasonable notice to the Lender of any anticipated or impending transaction which would require

the consent of the Lender under this Section together with such reasonable information as the Lender may require to determine whether or not to grant its consent thereto.

20. **No Further Encumbrances**

The Borrower shall not, without the Lender's prior written approval, which may be withheld in its sole discretion, further charge or otherwise encumber the Property or any interest therein. The Lender agrees and confirms that a second blanket mortgage charge, in favour of Montrose Mortgage, totalling \$300,000 shall be registered against the subject property, 539,543 & 545 Bannatyne Avenue and 737 & 743 Sargent Avenue.

21. **Representation and Warranty**

The Borrower and each Additional Covenantor, if any, represent and warrant to the Lender that all information and material submitted and all representations made to the Lender by the Borrower and/or any Additional Covenantor are true, complete and accurate and each of the foregoing parties acknowledges that the Lender has relied on such information, material and representations in approving the Loan. Any breach of this representation and warranty shall constitute a default under the Security Documents which shall entitle the Lender to exercise all its rights and remedies for default in payment thereunder.

22. **Cancellation of Commitment**

At the sole option of the Lender, this Commitment may be cancelled and there shall be no obligation to disburse the Loan if:

- (i) due to the failure, for any reason, of the Borrower or any Additional Covenantor to satisfy any of the provisions or requirements hereof, the Lender has not been willing or able to disburse the Loan Amount **on or before February 29, 2012** (the "Close Out Date");
- (ii) the Borrower or any Additional Covenantor is in breach of any provision, representation or warranty herein;
- (iii) in the opinion of the Lender, in its sole discretion, there is a material adverse change in the position, financial or otherwise, of the Borrower or any Additional Covenantor from that represented to the Lender as at the date hereof;
- (iv) in the opinion of the Lender, in its sole discretion, there has been a material adverse change in the condition of the Property or in the actual or anticipated revenues therefrom from that existing at the date hereof;
- (v) the Borrower is acquiring the Property coincident with the making of this Loan and the purchase price represented to the Lender for the acquisition is higher than the actual purchase to be paid by the Borrower on closing of the acquisition;

- (vi) the results of the Lender's due diligence investigations regarding the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) (the "PCTF Act") are not wholly satisfactory to the Lender, in its sole discretion, or the Borrower or any Additional Covenantor fails to provide all information required by the Lender pursuant to the PCTF Act; or
- (vii) any situation exists which would constitute a default hereunder or under any of the Security Documents.

If the whole Loan Amount has not been disbursed on or before February 28, 2013, the Lender may, at its sole option, close out the Loan Amount at the amount then disbursed, if any.

23. **Liens**

On each disbursement date, there shall have been full and complete compliance with all requirements of the applicable construction, mechanics' or builders' lien legislation and the Borrower shall submit to the Lender, in form and substance satisfactory to the Lender, evidence of such compliance. The Lender may retain from any disbursement such amounts as it considers advisable to protect its interest from subordination under such legislation. The Borrower shall provide additional security, information and documentation as may be required by the Lender to preserve and ensure in all respects the absolute first priority of the Mortgage over any rights of any existing or potential lien claimants.

24. **First Right of Refusal on Maturity**

Intentionally Deleted

25. **Pre-Authorized Payments**

The Borrower shall execute the requisite documents to allow the Administrator to withdraw the regular monthly payments of principal, interest and taxes from the Borrower's bank account.

26. **Expenses**

Whether or not the Loan Amount is disbursed and notwithstanding retention of the Commitment Fee by the Lender, all of the Lender's costs and expenses, including without limitation all legal fees and disbursements and the cost of all reports, appraisals, inspections and investigations incurred by the Lender in relation to the Loan and/or this Commitment shall be paid by the Borrower. The Borrower shall also be responsible for any commission or finder's fee payable in connection with this Commitment. All such amounts are payable forthwith, on demand by the Lender, and may be added to the principal balance of the Mortgage and shall bear interest at the Interest Rate.

The CMHC mortgage insurance premium, CMHC underwriting fee and applicable provincial sales taxes thereon are for the account of the Borrower and shall be deducted from the proceeds of the Loan.

27. **Credit Investigations**

The Borrower and each Additional Covenantor authorize the Lender to make inquiries concerning the character, general reputation, personal characteristics, financial and credit data of the Borrower and each Additional Covenantor, including its respective directors, officers, shareholders, and principals, and to verify any information provided to the Lender hereunder, all for the purpose of underwriting and servicing the Loan.

28. **Proceeds of Crime (Money Laundering) and Terrorist Financing Act**

Pursuant to the PCTF Act, the Lender is required to obtain specific information with respect to the Borrower, the Additional Covenantors and any third party involved in the transaction, including identification for each of those parties. In addition, where the Borrower is using the proceeds of the Loan to acquire the Property, the PCTF Act requires the Lender to obtain information with respect to the source of funds used in connection with the Borrower's equity in the Property. The Borrower and each Additional Covenantor hereby covenant and agree to provide, forthwith upon request for the same, such identification and information as may be required to ensure the Lender's compliance with the PCTF Act, including, without limitation, the information required in Schedule 4 to this Commitment.

29. **Consent to Disclosure**

In the event the Lender sells the Loan or securitizes it into the secondary market, the Borrower and each Additional Covenantor consent to the release by the Lender of all information and materials in the Lender's possession concerning the Borrower, each Additional Covenantor and/or the Property to such party or parties (including the public in any offering memorandum) as may be necessary or desirable to facilitate such sale or securitization. In addition, the Borrower and each Additional Covenantor agrees that the Lender may share any information concerning the Borrower or any Additional Covenantor, as the case may be, with (a) any assignee or proposed assignee of this Commitment or the Loan, (b) the Lender's duly authorized agents or representatives who are engaged in the processing or servicing of the Loan, (c) any insurer of the Loan, (d) credit rating agencies and (e) organizations with which the Lender has strategic alliances who may use such information to provide the Borrower or any Additional Covenantor with information on certain financial products which may be of interest to them. If the Borrower or any Additional Covenantor decides it does not wish its personal information shared with any party referred to in subsection (e) of this Section, it may so advise the Lender in writing at any time and the information will not be so shared.

30. **Additional Covenants**

The Additional Covenants, if any, hereby acknowledge and agree that each of them is jointly and severally liable for all covenants and obligations of the Borrower under this Commitment and under the Loan.

31. **Publicity**

On completion of funding, the Lender may, at its option, issue a press release announcing the Loan. During the construction of any improvements, the Lender may require a sign to be erected and maintained by the Borrower evidencing the Lender's financing of same and may place notices thereof in the media.

32. **Non-Merger of Commitment**

Neither the execution and delivery of any Security Documents nor the advance of the Loan shall in any way merge or extinguish this Commitment or the terms and conditions contained herein. This Commitment and all its provisions shall continue in full force and effect until the Loan has been repaid in full; provided that in case of any inconsistency or conflict between any provision or provisions of this Commitment and any provision or provisions of the Security Documents, the Lender may elect which instrument or provision is to prevail.

33. **No Agency**

The Borrower acknowledges that the Lender may assign this Commitment to a third party and if it does so may receive a fee or commission in connection with such assignment. The Lender may also receive a fee in connection with the servicing of this Loan. The Lender is not acting as the Borrower's agent or otherwise in any fiduciary capacity in relation to the Borrower in connection with this Loan.

34. **Assignment**

Neither this Commitment nor any of the Loan proceeds may be assigned by the Borrower. This Commitment and the Security Documents may be assigned in whole or in part by the Lender at any time before or after the advance.

35. **Entire Agreement**

This Commitment and the Schedules attached hereto, when accepted by the Borrower, will constitute the entire agreement and understanding between the parties hereto with respect to the Loan and supercede all other agreements, understandings or commitments, oral or written.

36. **Approvals and Consents**

Any approvals or consents required to be made or given by the Lender hereunder must be expressly given pursuant hereto and shall not be implied or construed by the delivery or receipt of documents.

37. **Amendments and Waivers**

Except as otherwise expressly provided herein, this Commitment cannot be waived, altered, amended, discharged or terminated other than by an agreement in writing signed by the party against whom enforcement of any such waiver, alteration, amendment, discharge or termination is sought.

38. **Account Administration**

All payments and deposits in connection with the Loan are to be made to the Administrator at the following address unless otherwise advised by the Administrator and/or the Lender in writing:

Montrose Mortgage Corporation Ltd.
Suite 1110, 200 Graham Avenue
Winnipeg, MB R3C 4L5

Attention: Mortgage Administration

The Borrower acknowledges that Montrose Mortgage Corporation Ltd. and Montrose Mortgage Corporation (Man.) Ltd. have been retained to provide underwriting and administration assistance for this Loan and as such have received compensation from its Lender partner for this assistance. Montrose Mortgage Corporation Ltd. and Montrose Mortgage Corporation (Man.) Ltd. are not acting as the Borrower's agent or otherwise in any fiduciary capacity in relation to the Borrower in connection with this Loan.

39. **Further Assurances**

The Borrower and each Additional Covenantor, if any, shall, at the Lender's request, execute or deliver such further documentation and enter into such other agreements as are necessary for the securing of the Loan and the fulfilling of the terms contained herein.

40. **Time of the Essence**

Time shall be of the essence of this Commitment in all respects.

41. **Governing Law**

This agreement shall be governed by and construed in accordance with the laws of the Province in which the Property is situate.

42. **Interpretation**

(i) The headings of all provisions herein are inserted as a matter of convenience only and not to define the intent of this document. The necessary changes in

grammar and gender required to apply to the parties hereto shall be assumed as though expressed.

- (ii) If there is more than one Borrower or if there is an Additional Covenantor, or more than one Additional Covenantor, each of the covenants, agreements and obligations herein shall, as between and among each Borrower and each Additional Covenantor, be deemed to be joint and several, except as may otherwise herein specifically be provided, and the term "Borrower" shall be read as if each Borrower were specifically named and the term "Additional Covenantor" shall be read as if each Additional Covenantor were specifically named and any default by any one Borrower shall be deemed to be a default by each Borrower and any default by any one Additional Covenantor shall be deemed to be a default by each Additional Covenantor.
- (iii) "Business Day" means a day of the week, other than Saturday, Sunday or any other day which is a statutory or a municipal holiday in the municipality in which the Property is situate.
- (iv) "Person" includes any individual, partnership, joint venture, trust, unincorporated organization or any other association, corporation and government or any department or agency thereof.
- (v) The words "hereto", "herein", "hereunder", "hereof", "hereby", "this Commitment", "this agreement" and similar expressions used in this Commitment, including the schedules attached hereto, mean or refer to this Commitment as a whole and not to any particular provision, section or paragraph or other portion of this Commitment and include any instrument supplemental or ancillary hereto.

43. Solicitors

The Lender's solicitor will be:

John McGoey
Piblado LLP
2500 – 360 Main Street
Winnipeg, MB R3C 4H6

Timothy S. Dewart
Filmor Riley LLP
1700 – 360 Main Street
Winnipeg, MB R3C 3Z3

David Marshall
Taylor McCaffrey LLP
9th Floor, 400 St. Mary Ave
Winnipeg, Manitoba R3C 4K5

Phone: 204-956-3517
Fax: 204-957-0227

Phone: 204-957-8312
Fax: 204-957-0516

Phone: 204-988-0344
Fax: (204) 953-7195

Email: mccoey@pitblado.com

Email: timdewart@filmoreriley.com

Email: admarshall@tmlawyers.com

Acceptance of this Commitment shall create a binding agreement between the parties hereto on the terms and conditions set out herein. **To accept this Commitment, kindly execute same where indicated below and return it together with the \$10,000 Commitment Fee, the \$1,000 Processing Fee and the \$630 or \$1,008 insurance review and annual monitoring fee to the Lender by no later than 12:00 pm local time on August 12, 2011 at the address noted above.**

Failing receipt by the Lender of the executed Commitment together with the Commitment Fee by the date and time aforesaid, the offer contained in this Commitment shall be null and void and of no further force and effect unless the Lender shall have otherwise agreed in writing whether before, on or after such date.

Yours truly,

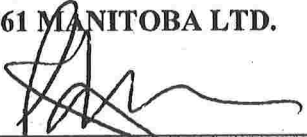
MONTROSE MORTGAGE CORPORATION LTD.

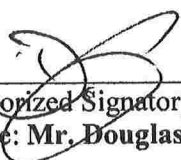
A handwritten signature in black ink, appearing to read 'Oksana C. A. Choptiany', with a long horizontal line extending to the right from the end of the signature.

Oksana C. A. Choptiany
Vice President, Mortgage Closing

Accepted on the 11th day of August, 2011


Borrower:
5684961 MANITOBA LTD.

Per: 
Authorized Signatory
Name: **Mr. Patrick Penner**

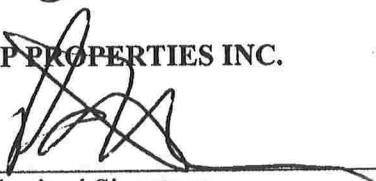
Per: 
Authorized Signatory
Name: **Mr. Douglas Thiessen**

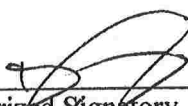
Both signing on behalf of 5684961 Manitoba Ltd.

ADDITIONAL COVENANTORS


Name: **Mr. Patrick Penner**


Name: **Mr. Douglas Thiessen**

K&P PROPERTIES INC.

Authorized Signatory
Name: **Mr. Patrick Penner**

6315402 MANITOBA LTD.

Authorized Signatory
Name: **Mr. Douglas Thiessen**

Attachments

- Schedule 1 – Environmental Provisions
- Schedule 2 – Insurance Requirements
- Schedule 3 – Interest Rate
- Schedule 4 – Loan Information
- Schedule 5 – Prepayment
- Schedule 6 – CMHC Certificate of Insurance
- Schedule 7 – Renovation Budget

Schedule 1

In this Schedule and in the Charge/Mortgage the following words shall have the following meanings:

"Applicable Laws" means, in respect of any person, property, transaction or event, all applicable federal, provincial or municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licences, authorizations, approvals and all applicable common law or equitable principles in force and effect during the currency of this Charge.

"Environmental Laws" means all present and future Applicable Laws, standards and requirements relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation and clean-up or any other aspect of a Hazardous Substance.

"Environmental Proceeding" means any investigation, action, proceeding, conviction, fine, judgement, notice, order, claim, directive, permit, license, approval, agreement or lien of any nature or kind arising under or relating to Environmental Laws.

"Hazardous Substance" means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated by-phenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products, and hazardous wastes.

Representations Regarding Environmental Matters

The Property and all businesses and operations conducted thereon comply with all Environmental Laws. The Property has not been used for or designated as a waste disposal site and, except as disclosed in the environmental audit obtained by the Chargee prior to the advance of funds under this Charge (the "Environmental Audit"), contains no Hazardous Substances and there is no existing or threatened Environmental Proceeding against or affecting the Property. Copies of all existing environmental assessments, audits, tests and reports relating to the Property have been delivered to the Chargee. To the best of the Chargor's knowledge and belief, there are no pending or proposed changes to Environmental Laws or Environmental Proceedings which would render illegal or materially restrict or change the present use and operation of the Property. Except as disclosed in the Environmental Audit, neither of the Chargor nor, to the best of the Chargor's knowledge and belief after due inquiry and investigation, any other person or organization: (i) has used or permitted the use of the Property to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances; (ii) has been subject to any Environmental Proceeding related to the Property; (iii) has caused or permitted the release or discharge of any Hazardous Substance on or in the vicinity of the Property; (iv) has received or otherwise has knowledge of any Environmental Proceedings or of any facts which could give rise to any Environmental Proceeding related to the Property; (v) has undertaken any remediation or clean-up of any

Hazardous Substance on or in the vicinity of the Property; or (vi) has defaulted in reporting any occurrence or circumstance to any governmental authority in relation to the Property which is or was required to be reported pursuant to any Environmental Laws.

Covenants Regarding Environmental Matters

The Chargor shall: (i) ensure that the Property and the Chargor comply with all Environmental Laws at all times; (ii) not permit any Hazardous Substance to be located, manufactured, stored, spilled, discharged or disposed of at, on or under the Property (except in the ordinary course of business of the Chargor or any tenant and in compliance with all Environmental Laws) nor permit any other activity on or in respect of the Property that might result in any Environmental Proceeding affecting the Property, Chargor or Chargee; (iii) notify the Chargee promptly of any threatened or actual Environmental Proceedings; (iv) remediate and cure in a timely manner any non-compliance by the Property or the Chargor with Environmental Laws, including removal of any Hazardous Substances from the Property; (v) maintain all environmental and operating documents and records including all permits, licenses, certificates, approvals, orders and agreements relating to the Property as required by Environmental Laws; (vi) provide the Chargee promptly upon request with such information, documents, records, permits, licences, certificates, approvals, orders, agreements, environmental audits, reports, assessments and inspections and take such other steps (all at the Chargor's expense) as may be required by the Chargee to confirm and/or ensure compliance by the Property and the Chargor with Environmental Laws, and (vii) execute all consents, authorizations and directions necessary to permit any inspection of the Property by any governmental authority and to permit the release to the Chargee or its representatives, of any information relating to the Property and the Chargor.

Environmental Indemnity

Without limiting any other provision of this Charge or any document collateral hereto, the Chargor shall indemnify and pay, protect, defend and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs, expenses, (including legal fees and disbursements on a solicitor and his own client basis) (collectively "Environmental Claims"), imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not disclosed by the Environmental Audit and whether or not caused by the Chargor or within its control, (i) any actual or alleged breach of Environmental Laws relating to or affecting the Property, (ii) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including any personal injury or property damage arising therefrom, (iii) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof, (iv) any assessment, investigation, containment, monitoring, remediation and/or removal of all Hazardous Substances from all or part of the Property or surrounding areas or otherwise complying with Environmental Laws, or (v) any breach by the Chargor of any covenant hereunder or under any document collateral hereto or under Applicable Law relating to environmental matters. This indemnity shall survive repayment of the loan secured hereby, foreclosure upon this Charge and any other extinguishing of the obligations of the Chargor under this Charge and any other exercise by the Chargee of any remedies available to it against the Chargor.

CMHC Environmental Clause

The Chargee or agent of the Chargee or agent of Canada Mortgage and Housing Corporation (hereinafter called "CMHC") may, at any time, before and after default, and for any purpose deemed necessary by the Chargee or CMHC, enter upon the Property to inspect the Property and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee or CMHC (or their respective agents) may enter upon the Property to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee or CMHC and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the interest rate set out in this Charge, shall be a charge upon the Property. The exercise of any of the powers enumerated in this clause shall not result in the Chargee, CMHC or their respective agents being deemed to be in possession, management, or control of the Property and buildings.

Schedule 2

Insurance Requirements

The Borrower will at all times during the Term maintain the insurance required by the Mortgage including, without limitation, the following coverages:

- (a) all risks of direct physical loss or damage, including, without limitation, coverage for the foundations of all improvements and flood and earthquake coverage, all on a replacement cost basis with loss payable to the Lender c/o Montrose Mortgage Corporation Ltd. under an Insurance Bureau of Canada mortgage clause; the policy should allow for the improvements on the Property to be completed (if applicable), for partial occupancy, and for the Property to be vacant and unoccupied for a period of at least 30 days;
- (b) comprehensive broad form boiler and machinery insurance covering all pressure vessels (whether fired or unfired), air conditioning and miscellaneous electrical apparatus on the Property, for an amount satisfactory to the Lender, with loss payable to the Lender under a Boiler and Machinery Insurance Association mortgage clause;
- (c) business interruption or rental income loss coverage on a gross profits or rentals form sufficient to cover 100% of the loss of rent or loss of business income from the business conducted on the Property for a period of twelve (12) months, based on the greater of actual or projected revenue, in respect of all perils described in (a) and (b) above; and
- (d) comprehensive general liability insurance, inclusive of bodily injury, death or property damage or loss, for a minimum amount of \$5,000,000 per occurrence or such other amount as the Lender may reasonably request.

The coverage required by sections (a) and (b) above shall include by-law endorsements acceptable to the Lender, including but not limited to same site waiver, increased cost of construction, undamaged portion coverage and demolition and debris coverage.

All policies shall be on a "no co-insurance" basis. All such insurance shall be placed with a company or companies satisfactory to the Lender. Deductible amounts shall also be subject to Lender's approval. All cancellation and alteration clauses in the above-referenced policies, including those contained in the mortgage clause endorsements, shall provide for at least thirty (30) days prior written notice to the Lender of any cancellation of or material alteration to the policy. The Borrower shall provide evidence of policy renewal or satisfactory replacement annually at least thirty (30) days prior to expiry. The Borrower shall deliver to the Lender original or certified copies of all policies required hereunder. At the time of funding, the expiry date of each of the insurance policies required hereunder shall be at least one year from the date of funding. The Lender shall be entitled to require coverage of such other risks and perils as the Lender may from time to time consider advisable or desirable and in respect of which insurance coverage is available.

Schedule 3

Interest Rate

Unless and until the interest rate is fixed in accordance with the provisions of this Schedule, the annual interest rate under the Mortgage (the "Floating Rate") shall be the Cost of Funds Rate plus 2.10% calculated monthly not in advance. The Floating Rate will be adjusted once per month on the seventh day of each and every month during which the Floating Rate is payable (or if the seventh day is not a Business Day on the next following Business Day) based on the Cost of Funds Rate quoted on that day and the adjusted rate will take effect as of the first day of such month and will remain in effect for the entire month or such part thereof during which the Floating Rate is payable, whichever is less. For the period from the date of the first disbursement until the Interest Adjustment Date, the Floating Rate shall be based on the Cost of Funds Rate quoted on the immediately previous seventh day of the month.

"Cost of Funds Rate" means the rate of interest per annum quoted to FNFC Trust (the "Trust") by its syndicate of lenders on the seventh day of each month (or if the seventh day is not a Business Day on the next following Business Day) as the Trust's cost of funds during the previous month.

Lender's Right To Fix The Interest Rate

If, on any day, the Canada Mortgage Bond Yield (as defined in the next following paragraph) plus 100 basis points reaches or exceeds 4.94% (the "Ceiling Rate"), then the Lender shall be entitled, but not obligated, to fix the interest rate (the "Fixed Rate") for the remainder of the Term at the rate of interest, calculated semi-annually not in advance, which is the sum of the Canada Mortgage Bond Yield (as defined in the next following paragraph) as of 12:00 noon Toronto Time on the Business Day following the Ceiling Rate Fix Date (as hereinafter defined) plus the number of basis points which the Lender is then charging over the Canada Mortgage Bond Yield to similar borrowers on mortgage loans of similar size and kind on similar properties (the "Market Spread").

For the purpose of establishing the Fixed Rate pursuant to the immediately preceding paragraph, the "Canada Mortgage Bond Yield" shall mean the bid-side yield to maturity, calculated semi-annually, which an assumed new issue of non-callable Canada Mortgage Bonds issued by Canada Housing Trust (the "Canada Mortgage Bond"), denominated in Canadian dollars would carry if issued at par for a term equal to the remainder of the Term of the Mortgage. Where the longest dated Canada Mortgage Bond has a maturity date that is earlier than the maturity of the Loan, the "Canada Mortgage Bond Yield" shall mean the bid-side yield to maturity of the Canada Mortgage Bond with the maturity date closest to the maturity date of the Loan plus the difference between: (a) the Government of Canada Bond Yield interpolated to the Loan Maturity Date; and (b) the Government of Canada Bond Yield interpolated to the Canada Mortgage Bond maturity date. The Canada Mortgage Bond Yield shall be determined by RBC Dominion Securities Inc. or such other person qualified to make such determination as the Lender may appoint.

If the Ceiling Rate is reached and the Lender intends to fix the interest rate as aforesaid, the Lender shall so notify the Borrower and shall specify the then current Market Spread and the Borrower shall have 5 Business Days from receipt of such notification (the 5th of such Business Days being herein referred to as the "Ceiling Rate Fix Date") to elect in writing to pay out the Mortgage in full rather than having the interest rate fixed. If the Borrower does not so elect, the Lender shall be entitled, but not obligated, to fix the rate in accordance herewith, and in such event the Fixed Rate shall be effective as of the Ceiling Rate Fix Date. If the Borrower does so elect and fails thereafter to pay out the Mortgage in full within one month of such election, it shall be liable to the Lender for any or all losses suffered by it as a result of the failure to fix the rate in accordance herewith.

The Borrower acknowledges that although the Lender may notify the Borrower of the Lender's intention to fix the interest rate, it may ultimately not do so (having regard to fluctuations in the Canada Mortgage Bond Yield and/or other factors) and that delivery of such notification will not obligate the Lender to fix the interest rate. Provided further that where the Lender does not fix the interest rate it may give further notification of its intention to do so to the Borrower from time to time when the Ceiling Rate is reached or exceeded.

After establishment of the Fixed Rate by the Lender, for the remainder of the Term of the Mortgage equal payments of principal and interest shall be made on the first day of each month in accordance with Section 6 of this Commitment based on the number of years and months then remaining in the Amortization Period.

Borrower's Right To Fix The Interest Rate

Provided the Mortgage is not then in default and further provided that the Borrower has maintained a satisfactory payment record, the Borrower shall have the right to fix the interest rate for a full 5 year term by delivering a written notice (the "Notice of Fix") to the Lender prior to TWELVE O'CLOCK noon Toronto time on any Business Day after the initial disbursement of funds, such fixed rate to be effective from the date on which the Notice of Fix is given (the "Effective Date") and to be that rate of interest, calculated semi-annually, not in advance, which is the sum of the Canada Mortgage Bond Yield as of 12:00 noon Toronto time on the Business Day following the Effective Date plus the number of basis points over the Canada Mortgage Bond Yield which the Lender is then charging to similar borrowers on mortgage loans of similar size and kind on similar properties (the "Fixed Rate").

For the purpose of establishing the Fixed Rate pursuant to the immediately preceding paragraph, "Canada Mortgage Bond Yield" shall mean the yield to maturity, calculated semi-annually, which an assumed new issue of non-callable Canada Mortgage Bonds denominated in Canadian dollars would carry if issued at par for a five year term. The Canada Mortgage Bond Yield shall be determined by RBC Dominion Securities Inc. or such other person qualified to make such determination as the Lender may appoint.

Upon receipt of the Notice of Fix, the Term of the Mortgage shall be amended to 5 years from the first day of the month following the Effective Date, the Mortgage shall be deemed to be dated as of the Effective Date and equal payments of principal and interest shall be

made on the first day of each month thereafter in accordance with Section 6 of this Commitment based on the number of years and months then remaining in the Amortization Period.

If the Borrower chooses to fix the Interest Rate in accordance herewith, the Lender may at its option extend the 5 year Term so that the Term ends up to 5 years and 12 months from the first day of the month following the Effective Date. If the Lender chooses to exercise this option it may do so by delivering written notice to the Borrower within 12 months of the Effective Date. While the Lender may request the Borrower to acknowledge the extension, the Borrower's failure to do so shall not invalidate the extension.

Whenever the term Interest Rate is used in this Commitment it shall mean the Floating Rate if the relevant time is prior to the establishment of the Fixed Rate and the Fixed Rate if the relevant time is after the establishment of the Fixed Rate.

General

In order to protect the Lender's priority with respect to the Fixed Rate, the Mortgage shall be registered with a face interest rate of 25% per annum, calculated semi-annually, not in advance, and shall be amended in accordance with the foregoing as necessary upon determination of the Fixed Rate. The Borrower and the Lender shall execute an amending agreement with respect to the foregoing, such amendment to be registered on title to the Property, all at the Borrower's expense. However, in the event no amending agreement is executed or registered, for whatever reason, the provisions hereof respecting the Interest Rate and the fixing thereof shall still apply.

Schedule 4

FIRST NATIONAL LOAN INFORMATION FORM

The following information is required to supplement the Commitment to which it is attached. This information is required by *The Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and is a condition precedent to funding. **The Loan will not fund unless this information is provided in a timely manner.**

I. BORROWER

A. Proposed Borrower:

Name: _____

Principal business address: _____

Principal Contact: _____ Email Address: _____

Phone Number: _____ Fax Number: _____

Borrower Entity Type: Corporation ___ Partnership ___ Individual ___
Limited Partnership ___

Is the Borrower a Nominee*?: _____

If Borrower is a nominee, who is the Beneficial Owner*: _____

B. Principal(s) of Borrower:

List all Officers, Directors and Shareholders of the Borrower.

Name	Role (Officer/Director/Shareholder)	% Interest in Borrower

C. Guarantors (Individual):

Name	Date of Birth	Home Address	Role in Borrower	% Interest in Borrower

Guarantors (Corporate):

Name	Date of Incorporation	Principal Business Address	Officers and Directors and Shareholders

D. Source of Downpayment (for Purchase transactions only)

Amount of Equity: _____

Source of Equity: _____ (attach supporting documentation)**

E. Politically Exposed Foreign Persons ("PEFPs")***

Is the Borrower, any Guarantor or any signing officer of either the borrower or guarantor a PEFP? ___

Is a member of any of the foregoing's immediate family a PEFP? _____

F. Contact Information:

Insurance Broker: _____ Telephone: _____

Solicitor: _____ Telephone: _____

I certify the above information to be accurately represented, to the best of my knowledge:

Name: _____

Date: _____

Appendix

*** Question A – “Nominee” and “Beneficial Owner”**

Where the Borrower is holding the Property in trust for another person or entity, please indicate “yes” to this question and provide details with respect to such other person or entity (the beneficial owner) including name, address and primary contact. If the entity is a corporation:

- the name and occupation of all directors of the corporation; and
- the name, address and occupation of all individuals who directly or indirectly own or control 25% or more of the shares of the corporation.

If the entity is other than a corporation:

- the name, address and occupation of all individuals who directly or indirectly own or control 25% or more of the entity.

If the entity is a not-for-profit organization, indicate whether or not that entity is a registered charity for income tax purposes under the Income Tax Act.

- If that entity is not a registered charity, indicate whether or not it solicits charitable financial donations from the public.

**** Question D – Source of Downpayment**

The Borrower must provide evidence of the equity it is contributing to the property. This can take the form of a firm commitment to finance another property, an agreement of purchase and sale in respect of another property together with Solicitor’s confirmation of receipt and amount of the net proceeds of such sale or financing, three months’ bank statements showing equity in the Borrower’s bank account, audited balance sheet and other similar documentation.

***** Question E – Politically Exposed Foreign Persons**

A politically exposed foreign person (PEFP) is a person who is or was a “senior political figure, or a member of their immediate family”.

A senior political figure is an individual who holds or has ever held one of the following offices or positions in or on behalf of a foreign country.

A head of state or government	A president of a state owned company or bank
A member of the executive council of government or member of legislature	A head of a government agency
A deputy minister (or equivalent)	A judge
An ambassador or ambassador’s attaché or counsellor	A leader or president or a political party in a legislature
A military general (or equivalent higher rank)	

Schedule 5

Prepayment

The Borrower shall have the right to repay at any time during the term of the Mortgage the whole or a portion of the outstanding principal balance of the Mortgage (the "**Prepayment Amount**") with accrued interest to the date of prepayment together with all other monies owing, secured or payable under the Mortgage, together with the Mortgage Yield Maintenance Fee (as hereinafter defined).

"**Mortgage Yield Maintenance Fee**" shall mean the greater of (a) three (3) months interest plus an additional 0.5% of the outstanding balance; and (b) the amount, if any, as of the date of prepayment, by which the present value of the future payments until maturity of the Mortgage with respect to the Prepayment Amount discounted at the lowest of (i) the Government of Canada Yield and (ii) the coupon rate of the underlying Mortgage Backed Security, if any, calculated semi-annually not in advance and (iii) the coupon rate of the underlying Canada Mortgage Bond, if any, calculated semi-annually not in advance, exceeds the outstanding principal of the Prepayment Amount plus an additional 0.5% of the outstanding balance; .

"**Government of Canada Yield**" shall mean the yield-to-maturity, compounded semi-annually not in advance, as determined by RBC Dominion Securities Inc. or such other person qualified to make such determination as the Lender may appoint, which a non-callable Government of Canada bond would carry if issued on or about the fifth (5th) business day prior to the date on which the prepayment will be made, in Canadian dollars in Canada, at 100% of its principal amount with a term to maturity equal to the remaining term of the Mortgage.

Schedule 6
CMHC Certificate of Insurance



CERTIFICATE OF INSURANCE

TO:

Montrose Mortgage Corp. Ltd.,
200 Graham 1110,
Winnipeg, MB.
R3C 4L5

999 99004

PROTECTED WHEN COMPLETED
CMHC ACCOUNT NUMBER

90-525-270

LENDER REFERENCE NUMBER

BORROWER(S) : 5684961 Manitoba Ltd,

PROPERTY IDENTIFICATION/CIVIC ADDRESS

485 Furby ST,
Winnipeg, MAN.
R3B 1Z8

LEGAL DESCRIPTION :

Pursuant to the request for loan insurance submitted by the Approved Lender and in reliance upon the information contained therein and subject to compliance with the National Housing Act, the National Housing Loan Regulations, the Master Loan Insurance Policy - Terms and Conditions dated December, 1990 and any special conditions listed herein, CANADA MORTGAGE AND HOUSING CORPORATION (CMHC) hereby agrees to insure the loan made by:

Montrose Mortgage Corp. Ltd.

as set out in the request for loan insurance and identified herein.

SEE ATTACHED

INSURABLE LOAN		\$2,089,256.25
INSURANCE PREMIUM TO BE REMITTED	(2.75 %)	\$55,756.25
APPLICATION FEE		\$6,000.00
ADV TO DATE (EXCLUDING INSURANCE PREMIUM)		
APPROVED BY THIS NOTIFICATION		\$6,000.00
HOLDBACK (IF APPLICABLE)		\$2,027,500.00

The receipt and filing or recording by CMHC of notification that the loan has been fully advanced and the receipt by CMHC of the loan insurance premium in respect thereof shall constitute the issue of the loan insurance policy. The Approved Lender may request confirmation of the loan insurance from CMHC.

CALGARY

CANADA MORTGAGE AND HOUSING CORPORATION

per:

2011-08-05

Authorized Representative:

ROCHELLE OGILVIE

P-PU-040 CMHC is subject to the ACCESS TO INFORMATION AND PRIVACY ACTS.



**SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE**

APPROVED LENDER :	Montrose Mortgage Corporation Ltd.
CMHC ACCOUNT NUMBER :	90-525-270
PROPERTY ADDRESS :	485 Furby Street Winnipeg, MB R3B 1Z8 Hereinafter the "Property"
LEGAL DESCRIPTION :	To be provided
NUMBER OF UNITS :	30
BORROWER(S) :	5684961 Manitoba Ltd
GUARANTOR(S) :	K & P Properties Inc. 6315402 Manitoba Ltd. Patrick Penner Douglas Thiessen
Net Loan Amount :	\$2,027,500.00
Insurance Premium (included in mortgage) :	\$60,825.00
Application Fee (included in mortgage) :	\$6,000.00
TOTAL INSURED HOUSING LOAN :	\$2,094,325.00
INTEREST RATE :	4.15% [maximum] – 5 years 4.94% [maximum] – 10 years
INITIAL LOAN TERM :	5 or 10 years [minimum]
AMORTIZATION PERIOD :	30 years [maximum]



**SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE**

1. ADVANCING OF THE HOUSING LOAN

- 1.1. This Certificate of Insurance is issued for the purpose of acquiring the Property consisting of 30 units. The Approved Lender must ensure that the Housing Loan is fully applied to the purchase price of \$967,500.00 and the repairing/improving of the Property in the amount of \$1,060,000.

The initial advance will be made up to a loan amount of \$822,375.00. Progress advances will then be made up to the Housing Loan amount of \$2,027,500.00. Loan advances will be authorized on a cost in place basis (namely, no advance will be made if such advance together with all prior advances plus all applicable lien holdbacks, will exceed the value of the work in place, provided further that any material on site which has not yet been used in the construction is not to be considered in this calculation) and on a cost to complete basis (namely, the Approved Lender will at all times have remaining to be disbursed an amount, exclusive of lien holdbacks, sufficient to complete the building in accordance with the plans and specifications approved by the Approved Lender).

In all cases the first and last advances will be submitted by the Approved Lender to CMHC with their recommendation for authorization. The Approved Lender may choose to process all other advances without CMHC authorization. Alternatively, the Approved Lender may request CMHC authorization for all other advances. Where the number of advances authorized by CMHC exceeds two, a progress advance fee of \$350 per advance will apply to all advances beyond the second.

- 1.2. It is the Approved Lender's responsibility to ensure that the Housing Loan is used specifically and exclusively for the purpose specified.
- 1.3. Approved Lenders disbursing a loan which they did not originate acknowledge that in disbursing the Housing Loan they assume all rights, obligations and responsibilities of the Approved Lender who submitted the application for insurance in accordance with the terms and conditions of the mortgage loan insurance policy. CMHC will require that all pre-funding conditions be specifically confirmed by the disbursing



**SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE**

Approved Lender, including, but not limited to confirmation of compliance with ESA policy.

2. DATES FOR DRAWING ADVANCES

- 2.1. The first insured advance must take place no later than **February 29, 2012**, failing which insurance coverage for the Housing Loan shall be cancelled automatically with no further notice to the Approved Lender.
- 2.2. The final advance under the Housing Loan shall be made on or before **February 28, 2013** following which, the insurable amount under the Housing Loan shall be capped at the amount then advanced.
- 2.3. Should the Approved Lender, at any time, wish CMHC to extend the periods set out in 2.1 and 2.2, a request in writing to that effect is to be made to CMHC accompanied by an underwriting fee based on the then current CMHC fee schedule. Following a review of the request for extension, additional conditions including but not limited to a higher premium may be imposed by CMHC. Acceptance will be at the sole discretion of CMHC.

3. HOUSING LOAN INSURANCE PREMIUM

- 3.1. The total premium of **\$60,825.00** is applied to the Net Loan amount and calculated as follows:
 - (a) Base premium of **2.25%** at **74.00% LTV**: **\$45,618.75**Surcharge(s) of:
 - (b) **0.5%** for Construction Advances: **\$10,137.50**
 - (c) **0.25%** for Amortization Extensions: **\$5,068.75**
- 3.2. The insurance premium is deemed to have been earned by CMHC at the time of issuance of this Certificate of Insurance. The insurance premium is to be remitted to CMHC as funds are advanced or within thirty (30) days of CMHC's authorization to advance, whichever occurs first. In the event the premium due is not received by



**SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE**

CMHC within the time frame prescribed above, insurance coverage for the Housing Loan shall be cancelled automatically with no further notice to the Approved Lender.

4. ENVIRONMENTAL SITE INSPECTION

- 4.1. For a Property in which the Phase 1 Environmental Report indicates no evidence of contamination this Certificate of Insurance is issued subject to the Approved Lender providing CMHC, prior to the first advance, with a letter confirming that the ESA report conforms with CMHC's policy relating to environmental risks and that the report may be relied upon by the Approved Lender and CMHC for the purposes of the insured loan.

OR

For a Property in which the Phase 1 Environmental Report indicates potential contamination and/or a requirement for further study this Certificate of Insurance is issued subject to:

- (a) the Approved Lender providing CMHC with a satisfactory Environmental Site Assessment (ESA) report prior to the first advance and in any event not later than six (6) months from the date of the Certificate of Insurance; and
- (b) the Approved Lender providing CMHC, prior to the first advance, with a letter confirming that the ESA report conforms with CMHC's policy relating to environmental risks and that the report may be relied upon by the Approved Lender and CMHC for the purposes of the insured loan.

5. LOAN SECURITY

- 5.1. The Security for the Housing Loan shall cover all assets and revenues relating to the Property including:
- (a) a registered first mortgage repayable by equal monthly payments of principal and interest using CMHC's Standard Charge Terms or a document substantially the



**SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE**

same, with amendments set out in Schedule "A" and such other changes set out in these Special Conditions;

- (b) an assignment of present and future rents;
- (c) a site specific General Security Agreement (GSA) securing all inventory, equipment, vehicles, book debts, and other amounts of any nature or kind arising from the Property. (or chattel mortgage/ moveable mortgage and assignments in provinces without Personal Property Security Agreement legislation);
- (d) guarantee(s). See Section 6. Guarantee;
- (e) an assignment of construction contracts, permits, plans and specifications etc.
- (f) any other security deemed necessary by the Approved Lender ;

5.2. It is the responsibility of the Approved Lender to ensure that all security documentation complies with the requirements of the National Housing Act (NHA), the National Housing Loan Regulations (NHLR), the CMHC Loan Insurance Handbook, the specific requirements of this Certificate of Insurance, and any other applicable legislation.

6. GUARANTEE

- 6.1.** The Approved Lender must obtain the joint and several guarantee of K & P Properties Inc., 6315402 Manitoba Ltd., Patrick Penner and Douglas Thiessen for 100% of the Housing Loan until the Property has generated an annualized effective gross income of \$268,884.00, sustained for one full year. After this period, the guarantee amount for Patrick Penner and Douglas Thiessen will be reduced to \$586,411.00, while the guarantee amount for K & P Properties Inc. and 6315402 Manitoba Ltd. will be for 100% of the Housing Loan.
- 6.2.** The guarantee is for the full duration of the Housing Loan, including renewals. The guarantee must be absolute, irrevocable and unconditional and must specify that the Approved Lender is not obliged to exhaust its recourses against the mortgage debtor (or with respect to any collateral security) before acting under the guarantee. The



**SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE**

Approved Lender is responsible for the validity and enforceability of the guarantee and will take all necessary steps in order to ensure compliance with this condition, including without limiting the generality of the foregoing requiring that the guarantor obtain independent legal advice where necessary/prudent.

7. INTEREST RATE

- 7.1. The interest rate during construction will be allowed to fluctuate provided it does not at any time exceed the market rate of interest, i.e. rate which falls outside of the narrow range of rates being charged at that time within the same geographic area of the project. In the event of a claim under the policy of insurance arising from a default during the period that the floating interest rate is being charged on advances, interest on the mortgage for the purpose of the claim shall be, notwithstanding any agreement to the contrary between the Approved Lender and the mortgage debtor, fixed at the rate in force at the time the unpaid interest started to accrue compounded semi-annually and not in advance or at a market rate of interest acceptable to CMHC, whichever is the lesser.
- 7.2. The interest rate at time of Interest Adjustment Date (IAD) is to be a fixed rate of interest, not exceeding 4.15% for 5 years or 4.94% for 10 years for the initial term of the Housing Loan. At time of renewal of the Housing Loan the interest rate used must be a fixed rate of interest, unless CMHC policy specifically permits otherwise at that time.

8. TAXES

- 8.1. The Approved Lender is responsible for the collection of Property Taxes with the mortgage loan payment on a monthly basis.

9. PROJECT MANAGEMENT

- 9.1. The Approved Lender must ensure there is a formal property management contract in place with a professional third party property management firm.



**SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE**

10. FINANCIAL STATEMENTS

- 10.1.** The Approved Lender shall obtain from the Borrower, within four (4) months after each fiscal year, financial statements of the Borrower on a notice to reader basis along with management prepared financial statements of the Property.
- 10.2.** The Approved Lender shall use reasonable efforts to obtain the financial statements and shall review same for the purpose of identifying items that may negatively impact on the operation of the Property or the Borrower's ongoing liquidity. If, on the basis of the review, the Approved Lender is of the opinion that further action is necessary, the Approved Lender shall advise CMHC via written recommendation and seek CMHC concurrence to any further action.
- 10.3.** The mortgage loan documentation shall provide for stand alone project reporting, isolating the Property's financial and operating information from that of other projects owned by the Borrower.
- 10.4.** In the event of a default by the Borrower under the mortgage or if the Borrower seeks relief under the *Bankruptcy* and *Insolvency Act* and the Companies' Creditors Arrangement Act or other debtors relief legislation, the Approved Lender shall if possible, seek to establish a separate project bank account for the Property.

11. SUBSEQUENT FINANCING

- 11.1.** The Borrower shall not register any subsequent encumbrances without the prior written approval of the Approved Lender. Such approval will not be unreasonably withheld.
- 11.2.** The Approved Lender shall not allow a cross default provision between the insured Housing Loan and a subsequent encumbrance.



**SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE**

12. ZONING

- 12.1.** Prior to any advance of funds the Approved Lender is to obtain written confirmation that the proper zoning and approvals are in place for a 30 unit rental structure on the Property.

13. MATERIAL CHANGE

- 13.1.** CMHC reserves the right to cancel the Certificate of Insurance or to revise the amount of the Housing Loan it will insure, if there is a material change in the terms and conditions of the Housing Loan or the Property or the Borrower from the particulars provided in the Approved Lender's Application.

14. CONSTRUCTION CLAUSE

14.1. Applicable Laws, Regulations, Codes and Certifications

- (a) The Approved Lender must ensure that the Borrower complies with all applicable Federal, Provincial and Municipal laws, regulations and codes in the construction of this project.
- (b) Prior to each advance the Approved Lender must obtain from the project architect certification that the work to-date is in compliance with plans and specifications, as approved by the regulatory authority having jurisdiction.
- (c) Should the Borrower fail to complete the repairs/improvements by **February 28, 2013**, the Approved Lender shall provide a written recommendation to CMHC for its consideration on whether the Approved Lender shall undertake to have the repairs/improvements completed or to close out the loan.

14.2. Project Monitoring

- (a) The Approved Lender is to ensure that sufficient safeguards are in place in order to guarantee timely completion of the construction of this project at the stated costs. Prior to the start of construction the Approved Lender is to ensure that the project budget cost is reviewed and approved by a third party project monitor.



**SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE**

This role is to be performed by an architect or engineer who, in the opinion of the Approved Lender, holds liability insurance adequate for the size of the project. Both the hard and soft costs are to be included in the review. The project monitor is to confirm that the project budget, at an amount no greater than the anticipated \$1,060,000.00, is sufficient to complete the project, given the development Schedule and the final project specifications.

- (b) The Approved Lender shall employ the project monitor to recommend the amount of each progress advance, with verification of cost of work-in-place and cost to complete on every advance. In addition, the project monitor shall provide suitable certification that all monies advanced by the Approved Lender have been used for the Property and that all bills have been paid. The Approved Lender is to review and recommend progress advances.

15. RENT CONTROL

- 15.1. The Approved Lender is to ensure that the rents disclosed to CMHC meet the requirements of the Manitoba rent review legislation.

16. NON-CONFORMING USE

- 16.1. The Approved Lender shall ensure that the Borrower purchases by-law endorsement insurance to allow for the payment of building upgrades as a result of changes to the building code and municipal by-laws subsequent to the building being completed. The Approved Lender shall endeavour where possible to ensure that the same site clause requirement shall be removed from the insurance coverage. In addition the Approved Lender acknowledges that CMHC will not recognize any claim as a result of a loss due to the nonconformity of the structure.

17. HOTEL CONVERSION

- 17.1. Where a property offers certain features, which could under some circumstances permit its conversion from rental housing to hotel use, the Approved Lender is required to include a provision in the letter of commitment to the applicant, to the effect that the loan may be called if:



**SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE**

- (a) The building plan of the building is physically altered without the written approval of the Approved Lender and CMHC;
- (b) The project ceases to be occupied by persons utilizing the accommodation for purposes of a principal residence.

17.2. The Approved Lender is also required to amend the relevant mortgage to add the words "or as a hotel" to the end of the clause prohibiting the use of the premises for the purpose of any business, trade or manufacture.

18. TRUST AGREEMENT

18.1. Prior to any advance, the Approved Lender must confirm that 5684961 Manitoba Ltd. is a trustee holding title to this Property as trustee for the beneficial owners: K & P Properties Inc. and 6315402 Manitoba Ltd. A guarantee for 100% of the Housing Loan is required from the beneficial owners. Any changes in the ownership structure must be pre-approved by the Approved Lender who must seek CMHC's concurrence if there are substantial changes.

19. PHYSICAL CONDITION REPORT

19.1. A physical condition report may be prepared by or for CMHC to identify repairs which should be completed. This report is taken into account as part of CMHC's underwriting of the loan and is solely for internal purposes. As such, the report does not and will not constitute a representation or warranty that the property is in conformance with building or Property standards, fire code or other regulations. Neither CMHC nor the inspector preparing the report assumes any responsibility for any loss or damage to any person as a result of the preparation of this report.



**SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE**

**PRIOR TO THE FIRST ADVANCE PLEASE SIGN AND RETURN THE DUPLICATE COPY
OF THE ATTACHED SPECIAL CONDITIONS.**

A handwritten signature in black ink, appearing to read "Rochelle O'Gilvie".

CMHC Underwriter: Rochelle O'Gilvie
Centre: Prairies
Date Revised: August 12, 2011

ACKNOWLEDGMENT

We have read and acknowledge as terms and conditions of the Certificate of Insurance and of the Mortgage Loan Insurance Policy, the contents of the Certificate of Insurance and the Special Conditions contained herein, of which we have a duplicate. We further acknowledge that CMHC is subject to the Access to Information Act and the Privacy Act. Individuals have a right of access to CMHC-controlled information about themselves.

"PROTECTED / CMHC Commercial/Competitive - This document contains confidential and proprietary information and shall not be further distributed, copied or disclosed by the Approved Lender (other than to the Borrower, or to the Borrower's or Approved Lender's professional advisors who have a need to know, provided that the Approved Lender shall ensure any such receiving party treats the information as confidential), without the prior written consent of CMHC."

Name of Approved Lender:

Montrose Mortgage Corporation Ltd.

per:

A handwritten signature in black ink, appearing to read "D. Chortkany".

Name of Signing Officer:

D. CHORTKANY

Place and Date of Signature:

WPS, MK

Aug. 12/11



**SPECIAL CONDITIONS
FORMING PART OF THE CERTIFICATE OF INSURANCE**

SCHEDULE "A"

Amendments to CMHC's Standard Charge Terms

Due on Sale Clause

" The mortgage debtor covenants and agrees with the Approved Lender that in the event of the mortgage debtor selling, conveying, transferring or entering into an agreement for sale or transfer of title of the Property hereby mortgaged (including, but not limited to, the sale of shares or other interest resulting in a transfer of majority ownership interest) to a purchaser or transferee not approved, in writing, by the Approved Lender, which approval shall not unreasonably be withheld, all monies hereby secured with accrued interest thereon shall at the option of the Approved Lender forthwith become due and payable."

Environmental Clause

" The Approved Lender or agent of the Approved Lender or agent of Canada Mortgage and Housing Corporation (Hereinafter called "CMHC") may, at any time, before and after default, and for any purpose deemed necessary by the Approved Lender or CMHC, enter upon the said lands to inspect the said land and buildings thereon. Without in any way limiting the generality of the foregoing, the Approved Lender or CMHC (or their respective agents) may enter upon the said lands to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Approved Lender or CMHC and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the contract rate in the mortgage, shall be a charge upon the said lands. The exercise of any of the powers enumerated in this clause shall not deem the Approved Lender, CMHC or their respective agents to be in possession, management or control of the said lands and buildings."

Schedule 7
Renovation Budget

Budget - 485 Furby Street**Hard Costs**

Exterior	
Painting	\$37,800
Roof	\$81,900
Foundation Repair	\$105,021
Landscaping	\$7,875

Interior

Demolition	\$22,050
Bathroom	\$55,125
Kitchen Cabinets & Finishes	\$69,300
Kitchen Appliances	\$25,200
Entry Doors	\$15,750
Windows	\$31,500
Plumbing	\$31,500
Electrical	\$31,500
Light Fixtures	\$7,875
Dry Wall Repair & Replacement	\$23,625
Paint	\$47,250
Flooring	\$56,700
Finishing	\$34,650
Cleaning	\$6,300
Misc. Construction Repairs	\$15,750
Boiler	\$69,300
Intercom System	\$2,048
Main Entry Doors - Front & Rear	\$15,750
Hot Water Tanks	\$13,388
Total Hard Costs	\$807,157

Soft Costs

Interest Carry During Construction	\$100,000
Tenant Buy-Outs	\$10,000
Initial Lease-Up	\$5,000
Advertising	\$5,000
Moving Compensation	\$10,000
Building Permit	\$10,000
Design Fees	\$1,000
Development Fee	\$9,843
Draw Fees	\$2,000

Total Soft Costs **\$152,843**

Total Cost

Hard Costs	\$807,157
Soft Costs	\$152,843
Contingency	<u>\$100,000</u>
Total Costs	\$1,060,000

This is **Exhibit "F"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

A handwritten signature in blue ink, appearing to be 'W. R. K.', written over a horizontal line.

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba

Mortgage Form 11.4

District of Winnipeg ESTATE AFFECTED Freehold Leasehold
 Mortgage Encumbrance Mortgage of Mortgage/Encumbrance

1. **MORTGAGOR/GRANTOR OF ENCUMBRANCE (ENCUMBRANCEE)** include address and postal code
 5684961 MANITOBA LTD., c/o 900 - 400 St. Mary Avenue, Winnipeg, Manitoba, R3C 4K5
 COVENANTOR (if any) include address and postal code see schedule

2. **LAND DESCRIPTION**
 LOTS 8 AND 9, PLAN 313 WLTO (W DIV)
 IN RL 73, PARISH OF ST. JAMES
 TITLE NUMBER (S) 2311283 MORTGAGE/ENCUMBRANCE NUMBER(S) see schedule

SEP 23 2011
 The District Registrar hereby certifies that this is a true copy of a record maintained in the public records of The Property Registry of Manitoba

3. **MORTGAGEE/ENCUMBRANCER** include address and postal code
 First National Financial GP Corporation, c/o Montrose Mortgage Corporation, 1110 - 200 Graham Avenue, Winnipeg, Manitoba, R3C 4L5 see schedule

4. **NAME AND ADDRESS OF MORTGAGEE/ENCUMBRANCER FOR SERVICE** include postal code
 SAME AS ABOVE OR see schedule

5. **TERMS**
 The following terms are incorporated herein:
 (a) Standard Charge Mortgage Terms filed as number 1028245 name CANADA MORTGAGE AND HOUSING CORPORATION
 (b) The terms attached hereto as schedule(s) A
 In this instrument unless other specified, "herein" means this instrument, all schedules to this instrument and the terms referred to in Box 5.
 Where there is insufficient space in this form for all signatures, one or more Mortgagor or Encumbrancee may sign the schedule identified in Box 7 and attached hereto and/or one or more Covenantor may sign the schedule identified in Box 9 and attached hereto, and such signature or signatures shall bind and obligate the person or persons so signing to the terms herein in the same manner as if such person or persons had signed this form.

6. **PAYMENT PROVISIONS** see schedule A

(a) Principal Amount \$ 2,089,256.25	(b) Interest Rate 25 % per annum	(c) Calculation Period Semi-annually
(d) Interest Adjustment Date	(e) Payment Date and Period XXXXX	(f) First Payment Date
(g) Last Payment Date	(h) Amount of Each Payment Dollars \$ 41,454.00	
(i) Balance Due Date	Guarantee Mortgage <input type="checkbox"/>	

Additional Provisions see schedule A

IMPORTANT NOTICE: The Mortgage Act provides that the Mortgagor can obtain free of charge, from the mortgagee, a statement of the debts secured by this mortgage once every twelve months, or as needed for pay off or sale

LTO USE ONLY

<p>FEES CHECKED <i>gh</i></p> <p style="text-align: center;">Certificate of Registration</p> <p>Registered this date <u>Sept. 06. 2011</u> as No. <u>4119823</u></p> <p>I certify that the within instrument was registered in the <u>Winnipeg</u> Land Titles Office and entered on Title No. <u>2551809</u></p> <p style="text-align: right;"><i>[Signature]</i> For District Registrar</p>	<p>REFUND AMOUNT</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> LAND TITLES OFFICE WINNIPEG SEP 06 2011 705 </div> <p style="text-align: right; font-size: 2em;">11/16 4119823</p>
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IMPORTANT NOTICE: By virtue of Section 194 of The Real Property Act, any statement set out in this document and signed by the party making the statement has the same effect and validity as an oath, affidavit, affirmation or statutory declaration given pursuant to The Manitoba Evidence Act.

NOTE: SINGULAR INCLUDES PLURAL AND VICE VERSA WHERE APPLICABLE. IT TO BE READ AS INCLUDING ALL Mortgageor(s) whether individual or corporate.

7. SIGNATURE OF MORTGAGOR/ENCUMBRANCEE
VIER STAR INVESTMENTS LTD. see schedule

Strike out inappropriate statement(s) and initial

- 5684961 Manitoba Ltd. is I am entitled to be an/the owner of the Land/Mortgage/Encumbrance of the land;
- As security for performance of all my its obligations herein, 5684961 Manitoba Ltd. hereby mortgages/encumber to the Mortgagee/Encumbrancee my its interest in the Land/Mortgage/Encumbrance of the land;
- 5684961 Manitoba Ltd. promises to pay the principal amount and interest and all other charges and money hereby secured and to be bound by all the terms herein;
- 5684961 Manitoba Ltd. acknowledges receipt of a copy of this instrument and all of the terms herein;
- I am of the full age of majority;
- The registration of this instrument does not contravene the provisions of The Farm Lands Ownership Act because:
 - the within land is not farm land as defined in The Farm Lands Ownership Act.
 - the interest in farm land is being mortgaged/encumbered pursuant to a bona fide debt obligation.
 - other (specify section of The Farm Lands Ownership Act) _____
 Particulars: _____
- My co-mortgagor is my spouse or common-law partner and has Homestead rights in the within land.
- The person consenting to this disposition is my spouse or common-law partner and has Homestead rights in the within land.
- I have the authority to bind the corporation.

5684961 MANITOBA LTD.

		DATE		
		Y	M	D
Witness <i>Sean Hicks</i>	per:	<i>[Signature]</i>	11	08
	Name / Title	<i>Sean Hicks, President</i>		
Witness <i>[Signature]</i>	per:	<i>[Signature]</i>	11	08
	Name / Title	<i>Patrick Pomer, Secretary</i>		

Witness **Sean G. Hicks**
 900-400 St. Mary Avenue
 Winnipeg, Manitoba, R3C 4K5
 Barrister, Solicitor and Notary Public

Attach affidavit of subscribing witness if the witness is other than an officer as defined in subsection 72(4) of The Real Property Act

8. TYPE OF PROPERTY Residential Farm Commercial

9. SIGNATURE OF COVENANTOR see schedule

I acknowledge receipt of a copy of this instrument and all of the terms herein and I agree to perform my obligations herein.

		DATE		
		Y	M	D
Witness	Name	Signature		
Witness	Name	Signature		

10/11. HOMESTEADS ACT CONSENT TO DISPOSITION AND ACKNOWLEDGEMENT

Note: For consent by widow(er) or surviving common-law partner, see Section 22 of The Homesteads Act.

I, the spouse or common-law partner of the Mortgageor/Encumbrancee, consent to the disposition of the homestead effected by this instrument and acknowledge that:

- I am the first spouse or common-law partner to acquire homestead rights in the property; or
- A previous spouse or common-law partner of the Mortgageor/Encumbrancee acquired homestead rights in the property but those rights have been released or terminated in accordance with The Homesteads Act.
- I am aware that The Homesteads Act gives me a life estate in the homestead and that I have the right to prevent this disposition of the homestead by withholding my consent.
- I am aware that the effect of this consent is to give up my life estate in the homestead to the extent necessary to give effect to this disposition.
- I execute this consent apart from my spouse or common-law partner freely and voluntarily without any compulsion on the part of my spouse or common-law partner.

		DATE		
		Y	M	D
Name of Spouse or Common-Law Partner	Signature of Spouse or Common-Law Partner			
Name of Witness	Signature of Witness			

A Notary Public in and for the Province of Manitoba
 A Commissioner for Oaths in and for the Province of Manitoba
 My commission expires: _____
 Or other person authorized to take affidavits under The Manitoba Evidence Act. (Specify) _____

12. INSTRUMENT PREPARED BY *include address and postal code*
 PITBLADO LLP, 2500-360 Main Street, Winnipeg, Manitoba, R3C 4H6

13. ENCUMBRANCES, LIENS, AND INTERESTS – The within document is subject to instrument number(s)
 Caveat Nos. 3316936, 3556351, 3639003, 3724808, Mortgage No. 3639002, PPSN No. 3639004

see schedule

14. INSTRUMENT PRESENTED FOR REGISTRATION BY *include address, postal code, contact person and phone number*
 Taylor McCaffrey LLP, 900-400 St. Mary Avenue, Winnipeg, MB R3C 4K5
 Contact: Sean G. Hicks (988-0446) File No. 83092-1

SCHEDULE "A"

This Schedule forms part of A REAL PROPERTY MORTGAGE from
5684961 MANITOBA LTD. to FIRST NATIONAL FINANCIAL GP CORPORATION
dated the 29th day of August, 2011.

5684961 MANITOBA LTD.

per: _____

Name: Doug Thriessen
Title: President

(affix corporate seal)

per: _____

Name: Patrick Renner
Title: Secretary

The Real Property Act

MORTGAGE TERMS

5684961 MANITOBA LTD. (the "**Mortgagor**"), being the owner in fee simple in possession, in all the lands and premises described in Box 2 of Mortgage Form 11.4 (the "**Mortgaged Premises**") in consideration of the sum of \$2,089,256.25 (the "**Principal Amount**") advanced or to be advanced by **FIRST NATIONAL FINANCIAL GP CORPORATION** (the "**Mortgagee**"), hereby covenants and agrees with the Mortgagee as follows:

1. CONSTRUCTION

1.1 For the purposes of this Mortgage, "**Loan Documents**" means, collectively, this Mortgage, the Commitment Letter (as defined herein) and all guarantees, covenants, undertakings and security agreements granted to or made in favour of the Mortgagee by the Mortgagor or any other person or entity in connection with or to secure the loan secured by this Mortgage, in each case as amended from time to time; and "**Loan Document**" means any one of them.

1.2 In this Mortgage, except for the Commitment Letter, in the event of any conflict or inconsistency between any provision of this Mortgage and the provision of any other Loan Document, the provision of this Mortgage shall prevail to the extent of any such conflict or inconsistency. In the event of any conflict or inconsistency between any provision of this Mortgage and any provision of the Commitment Letter, the provision of the Commitment Letter shall prevail to the extent of any such conflict or inconsistency. This Mortgage is intended to supplement and not derogate from the other Loan Documents.

2. STANDARD CHARGE TERMS

2.1 This Mortgage incorporates by reference and includes the Standard Charge Terms ("**SCT**") filed under *The Real Property Act* (Manitoba) by Canada Mortgage and Housing Corporation (hereinafter called "**CMHC**") as Serial No. 1028245 together with all schedules thereto and is subject to the terms contained in the SCT as varied by any deletions from, or amendments or additions to the terms of the SCT as set out herein.

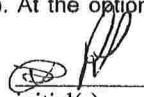
3. PAYMENT PROVISIONS

3.1 Summary of Payment Terms:

- (a) Principal Amount: \$2,089,256.25;
- (b) Interest Rate: 25% per annum;
- (c) Interest Calculation Period: semi-annually, not in advance
- (d) Interest Adjustment Date: first day of the calendar month immediately following the date of the first advance;
- (e) Instalment Date: First day of each month
- (f) First Instalment Date: First day of the month following the Interest Adjustment Date
- (g) Maturity Date: Five years from the Interest Adjustment Date
- (h) Amount of Each Equal Monthly Instalment: \$41,454.00

3.2 The Mortgagor will pay to the Mortgagee in lawful money of Canada at the Mortgagee's address in Section 23 below or at such other place as the Mortgagee may from time to time designate in writing, the Principal Amount together with interest thereon or on so much thereof as shall remain from time to time unpaid at 25% per annum, calculated semi-annually not in advance (the "**Interest Rate**"), both before and after default, demand, maturity and judgment, with interest on overdue interest at the same rate, until paid, as follows:

- (a) Interest at the Interest Rate on the amounts from time to time advanced, computed from the respective dates of such advances, shall become due and be paid on the first day of the calendar month immediately following the date of the first advance (the "**Interest Adjustment Date**"). At the option of the Mortgagee, the


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interest so due and payable to the Interest Adjustment Date may be deducted from advances under the Mortgage;

(b) Thereafter the Principal Amount and interest thereon at the Interest Rate computed from the Interest Adjustment Date shall become due and be paid as follows in equal blended monthly instalments of principal and interest of \$41,454.00 each on the first day of each and every month in each and every year from and including the first day of the month following the Interest Adjustment Date (the "First Instalment Date") to and including five years from the Interest Adjustment Date (the "Maturity Date"); and

(c) the balance, if any, of the said Principal Amount and interest thereon at the Interest Rate and all other amounts payable under the Mortgage shall be become due and be paid in full on the Maturity Date."

3.3 In the event the Principal Amount is not advanced in the month prior to the Interest Adjustment Date, if any, then the Mortgagee may, at its sole option, amend any or all of the Interest Adjustment Date, First Instalment Date and Maturity Date, by notice in writing to the Mortgagor and/or by way of an amending agreement which agreement the Mortgagor agrees to execute promptly and return to the Mortgagee's solicitor.

3.4 The Mortgagor, at the Mortgagee's option shall pay all monthly payments hereunder by either post dated cheque or pre-authorized chequing or debit arrangement.

3.5 Any payment received after 2:00 p.m. on any date shall be deemed, for the purpose of calculation of interest to have been made and received on the next Business Day and the Mortgagee shall be entitled to interest on the amount due to and including such next Business Day. For the purposes of this Mortgage, "Business Day" means any day, other than Saturday, Sunday or any statutory holiday in the province in which the Mortgaged Premises are located.

3.6 In the event that any cheque of the Mortgagor or pre-authorized debit payment is not honoured when presented for payment or when due, as the case may be, the Mortgagor shall pay to the Mortgagee a servicing fee to cover the Mortgagee's administration costs with respect to the same. In the event that any such cheque is not replaced or debit payment is not authorized forthwith by the Mortgagor, the Mortgagee shall be entitled to a further servicing fee for each written request therefor which may be necessitated by the Mortgagee's failure forthwith to replace such cheque or authorize such payment.

4. TAXES

4.1 The Mortgagor will, on the due date thereof, pay and satisfy all taxes, rates, levies, charges, rents, assessments or other impositions whatsoever already rated, charged, assessed or imposed or hereafter to be rated, charged, assessed or imposed no matter by whom or by what authority howsoever on the mortgaged premises, or on the Mortgagor or Mortgagee, in respect of the mortgaged premises (collectively in the Mortgage referred to as "taxes"); provided however that in respect of taxes at the option of the Mortgagee:

- (a) The Mortgagee may deduct from any advance of the monies secured by the Mortgage an amount sufficient to pay any taxes which have become due and payable as at the date of such advance and if any taxes are not yet payable the Mortgagee may deduct by way of a reserve for taxes, an amount equal to one-twelfth (1/12th) of the annual taxes (as estimated by the Mortgagee) multiplied by the number of months between the date one year prior to the next due date of such taxes and the date of the first monthly instalment hereunder;
- (b) Commencing on the first payment date, the Mortgagor shall pay to the Mortgagee an amount or amounts on account of taxes (as estimated by the Mortgagee) in order that the Mortgagee may have, on account of taxes payable or to become payable, an amount sufficient to meet the full year's taxes next due by at least thirty (30) days prior to the due date thereof. If the taxes actually charged for any one year, together with any interest and penalties thereon, exceed the estimated amount the Mortgagor shall pay to the Mortgagee on demand the amount required to make up the deficiency;
- (c) Without restricting the generality of the foregoing, the Mortgagor at the option of the Mortgagee, shall monthly on the dates on which instalments are payable hereunder pay to the Mortgagee one-twelfth (1/12th) of the amount (as estimated by the Mortgagee) of the taxes becoming due and payable. If the Mortgagor desires to take advantage of any discounts or avoid any penalties in connection with the payments of taxes, the Mortgagor

shall pay to the Mortgagee such additional amounts as are required for that purpose;

- (d) The Mortgagee may pay the taxes for each year on or before the due date of payment thereof, or, if taxes are payable in instalments, on or before the due date for payment of the first instalment. The Mortgagee shall apply the deductions and payments referred to in subparagraphs (a), (b) and (c) hereof to taxes so long as the Mortgagor is not in default under any covenant, proviso or agreement contained in the Mortgage, but nothing herein contained shall oblige the Mortgagee to apply such payments on account of taxes, more often than yearly. Provided however that if, before any such deductions or payments have been so applied, there shall be default by the Mortgagor in respect of any payment of any moneys or other charges as provided for in the Mortgage, the Mortgagee may apply such sum or sums in or towards payment of any such moneys or other charges in default;
- (e) The Mortgagor shall transmit to the Mortgagee the tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Mortgagor;
- (f) Any debit balance from time to time in the tax account shall be payable upon demand and bear interest at the rate aforesaid and such amount and interest shall be a charge on the mortgaged premises.
- (g) In the event the Mortgagee does not exercise its rights under (b), (c) or (d) above, the Mortgagor shall in each year, at least ten (10) days before the date, if any, on or before which discount is allowed on the payment of taxes, or at least ten days before the date after which a penalty is added for non-payment of same, as the case may be, pay and discharge all taxes, as hereinbefore defined and produce and leave with the Mortgagee receipts therefor. In default of the payment by the Mortgagor of the taxes, then the Mortgagee shall be entitled to, but shall not be obliged to, pay the same, and all sums so expended shall be payable on demand to the Mortgagee with interest and such amount and interest shall be a charge on the mortgaged premises.

5. PREPAYMENT

5.1 Clause 3 of the SCT is hereby amended by deleting the wording of Clause 3 and replacing the same with the following:

"The Mortgagor shall have the right to repay at any time during the term of the Mortgage the whole or a portion of the outstanding Principal Amount of the Mortgage (the "**Prepayment Amount**") with accrued interest to the date of prepayment together with all other monies owing, secured or payable under the Mortgage, together with the Mortgage Yield Maintenance Fee. Any prepayment shall not relieve the Mortgagor from making all other payments provided for herein. For the purposes of this Clause 3, the following terms have the meanings set out below:

(a) "**Mortgage Yield Maintenance Fee**" shall mean the greater of (a) three (3) months interest plus an additional 0.5% of the outstanding balance; and (b) the amount, if any, as of the date of prepayment, by which the present value of the future payments until maturity of the Mortgage with respect to the Prepayment Amount discounted at the lowest of (i) the Government of Canada Yield (as hereinafter defined) and (ii) the coupon rate of the Applicable Mortgage Backed Security, if any, calculated semi-annually not in advance and (iii) the coupon rate of the Applicable Canada Mortgage Bond, if any, calculated semi-annually not in advance, exceeds the outstanding principal of the Prepayment Amount plus an additional 0.5% of the outstanding balance.;

(b) "**Government of Canada Yield**" shall mean the yield-to-maturity, compounded semi-annually not in advance, as determined by RBC Dominion Securities Inc. or such other person qualified to make such determination as the Mortgagee may appoint, which a non-callable Government of Canada bond would carry if issued on or about the fifth (5th) business day prior to the date on which the prepayment will be made, in Canadian dollars in Canada, at 100% of its principal amount with a term to maturity equal to the remaining term of the Mortgage.;

(c) "**Applicable Mortgage Backed Security**" means the National Housing Act Mortgage Backed Security (NHA-MBS) for which the Mortgage and related loan forms part of the underlying pools.;

(d) "**Applicable Canada Mortgage Bond**" means the Canada Mortgage Bond for which the Applicable Mortgage Backed Security forms part of the underlying pools."


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6. **INSURANCE**

6.1 Insurance Requirements

The Mortgagor will at all times during the Term maintain the insurance required by the Mortgage including, without limitation, the following coverages:

- (a) All risks of direct physical loss or damage, including, without limitation, coverage for the foundations of all improvements and flood and earthquake coverage, all on a replacement cost basis with loss payable to the Mortgagee under an Insurance Bureau of Canada mortgage clause; the policy should allow for the improvements on the Mortgaged Premises to be completed, if applicable, for partial occupancy, and for the Mortgaged Premises to be vacant and unoccupied for a period of at least 30 days;
- (b) Comprehensive broad form boiler and machinery insurance covering all pressure vessels, whether fired or unfired, air conditioning and miscellaneous electrical apparatus on the Mortgaged Premises, for an amount satisfactory to the Mortgagee, with loss payable to the Mortgagee under a Boiler and Machinery Insurance Association mortgage clause;
- (c) Business interruption or rental income loss coverage on a gross profits or rentals form sufficient to cover 100% of the loss of rent or loss of business income from the business conducted on the Mortgaged Premises for a period of 12 months, based on the greater of actual or projected revenue, in respect of all perils described in (a) and (b) above; and
- (d) Comprehensive general liability insurance, inclusive of bodily injury, death or property damage or loss, for a minimum amount of \$5,000,000.00 per occurrence or such other amount as the Mortgagee may reasonably request.

The coverage required by (a) and (b) above shall include by-law endorsements acceptable to the Mortgagee, including but not limited to same site waiver, increased costs of construction, undamaged portion coverage and demolition and debris coverage.

All policies shall be on a "no co-insurance" basis. All such insurance shall be placed with a company or companies satisfactory to the Mortgagee. Deductible amounts shall also be subject to Mortgagee approval. All cancellation and alteration clauses in the above referenced policies, including those contained in the mortgage clause endorsements, shall provide for at least 30 days prior written notice to the Mortgagee of any cancellation of or material alteration to the policy. The Mortgagor shall provide evidence of policy renewal or satisfactory replacement policy annually at least 30 days prior to expiry. The Mortgagor shall deliver to the Mortgagee original or certified copies of all policies required hereunder. At the time of funding, the expiry date of each of the insurance policies required hereunder shall be at least 1 year from the date of funding. The Mortgagee shall be entitled to require coverage of such other risks and perils as the Mortgagee may from time to time consider advisable or desirable in respect of which insurance coverage is available.

7. **TERM EXTENSION**


7.1 At the Mortgagee's option, it may extend the Term of this Mortgage so that it matures up to 12 months later than the Maturity Date. If the Mortgagee chooses to exercise this option it may do so by delivering to the Mortgagor, at any time prior to the first anniversary of the Interest Adjustment Date. While the Mortgagee may request to the Mortgagor to acknowledge the extension, the Mortgagor's failure to do so shall not invalidate the extension.

8. **DISHONoured CHEQUES OR PAYMENTS**

8.1 If any of the Mortgagor's cheques are not honoured when presented for payment or if a pre-authorized payment is not honoured, the Mortgagor will immediately pay the Mortgagee a reasonable servicing fee as determined by the Mortgagee to cover the administration costs and expenses arising therefrom. Until paid, such servicing fee, together with interest thereon at the Interest Rate shall be added to the Loan Indebtedness and secured by this Mortgage.

9. **ALTERATIONS**

9.1 Clause 13 of the SCT is hereby amended by deleting the wording of Clause 13 and replacing the same with the following:


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"The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not make or permit to be made any material alterations or additions to the Mortgaged Premises without the consent of the Mortgagee, such consent not to be unreasonably withheld or delayed and will not use the said premises or permit them to be used for the purpose of any business, trade or manufacture of any description or as a hotel."

10. **DUE ON SALE**

10.1 Clause 17 of the SCT is hereby amended by deleting the wording of Clause 17 and replacing the same with the following:

"The Mortgagor covenants and agrees with the Mortgagee that in the event of the Mortgagor:

- (a) directly or indirectly selling, conveying, transferring or entering into an agreement for sale, or transfer of title to the property hereby mortgaged, or any part thereof; or
- (b) having a change in the direct or indirect voting control of the Mortgagor of more than 25% percent of the voting shares / units of the Mortgagor are transferred, unless the Mortgagor is a Publicly Traded Entity (as defined herein), or
- (c) the Mortgagor amalgamates or merges;

without the prior written consent of the Mortgagee being obtained, such consent not to be unreasonably withheld, then the Mortgagee at its option, may declare forthwith due and payable the entire balance of the unpaid Principal Amount together with accrued and unpaid interest due thereon. The decision to accelerate the Mortgage shall be at the sole option of the Mortgagee.

Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. The Mortgagor will provide reasonable notice to the Mortgagee of any anticipated or impending transaction which would require the consent of the Mortgagee under this section together with such reasonable information as the Mortgagee may require to determine whether or not to grant its consent thereto.

Notwithstanding the foregoing provisions, with notice to the Mortgagee the shares of the Mortgagor or beneficial owners of the Lands may be transferred to or among members of the Wittenberg family.

For the purpose of this section a "Publicly Traded Entity" means an entity whose shares are listed and traded on a recognized stock exchange in Canada or the United States."

11. **PROPERTY MANAGEMENT**


11.1 Property management by the Mortgagor or an affiliate of the Mortgagor is acceptable, provided that the Mortgagor shall at all times ensure that such management is comparable and competitive with that provided by third party fee-based property management firms in the locality where the Mortgaged Premises are located, failing which the Mortgagee shall have the right to require that the Mortgagor retain a professional property manager for the Mortgaged Premises. The identity of such property manager and the material terms and conditions of the management agreement shall be satisfactory to the Mortgagee, acting reasonably.

11.2 Any change in the management of the Mortgaged Premises shall require the prior written approval of the Mortgagee, both as to the identity of the manager and the material terms and conditions of the management agreement, such approval not to be unreasonably withheld or delayed.

12. **FINANCIAL REPORTING**

12.1 Within 120 days of the end of each of its fiscal years, or more often if requested by the Mortgagee, acting reasonably, the Mortgagor shall provide to the Mortgagee:

- (a) "Notice to Reader" financial statements of the Mortgagor and, if prepared, audited financial statements of the Mortgagor and of any other borrower or guarantor of the monies secured by this Mortgage (an "Additional Covenantor"), including a balance sheet and supporting schedules, a detailed statement of income and expenditures and supporting schedules, and a statement of change in cash flow;


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(b) management prepared financial statements in respect of the Mortgaged Premises, including a balance sheet and supporting schedules and a detailed statement of income and expenditures and supporting schedules;

(c) a current rent roll for the Mortgaged Premises containing such detail as may be reasonably required by the Mortgagee; and

(d) a budget for the Mortgaged Premises for the next fiscal year, forecasting both operating income and expenses and capital expenditures.

12.2 The financial statements, rent rolls and budget for the Mortgaged Premises and any other reporting required by the Mortgagee in respect of the Mortgaged Premises shall be prepared on a basis that isolates the financial and operating information for the Mortgaged Premises from any other properties owned by the Mortgagor.

12.3 The Mortgagor covenants to deliver any further financial information requested by the Mortgagee, acting reasonably.

12.4 In the event of a default under this Mortgage or in the event that any proceedings are commenced by or against the Mortgagor: (i) seeking to adjudicate it a bankrupt or insolvent; or (ii) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection, relief or composition of it or any of its property or debt, or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any application under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada)), the Mortgagor shall forthwith upon request by the Mortgagee, establish a separate project bank account for the Mortgaged Premises and shall thereafter deposit all monies, revenues, profits and income received or derived in any manner whatsoever from the Property to such separate account and shall not withdraw any monies from such account without the prior written approval of the Mortgagee.

13. CREDIT MANAGEMENT

13.1 The Mortgagor acknowledges that it is important to insulate the revenue stream from the Mortgaged Premises in order to avoid claims by other projects, commitments or liabilities of the Mortgagor. If this is not possible, the Mortgagor agrees to provide the Mortgagee with a reasonable degree of revenue segregation through separate reporting. In this regard, the Mortgagee will monitor the financial aspects of the Mortgaged Premises, depending upon its financial status.

13.2 The Mortgagor covenants and agrees to provide the Mortgagee with standalone property reporting, isolating the Mortgaged Premises' financial and operating information from that of other properties owned by the Mortgagor. The Mortgagor further covenants and agrees to provide the Mortgagee with separate financial statements for the Mortgaged Premises. In the event of a default by the Mortgagor under the Mortgage, or if the Mortgagor seeks relief under the *Companies' Creditors Arrangement Act* or other debtor relief legislation, the Mortgagee shall, if possible, be entitled to establish a separate project bank account for the Mortgaged Premises.


13.3 As security for the aforesaid, an assignment of revenue (general assignment of rents) shall be registered both against title to the Mortgaged Premises as well as under the applicable personal property registration system. The assignment of revenue shall take effect automatically, at the Mortgagee's option, if there is a default under the Mortgage. In addition, a general security agreement (or equivalent), shall be provided to the Mortgagee.

14. HOTEL CONVERSION

14.1 As the Mortgaged Premises offer certain features which could under some circumstances permit its conversion from rental housing to hotel use, it is agreed by the Mortgagor with the Mortgagee that the loan secured hereby and all other monies secured hereby together with interest thereon shall, at the option of the Mortgagee, forthwith, become due and payable if:

(a) the building plan of the building is physically altered without the prior written approval of the Mortgagee and CMHC; or

(b) the project ceases to be occupied by persons utilizing the accommodation for purposes of a principal residence.


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15. **NO FURTHER ENCUMBERING**

15.1 The Mortgagor shall not grant any further charges or encumbrances over the Mortgaged Premises or any interest therein without the prior written approval of the Mortgagee, such approval not to be unreasonably withheld.

15.2 The Mortgagor shall not allow or grant a cross default provision between this Mortgage and any subsequent encumbrance.

16. **SPECIFIC ASSIGNMENT OF LEASES**

16.1 As further security for this Mortgage, the Mortgagor covenants and agrees to grant to the Mortgagee, upon thirty (30) days prior written notice from the Mortgagee to the Mortgagor, a specific assignment of any lease or leases of part or all of the Property.

17. **PARTIAL DISCHARGE**

17.1 The Mortgagor shall have no right to obtain a partial discharge of this Mortgage prior to payment in full of all monies secured hereby and interest thereon.

17.2 The mortgage debtor agrees, and it is a condition of the loan secured by this mortgage, that no sale of individual units will be permitted. Any attempt to sell individual units is a breach of this mortgage and all moneys owing under this mortgage, including principal and interest shall immediately become due and payable.

18. **ENVIRONMENTAL PROVISIONS**

18.1 CMHC Environmental Clause

The Mortgagee or agent of the Mortgagee or agent of CMHC may, at any time, before and after default, and for any purpose deemed necessary by the Mortgagee or CMHC, enter upon the Mortgaged Premises to inspect the land and buildings thereon. Without in any way limiting the generality of the foregoing, the Mortgagee or CMHC (or their respective agents) may enter upon the Mortgaged Premises to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Mortgagee or CMHC and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the contract rate in the Charge, shall be a charge upon the Mortgaged Premises. The exercise of any of the powers enumerated in this clause shall not deem the Mortgagee, CMHC or their respective agents to be in possession, management or control of the said lands and buildings.

18.2 Definitions

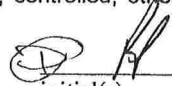
For the purposes of the Mortgage, the following terms shall have the respective meanings set out below:

"**Applicable Laws**" means, in respect of any person, property, transaction or event, all applicable all federal, provincial or municipal laws, statutes, regulations, by-laws, ordinances, treaties, judgments and decrees, and rules, policies, guidelines, orders, approvals, notices, permits, licences, authorizations, approvals and directives and all applicable common law or equitable principles in force and effect during the currency of this Mortgage.

"**Environmental Laws**" means all present and future Applicable Laws, standards and requirements relating to environmental or occupational health and safety matters, including without limitation those relating to (i) the protection, preservation or remediation of the natural environment or the air, land, surface water or groundwater, or (ii) the generation, handling, treatment, transportation, presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation or clean-up or any other dealing with or aspect of a Hazardous Substance, or (iii) the securing, protection, preservation and remediation of health, fire and/or safety concerns.

"**Environmental Proceeding**" means any investigation, action, proceeding, conviction, fine, judgement, notice, order, claim, directive, permit, license, approval, agreement, lien or encumbrance of any nature or kind arising under or relating to Environmental Laws.

"**Hazardous Substance**" means any solid, gaseous or liquid waste or any other substance or material that is prohibited, controlled, otherwise regulated by any


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governmental authority or is otherwise hazardous in fact, including without limitation contaminants, pollutants, toxic, dangerous or hazardous substances or materials, designated substances, controlled products, and hazardous wastes including without limitation asbestos and asbestos containing materials, lead, urea-formaldehyde foam insulation, polychlorinated by-phenyls (PCBs) or PCB contaminated fluids or equipment, explosives, radioactive substances, petroleum and associated products and hydrocarbon products and any materials containing same or derivatives thereof, underground storage tanks or surface impoundments.

18.3 Representations Regarding Environmental Matters

The Mortgagor represents and warrants to the Mortgagee that:

(a) the Mortgaged Premises and all businesses and operations conducted thereon comply with all Environmental Laws except with respect to the use of Hazardous Substances in the ordinary course of business which complies with Environmental Laws in all material respects;

(b) the Mortgaged Premises have not been used for or designated as a waste disposal site and, except as disclosed in the environmental audit obtained by the Mortgagee prior to the advance of funds under this Charge (the "**Environmental Audit**"), the Mortgaged Premises contain no Hazardous Substances not in compliance with Environmental Laws and to the best of the Mortgagor's knowledge and belief, there is no existing or threatened Environmental Proceeding against or affecting the Mortgaged Premises;

(c) to the best of the Mortgagor's knowledge and belief, there are no pending or proposed changes to Environmental Laws or any Environmental Proceedings which would render illegal or materially restrict or change the present use and operation of the Mortgaged Premises; and

(d) other than in the ordinary course of business in compliance with Environmental Laws and except as disclosed in the Environmental Audit, neither of the Mortgagor nor, to the best of the Mortgagor's knowledge and belief, any other person or organization: (i) has used or permitted the use of the Mortgaged Premises to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances not in compliance with Environmental Laws; (ii) has been subject to any Environmental Proceeding related to the Mortgaged Premises; (iii) has caused or permitted the release or discharge of any Hazardous Substance not in compliance with Environmental Laws on or in the vicinity of the Mortgaged Premises; (iv) has received notice of or otherwise has knowledge of any Environmental Proceedings or of any facts which could give rise to any Environmental Proceeding related to the Mortgaged Premises; (v) has undertaken any remediation or clean-up of any Hazardous Substance not in compliance with Environmental Laws on or in the vicinity of the Mortgaged Premises; or (vi) has defaulted in reporting any occurrence or circumstance to any governmental authority in relation to the Mortgaged Premises which is or was required to be reported pursuant to any Environmental Laws.


18.4 Covenants Regarding Environmental Matters:

The Mortgagor covenants and agrees with the Mortgagee that it shall:

(a) ensure that the Mortgaged Premises and the Mortgagor comply with all Environmental Laws at all times except with respect to the use of Hazardous Substances in the ordinary course of business which shall comply with Environmental Laws in all material respects;

(b) not permit any Hazardous Substance to be located, manufactured, stored, spilled, discharged or disposed of at, on or under the Mortgaged Premises not in compliance with Environmental Laws (except in the ordinary course of business of the Mortgagor or any tenant of the Mortgaged Premises materially in compliance with Environmental Laws) nor permit any other activity on or in respect of the Mortgaged Premises that might result in any Environmental Proceeding affecting the Mortgaged Premises, Mortgagor or Mortgagee;

(c) notify the Mortgagee promptly of any threatened or actual Environmental Proceedings or any event or occurrence that is likely to give rise to any Environmental Proceedings;


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(d) remediate and cure in a timely manner any non-compliance by the Mortgaged Premises or the Mortgagor with Environmental Laws, including removal of any Hazardous Substances not in compliance with Environmental Laws from the Mortgaged Premises;

(e) maintain all environmental and operating documents and records including all permits, licenses, certificates, approvals, orders and agreements relating to the Mortgaged Premises as required by Environmental Laws;

(f) provide the Mortgagee promptly upon request with such information, documents, records, permits, licences, certificates, approvals, orders, agreements, environmental audits, reports, assessments and inspections and take such other steps (all at the Mortgagor's expense) as may be required by the Mortgagee to confirm and/or ensure compliance by the Mortgaged Premises and the Mortgagor with Environmental Laws; and

(g) execute all consents, authorizations and directions necessary to permit any inspection of the Mortgaged Premises by any governmental authority and to permit the release to the Mortgagee or its representatives, of any information relating to the Mortgaged Premises and the Mortgagor.

18.5 Environmental Indemnity:

Without limiting any other provision of this Mortgage or any document collateral hereto or delivered in connection herewith, the Mortgagor shall indemnify and pay, protect, defend and save the Mortgagee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs, expenses, (including legal fees and disbursements on a solicitor and client basis) (collectively, "Environmental Claims"), imposed on, made against or incurred by the Mortgagee arising from or relating to, directly or indirectly, and whether or not disclosed by the Environmental Audit and whether or not caused by the Mortgagor or within its control:

(a) the actual or alleged use, generation, presence, storage, release, discharge or disposal of any Hazardous Substance not in compliance with Environmental Laws in, on, over, under, from or affecting all or part of the Mortgaged Premises or surrounding lands, including any personal injury or property damage arising therefrom;

(b) any actual or alleged breach of Environmental Laws relating to or affecting the Mortgaged Premises;

(c) any actual or threatened Environmental Proceeding affecting the Mortgaged Premises, including any settlement thereof;

(d) any assessment, investigation, containment, monitoring, remediation and/or removal of any Hazardous Substances not in compliance with Environmental Laws from all or part of the Mortgaged Premises or surrounding areas or otherwise complying with Environmental Laws; or


(e) any breach by the Mortgagor of any covenant hereunder or under any document collateral hereto or under Applicable Law relating to environmental matters.

This indemnity shall survive repayment of the loan secured hereby, foreclosure of this Mortgage or any other extinguishment of the obligations of the Mortgagor under this Mortgage and any other exercise by the Mortgagee of any remedies available to it against the Mortgagor for any default hereunder.

19. **DEFAULT**

19.1 Without limiting or derogating from any other provisions of this Mortgage or the SCT, the Mortgagor acknowledges and agrees that the occurrence of any of the following events shall constitute an event of default under this Mortgage and shall entitle the Mortgagee, at its option, to declare all monies secured hereby, together with interest thereon, to be immediately due and payable and to exercise any or all rights or remedies available to the Mortgagee under this Mortgage or at law or in equity upon a default hereunder:

(a) the Mortgagor defaults in payment when due of all or any part of the Principal Amount or any interest thereon or any other amounts payable under this Mortgage;


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(b) the Mortgagor defaults in the performance of any of its covenants, agreements or obligations (other than payment defaults) contained in this Mortgage or any other Loan Document (beyond any cure periods that may be applicable thereto);

(c) any representation and warranty of the Mortgagor, the Guarantor or any Additional Covenantor contained in this Mortgage or any other Loan Document proves to be untrue in any material respect;

(d) the Mortgagor admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency;

(e) except to the extent permitted by the Mortgagee in writing, the Mortgagor institutes any proceeding or takes any corporate action or executes any agreement to authorize its participation in or commencement of any proceeding:

(f) seeking to adjudicate it a bankrupt or insolvent;

(g) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection, relief or composition of it or any of its property or debt, or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any application under the *Bankruptcy and Insolvency Act (Canada)* or the *Companies' Creditors Arrangement Act (Canada)*); or

(h) any proceeding is commenced against or affecting the Mortgagor

(i) seeking to adjudicate it a bankrupt or insolvent;

(j) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any application under the *Bankruptcy and Insolvency Act (Canada)* or the *Companies' Creditors Arrangement Act (Canada)*);

(k) seeking appointment of a receiver, trustee, agent, custodian or other similar official for it or for any substantial part of its properties and assets or for any part of the Mortgaged Premises;

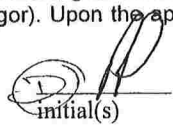
(l) and such proceeding is not being contested in good faith by appropriate proceedings or, if so contested remains outstanding, undismissed and unstayed more than 30 days from the institution of such first mentioned proceeding provided, however, that notwithstanding any such 30 day period shall not have elapsed, an event of default shall be deemed to have occurred if such proceeding remains outstanding and, after the date of commencement of such proceeding, the Mortgagor, does not satisfy a payroll obligation; or

(m) any creditor of the Mortgagor, shall privately appoint a receiver, trustee or similar official for any substantial part of the Mortgagor's, properties and assets or for any part of the Mortgaged Premises, and such appointment is not being contested in good faith and by appropriate proceedings or, if so contested, such appointment continues for more than 30 days, provided, however, that notwithstanding any such 30 day period shall not have elapsed, an event of default shall be deemed to have occurred if such appointment remains outstanding and, after the date of the making of such appointment, the Mortgagor, does not satisfy a payroll obligation; or

(n) if any execution, distress or other enforcement process, whether by court order or otherwise, becomes enforceable against any property of the Mortgagor.


20. RECEIVER

20.1 Upon an Event of Default, the Mortgagee may in its discretion, with or without entering into possession of the Property or any part thereof, by instrument in writing, appoint a "Receiver" (which shall include a receiver, a manager or a receiver and manager) of the Property or any part thereof with or without security and may from time to time remove any Receiver with or without appointing another in his stead, and in making such appointment or appointments or removing a Receiver the Mortgagee shall be deemed to be acting for the Mortgagor (provided that no such appointment shall be revocable by the Mortgagor). Upon the appointment of any such


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Receiver from time to time, and subject to the provisions of the instrument appointing such Receiver, the following provisions shall apply:

- (a) Receiver may, in the discretion of the Mortgagee and by writing, be vested with all or any of the rights, powers and discretions of the Mortgagee;
- (b) such Receiver, so far as concerns the responsibility for his acts or omissions, shall be deemed the agent or attorney of the Mortgagor and not the agent of the Mortgagee (unless specifically appointed by the Mortgagee as the agent of the Mortgagee);
- (c) neither the appointment, removal or termination of such Receiver by the Mortgagee nor any act or omission by such Receiver shall incur or create any liability on the part of the Mortgagee to the Receiver in any respect or constitute the Mortgagee a chargee or mortgagee in possession of the Property or any part thereof;
- (d) such Receiver shall be the irrevocable agent or attorney of the Mortgagor (unless the Mortgagee specifically appoints such Receiver as the agent for the Mortgagee) for the collection of all Rents falling due in respect of the Property or any part thereof;
- (e) the rights and powers conferred herein in respect of the Receiver are supplemental to and not in substitution of any other rights and powers which the Mortgagee may have;
- (f) the Mortgagee may from time to time fix the remuneration for such Receiver, who shall be entitled to deduct the same out of revenue or sale proceeds of the Property;
- (g) such Receiver shall have the power from time to time to lease any portion of the Property which may become vacant for such term (which may extend beyond the Maturity Date) and shall have the power to accept surrenders of or terminate any lease, in each case on such terms and conditions as it may determine in its sole discretion and in so doing, such Receiver shall act as the attorney or agent of the Mortgagor and shall have authority to execute under seal any lease or surrender of any such premises or notice(s) of termination in the name of and on behalf of the Mortgagor, and the Mortgagor agrees to ratify and confirm whatever any Receiver may do in the Property;
- (h) such Receiver may make such arrangements, at such time or times as it may deem necessary without the concurrence of any other persons, for the repairing, completing, adding to, or managing of the Property, including completing the construction of any incomplete building or buildings, structures, services or improvements on the Property, and constructing or providing for leasehold improvements notwithstanding that the resulting cost may exceed the original Principal Amount;
- (i) such Receiver shall have full power to manage, operate, amend, repair or alter the Property or any part thereof in the name of the Mortgagor for the purpose of obtaining rental and other income from the Property or any part thereof;
- (j) no Receiver shall be liable to the Mortgagor to account for monies other than monies actually received by it in respect of the Property and out of such monies so received from time to time such Receiver shall pay in the following order:
 - (i) its remuneration aforesaid,
 - (ii) all obligations, costs and expenses made or incurred by it, including any expenditures in connection with the management, operation, leasing, maintenance, repair, construction or alteration of the Property or any part thereof or any business or undertaking carried on by the Receiver thereon,
 - (iii) interest, principal and other monies which may be or become a Lien upon the Property from time to time in priority to this Mortgage, including all Realty Taxes,


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(iv) to the Mortgagee, all Loan Indebtedness and all reserves payable to the Mortgagee under the Commitment Letter, to be applied in such order as the Mortgagee in its discretion shall determine, and

(v) at the discretion of the Receiver, interest, principal and other monies which may from time to time constitute a Lien on the Property subsequent in priority or subordinate to the interest of the Mortgagee under this Mortgage, and such Receiver may retain in its discretion reasonable reserves to satisfy accruing amounts and anticipated payments in connection with any of the foregoing;

(k) the Mortgagee may at any time and from time to time terminate any receivership by notice in writing to the Mortgagor and to any Receiver; and

(l) the Mortgagor hereby releases and discharges the Mortgagee and every Receiver from every claim of every nature, whether sounding in damages for negligence or trespass or otherwise, which may arise or be caused to the Mortgagor or any person claiming through or under it by reason or as a result of anything done by the Mortgagee or any Receiver under the provisions of this paragraph. The Mortgagor agrees to ratify and confirm all actions of any Receiver taken or made pursuant to this provision and agrees that neither the Receiver nor the Mortgagee shall be liable for any loss sustained by the Mortgagor or any other person resulting from any such action or failure to act.

21. **COMMITMENT LETTER**

21.1 The parties agree that the accepted terms and conditions of the Mortgagee's Commitment Letter dated August 10, 2011 and accepted by the Mortgagor on August 11, 2011 (collectively the "**Commitment Letter**"), and any amendments thereto, shall survive funding of this mortgage loan and continue to be in full force and effect after said funding. Default by any of the parties to the Commitment Letter, except the Mortgagee, of any of the terms or requirements contained in the Commitment Letter shall constitute a default hereunder. In the event there is a conflict or inconsistency between the terms and conditions of this Mortgage and the Commitment Letter, as amended, then the Mortgagee may elect which provisions prevail except where there is a conflict with the CMHC Certificate of Insurance which shall prevail in any event. There will be no conflict if the terms and conditions of this Mortgage should enlarge or clarify the terms and conditions of the Commitment Letter.

22. **CMHC - CERTIFICATE OF INSURANCE**

22.1 The Mortgagor agrees that the accepted terms and conditions of Canada Mortgage and Housing Corporation's Certificate of Insurance No. 90-525-270 and Special Conditions, and any amendments thereto, shall survive funding of this mortgage loan and continue to be in full force and effect and binding upon the Mortgagor both before and after funding of the mortgage loan. The Mortgagor further acknowledges receipt and review of the Certificate of Insurance and Special Conditions and agrees to carry out and complete those conditions set out in the Certificate of Insurance and Special Conditions as if they formed part of the Mortgagee's Commitment Letter and also not to do anything that might impair or negate the Certificate of Insurance.

23. **NOTICES**

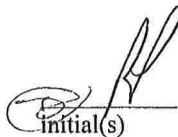
23.1 All notices or communications provided for under this Mortgage shall be in writing, personally delivered, sent by prepaid first class mail or sent by electronic transmission, addressed to the parties as follows:

(a) if to the Mortgagee addressed to:

First National Financial GP Corporation
c/o Montrose Mortgage Corporation Ltd.
1110 - 200 Graham Avenue
Winnipeg, MB R3C 4L5

(b) and if to the Mortgagor addressed to:

5684961 Manitoba Ltd.
c/o 900 - 400 St. Mary Avenue
Winnipeg, MB R3C 4K5


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The date of receipt of any such communication shall be deemed to be the date of delivery, if personally delivered as aforesaid, or the third Business Day following the date of mailing, if mailed, as aforesaid. If sent by electronic transmission before 4:00 pm (local time of the recipient) on any Business Day, such communication shall be deemed to have been received on the date sent; if sent after 4:00 pm (local time of the recipient) on any Business Day or if sent on a day which is not a Business Day, such communication shall be deemed to have been received on the next following Business Day. Any party hereto may change its address for service from time to time by notice in the manner herein provided. In the event of a postal disruption or an anticipated postal disruption, prepaid first class mail will not be an acceptable means of communication. For the purposes of this Mortgage, "Business Day" means any day, other than Saturday, Sunday or any statutory holiday in the province in which the Mortgaged Premises are located.

24. ASSIGNMENT

24.1 This Mortgage and any collateral security may be assigned in whole or in part by the Mortgagee at any time before or after the advance of any part of the Principal Amount.

24.2 This Mortgage and any collateral security may only be assigned in whole or in part by the Mortgagor with the express written consent of the Mortgagee and CMHC.

25. APPROVALS AND CONSENTS

25.1 Any approvals or consents required to be made or given by the Mortgagee hereunder must be expressly given in writing pursuant hereto and shall not be implied or construed by the delivery or receipt of documents.

25.2 Any request by the Mortgagor for approval or consent hereunder shall be in writing and shall be accompanied by all such information as the Mortgagee shall reasonably require.

25.3 Wherever the Mortgagor is required by this Mortgage to obtain the approval or consent of the Mortgagee, it is agreed that, except as otherwise expressly provided in any other specific provisions of this Mortgage, the Mortgagee may give or withhold its approval or consent for any reason that it may see fit in its sole and absolute discretion, and the Mortgagee shall not be liable to the Mortgagor in damages or otherwise for its failure or refusal to give such approval or consent.

25.4 All reasonable fees of the Mortgagee including, without limitation, legal and consultant fees, incurred by the Mortgagee in connection with the review of any request for approval or consent under this Mortgage shall be for the account of the Mortgagor and shall be payable forthwith upon demand therefor, regardless of whether such approval or consent is given. In the case of approval for a transfer of the Mortgaged Premises or any interest therein, the Mortgagee will also be paid its then current standard assumption fee in respect of any approval that is given.

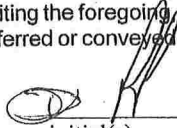
26. MORTGAGOR'S ACKNOWLEDGEMENT

26.1 The Mortgagor hereby acknowledges as follows:

- (a) That the Mortgagor understands the nature of the SCT referred to in Section 2 above and the statements made in the said Section;
- (b) That the Mortgagor has been given a copy of the SCT;
- (c) That the Mortgagor is the registered owner of the Mortgaged Premises; and
- (d) For the better securing to the Mortgagee of the repayment in the manner set out in this Mortgage of the Principal Amount and interest and all other indebtedness and obligations of the Mortgagor secured by this Mortgage, the Mortgagor hereby mortgages and charges to the Mortgagee, all the Mortgagor's estate and interest in the Mortgaged Premises.

27. EXPROPRIATION

27.1 If the Mortgaged Premises or any material part thereof shall be expropriated by any governmental authority, body or corporation having powers of expropriation, the Principal Amount or any remaining balance thereof shall, at the Mortgagee's option, forthwith become due and payable together with (i) interest thereon at the rate provided herein to the date of payment and (ii) the Mortgage Yield Maintenance Fee as provided in Clause 3 of the SCT (after giving effect to the amendment in Section 5 above). Further and without limiting the foregoing, if any material part of the Mortgaged Premises shall be expropriated or sold, transferred or conveyed in lieu of expropriation or


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purchased, acquired by agreement or taken by any public authority or for any public work or purpose pursuant to any statute or regulation, then in such event:

(a) any and all consideration or compensation whatsoever payable to the Mortgagor or anyone claiming an interest under or through the Mortgagor shall be payable to and shall be paid to the Mortgagee and the same is hereby irrevocably assigned to the Mortgagee accordingly, and any such consideration or compensation paid to or to the order of or received by the Mortgagor shall be and be deemed to be held in trust for the Mortgagee; and

(b) at the Mortgagee's option, the Principal Amount or any remaining balance thereof shall forthwith become due and payable together with (i) interest thereon at the rate provided herein to the date of payment and (ii) the Mortgage Yield Maintenance Fee.

28. **ADDITIONAL PROVISIONS**

28.1 The Mortgagor warrants and represents to the Mortgagee that the loan secured by this Mortgage is not being borrowed for the purpose of financing any improvements to the Lands or to repay any existing charge which was advanced to finance any such improvements.

28.2 References in the SCT to *The Real Property Act* shall mean and refer to *The Real Property Act* (Manitoba) in force at the date of execution of this Mortgage.

28.3 No remedy herein conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute (as modified herein) or in equity or otherwise.


28.4 In the event that the Mortgagee, in addition to the Mortgaged Premises secured hereunder, holds any further or additional security ("**Additional Security**") on account of the indebtedness secured herein, it is agreed that no single or partial exercise by the Mortgagee of any of the remedies specified in this Mortgage or under any of such Additional Security shall preclude any other and further exercise of any other right, power or remedy pursuant to this Mortgage or pursuant to any of such Additional Security. The Mortgagee shall at all times have the right to proceed against all or any portion of the Mortgaged Premises or such Additional Security in such order and in such manner as it shall in its discretion deem fit without waiving any rights which the Mortgagee may have with respect to any and all of such security, and the exercise of any such powers or remedies from time to time shall in no way affect any other powers or remedies which the Mortgagee may have pursuant to this Mortgage, any such Additional Security, or in law or in equity.

28.5 The Mortgagee may exercise all remedies provided for in this Mortgage and any Additional Security concurrently or in such order and at such times as it may see fit and shall not be obligated to exhaust any remedy or remedies hereunder or thereunder before exercising its rights under any other provisions contained in this Mortgage or any Additional Security.

28.6 In the case of any judicial or other proceedings to enforce this Mortgage, judgment may be rendered against the Mortgagor in favour of the Mortgagee for any amount which may remain due in respect of the Principal Amount, interest thereon and other moneys (if any) owing hereunder after the application to the payment thereof of the proceeds of any sale of the Mortgaged Premises or any part thereof or any Additional Security therefor.

28.7 The Mortgagee may in writing at any time or times waive an event of default after the occurrence thereof upon such terms and conditions as it shall prescribe; provided, however, that any such waiver shall apply only to the particular event of default waived and shall not operate as a waiver of any other or future event of default. No waiver shall be effective or binding on the Mortgagee unless made in writing.

28.8 The Mortgagor hereby irrevocably nominates, constitutes and appoints the Mortgagee and any person further designated by the Mortgagee as the true and lawful attorney of the Mortgagor for and in the name of the Mortgagor after an event of default has occurred under this Mortgage and is continuing, to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Mortgagor is obliged to sign, execute or do hereunder and to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Mortgagor in the exercise of all or any of the powers hereby conferred on the Mortgagee and on any receiver appointed hereunder.


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28.9 **Construction:**

(a) The Approved Lender must ensure that Mortgagor complies with all applicable Federal, Provincial and Municipal laws, regulations and codes in the construction of this project.

28.10 **Project Monitoring:**

(a) The Approved Lender is to ensure that sufficient safeguards are in place in order to guarantee timely completion of the construction of this project at the stated costs. Prior to the start of construction the Approved Lender is to ensure that the project budget cost is reviewed and approved by a third party project monitor. This role is to be performed by a quantity cost surveyor preferably with a Professional Quantity Surveyor (PQS) designation who, in the opinion of the Approved Lender, holds liability insurance adequate for the size of the project. This role is to be performed by an architect or engineer who, in the opinion of the Approved Lender, holds liability insurance adequate for the size of the project. Both the hard and soft costs are to be included in the review. The project monitor is to confirm that the project budget, at an amount no greater than the anticipated \$1,060,000.00, is sufficient to complete the mandatory improvements to the project given the development Schedule and the final project specifications.

(b) The Approved Lender shall employ the project monitor to recommend the amount of each progress advance, with verification of cost of work-in-place and cost to complete on every advance. In addition, the project monitor shall provide suitable certification that all monies advanced by the Approved Lender have been used for the Property and that all bills have been paid. The Approved Lender is to review and recommend progress advances.


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**THE REAL PROPERTY ACT
SET OF STANDARD CHARGE TERMS**

Filed by CANADA MORTGAGE AND HOUSING CORPORATION

Filing Date: June 8, 1988
Serial No. 1028246

The following set of Standard Charge Terms shall be deemed to be included in every mortgage in which the set is referred to by its serial number, as provided in Section 63 of The Real Property Act.

1. COVENANT TO PAY

- (a) The Mortgagor shall pay to the Mortgagee in lawful money of Canada the principal referred to in paragraph 6 of the mortgage of which these Standard Charge Terms form a part with interest thereon at the rate referred to in said paragraph 6 (the "mortgage rate") in the manner and upon the terms referred to in the mortgage and shall observe and perform all covenants, provisions, terms, conditions and agreements contained in the mortgage;
- (b) The Mortgagor covenants and agrees to pay to the Mortgagee interest as aforesaid in the manner aforesaid on the principal at the mortgage rate and all interest on becoming overdue shall be forthwith treated (as to payment of interest thereon) as principal and shall bear compound interest at the mortgage rate as well after as before maturity of the mortgage, to be computed with rests and paid on the interest adjustment date and semi-annually thereafter in each year and all such interest and compound interest shall be a charge on the Land referred to in paragraph 2 of the mortgage (the "said lands"). In the event of non-payment of any of the money hereby secured at the times set for payment in the mortgage, the Mortgagor agrees to pay interest at the mortgage rate from day to day on the same so long as any part thereof remains unpaid;
- (c) All money whether principal, interest or other money payable to the Mortgagee under the terms of the mortgage shall be payable in lawful money of Canada to the Mortgagee at its head office or such other place as may be designated by the Mortgagee.

2. APPLICATION OF PAYMENTS

Provided that if the mortgage is repayable by blended instalments of principal and interest, the instalments payable under the mortgage are to be applied firstly on account of interest calculated as provided in the mortgage on the principal money from time to time outstanding and the balance of the said instalments shall be applied on account of principal; provided, however, in the case of default by the Mortgagor, the Mortgagee may apply any payments received during any period of such default in whatever order it may elect as between principal, interest, taxes, repairs, insurance premiums or other advances made on behalf of the Mortgagor.

3. PREPAYMENT PRIVILEGE

- (a) Provided that the Mortgagor when not in default hereunder shall have the privilege of paying an additional amount on account of principal, not in excess of 10% of the original amount of this mortgage, on the first anniversary of the interest adjustment date and a similar amount on account of principal on the second anniversary of the said date, upon payment, by way of bonus, of three months interest on the amount of any such additional payment, it being agreed that such privilege shall not be cumulative;
- (b) Provided that on the third anniversary of the interest adjustment date and on any monthly instalment date thereafter, the Mortgagor, when not in default hereunder, shall have the privilege of paying the whole amount owing hereunder, or any part thereof, upon payment, by way of bonus, of three months interest on the amount of any such additional payment;
- (c) Provided, however, that if the mortgage covers a rental housing project, as defined in the *National Housing Act*, the foregoing additional payment privileges shall not apply, but the Mortgagor, when not in default hereunder, shall have the privilege of paying, on the fifth anniversary of the interest adjustment date, or on any monthly instalment date thereafter, the whole amount owing hereunder, upon payment, by way of bonus, of three months interest on the principal amount then outstanding;
- (d) Provided that when any partial additional payments are made the amount thereof shall be equal to the sum of the principal portions of a number of consecutive monthly instalments which would otherwise become due hereunder next following the date upon which such additional payment is made, and the payment dates of all remaining instalments and of the balance owing hereunder shall be accelerated so that the Mortgagor shall pay the aforesaid monthly instalment in each and every month, commencing with the month immediately following the month in which the additional payment is made and continuing until all money owing hereunder shall have been fully repaid.

4. TAXES

Subject as hereinafter in this clause provided, the Mortgagor agrees to pay when and as the same fall due all taxes, rates, liens, charges, encumbrances or claims which are or may be or become charges or claims against the mortgaged premises or on the mortgage or on the Mortgagee in respect of the mortgage; provided that in respect of municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the mortgaged premises:

- (a) The Mortgagee may deduct from the final advance of the money secured by the mortgage an amount sufficient to pay the taxes which have become or will become due and payable on or before the day preceding the said interest adjustment date and are unpaid at the date of such final advance;
- (b) After the interest adjustment date the Mortgagor shall pay to the Mortgagee in monthly instalments on the dates on which instalments of principal and interest are payable pursuant to the mortgage, sums sufficient to enable the Mortgagee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof;
- (c) Where the period between the interest adjustment date and the next following annual due date or first instalment date is less than one year, the Mortgagor shall pay to the Mortgagee in equal monthly instalments, during such period and during the next succeeding 12-month period, an amount estimated by the Mortgagee to be sufficient to pay, on or before the expiration of the said 12-month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said 12-month period expires; and the Mortgagor agrees to pay to the Mortgagee on demand the amount, if any, by which the actual taxes exceed such estimated amount;
- (d) Except as provided in clause 4 (c) the Mortgagor shall, in each and every month, pay to the Mortgagee one-twelfth of the amount (as estimated by the Mortgagee) of the taxes next becoming due and payable; and the Mortgagor shall pay to the Mortgagee on demand the amount, if any, by which the actual taxes exceed such estimated amount;

- (e) The Mortgagee shall allow the Mortgagor credit for interest at not less than the prevailing rate allowed by the chartered banks on personal savings deposits with chequing privileges, on the minimum balances standing in the mortgage account from time to time to the Mortgagor's credit for payment of taxes, such interest to be credited to the mortgage account not less frequently than once each year; and the Mortgagor shall be charged interest, at the mortgage rate, on the debit balance, if any, of taxes in the mortgage account outstanding after payment of taxes by the Mortgagee, until such debit balance is fully repaid;
- (f) The Mortgagee agrees to apply such deduction and payments on the taxes chargeable against the mortgaged premises so long as the Mortgagor is not in default under any covenant, proviso or agreement contained in the mortgage, but nothing herein contained in the mortgage shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Mortgagee shall have been so applied, there shall be default by the Mortgagor in respect of any payment of principal or interest as herein provided, the Mortgagee may apply such sum or sums in or towards payment of the principal and/or interest in default. The Mortgagor further covenants and agrees to transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Mortgagor.
- (g) Notwithstanding the provisions of clause 1 and clauses 4 (a) to 4 (f) inclusive, the Mortgagee may, with the approval of Canada Mortgage and Housing Corporation, request the Mortgagor to pay the taxes when and as such taxes become due and to submit to the Mortgagee tax receipts evidencing the payment of the said taxes within 30 days after they become due, and in such case, the aforesaid monthly instalment, where applicable, will be adjusted accordingly.

5. INSURANCE

The Mortgagor shall forthwith insure and during the continuance of the mortgage keep insured in favour of the Mortgagee, against loss or damage by fire and, as the Mortgagee may require, insure against loss or damage by tempest, tornado, cyclone, lightning, floods and other risks or hazards, each and every building on the said lands and which may hereafter be erected thereon, both during erection and thereafter, for the full replacement value thereof in lawful money of Canada in a company approved by the Mortgagee; and the Mortgagor shall forthwith assign, transfer and deliver over unto the Mortgagee the policy of insurance and receipts thereof appertaining; and if the Mortgagor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Mortgagee at least five days before the termination of any insurance, evidence of renewal thereof, the Mortgagee shall be entitled, but shall not be obliged, to insure the said buildings or any of them; and the Mortgagor shall forthwith on the happening of any loss or damage, furnish at its expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance money; and any insurance money received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the mortgaged premises or be paid to the Mortgagor or to any other person appearing by the registered title to be or to have been the owner of the said mortgaged premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part on the mortgage debt or any part thereof whether due or not then due.

6. CONSTRUCTION

The Mortgagor agrees to construct a building or buildings and other improvements on the said lands in accordance with plans and specifications which have been or are hereafter approved by Canada Mortgage and Housing Corporation and by the Mortgagee and will carry on diligently to completion the construction of the said building, buildings and other improvements.

7. ENTRY AFTER DEFAULT

The Mortgagor covenants and agrees with the Mortgagee that in the event of default in the payment of any instalment or any other money payable hereunder or on breach of any covenant, proviso or agreement herein contained, after all or any part of the money hereby secured has been advanced, the Mortgagee may at such time or times as the Mortgagee may deem necessary and without the concurrence of any person, enter upon the mortgaged premises and may make such arrangements for completing the construction of, repairing or putting in order the mortgaged premises, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the mortgaged premises as the Mortgagee may deem expedient; and all reasonable costs, charges and expenses, including allowances for the time and service of any employee of the Mortgagee or other person appointed for the above purposes, shall be forthwith payable to the Mortgagee and shall be a charge upon the mortgaged premises and shall bear interest at the mortgage rate until paid.

8. REMEDIES

- (a) The Mortgagor covenants and agrees with the Mortgagee that in the event of default being made in the payment of the money hereby secured or any part thereof or in case of the breach or non-performance of any of the covenants, agreements, provisos or stipulations expressed or implied herein: The Mortgagee may, at the expense of the Mortgagor and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenant, agreement, proviso or stipulation; the Mortgagee may send or employ an inspector or agent to inspect and report upon the value, state and condition of the mortgaged premises and a solicitor to examine and report upon the title to the mortgaged premises; the Mortgagee or agent of the Mortgagee may enter into possession of the mortgaged premises and whether in or out of possession collect the rent and profit thereof, and make any demise or lease of the mortgaged premises or any part thereof, for such term and period and at such rent as the Mortgagee shall think proper; and the power of sale hereunder may be exercised either before or after and subject to any such demise or lease; it shall and may be lawful for and the Mortgagor does hereby grant full power, right and licence to the Mortgagee to enter, seize and distrain upon the mortgaged premises, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the mortgaged premises, as much of the mortgage money as shall from time to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent; the Mortgagee may sell and dispose of the mortgaged premises with or without entering into possession of the same and with or without notice to the Mortgagor or any party interested in the mortgaged premises; and all remedies comparable may be resorted to and all the rights, powers and privileges granted to or conferred upon the Mortgagee under and by virtue of any statute or by the mortgage may be exercised; and any notice may be effectually given by leaving the same with an adult person on the mortgaged premises if occupied, or by placing the same thereon, or on any part thereof if unoccupied, or at the option of the Mortgagee by publishing the same in a newspaper published in the Province of Manitoba; and such notice shall be sufficient though not otherwise addressed than "To whom it may concern"; and no want of notice or publication or any other defect, impropriety or irregularity shall invalidate any sale made or purporting to be made of the mortgaged premises hereunder; and the Mortgagee may sell, transfer and convey any part of the mortgaged premises on such terms of credit or part cash and part credit, secured by contract or agreement for sale or mortgage, or otherwise, as shall appear to the Mortgagee most advantageous and for such price as can reasonably be obtained therefor; and in the event of a sale on credit or for part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, the Mortgagee is not to be accountable for or charged with any money until the same shall be actually received in cash; and sales may be made from time to time of parts of the mortgaged premises to satisfy interest or parts of the principal overdue, leaving the principal or parts thereof to run with interest payable at the mortgage rate; and the Mortgagee may make any stipulations as to title or evidence or commencement of title or otherwise as the Mortgagee shall deem proper, and may buy in or rescind or vary any contract for sale; and on any sale or resale, the Mortgagee shall not be answerable for loss occasioned thereby; and for any of such purposes the Mortgagee may make and execute all agreements and assurances that the Mortgagee shall deem advisable or necessary; the whole of the mortgage money shall, at the option of the Mortgagee, become due and payable.

15. WASTE

The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not permit waste to be committed or suffered on the mortgaged premises and that the Mortgagor will maintain the mortgaged premises in good order and repair to the satisfaction of the Mortgagee.

16. OBLIGATIONS SURVIVE SALE

No sale or other dealing by the Mortgagee with the mortgaged premises or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person, liable for payment of the mortgage money.

17. DUE ON SALE

In the event of:

- (a) The Mortgagor selling, conveying, transferring or entering into any agreement of sale or transfer of title to the said lands to a purchaser, grantee or transferee not approved in writing by the Mortgagee, or,
- (b) If such a purchaser, grantee or transferee should fall to:
 - (i) apply for and receive the Mortgagee's written approval as aforesaid,
 - (ii) personally assume all obligations of the Mortgagor under the mortgage, and
 - (iii) execute an assumption agreement in the form required by the Mortgagee,

then, at the option of the mortgagee, the mortgage money shall forthwith become due and payable.

18. EXTENSION

Provided that no extension of time given by the Mortgagee to the Mortgagor or anyone claiming under the Mortgagor or any other dealing with the owner of the mortgaged premises shall in any way affect or prejudice the right of the Mortgagee against the Mortgagor or any other person liable for the payment of the mortgage money.

19. GOOD TITLE

The Mortgagor further covenants and agrees with the Mortgagee that the Mortgagor has a good title to the mortgaged premises, that the Mortgagor has the right to mortgage the mortgaged premises, that the Mortgagor has done no act to encumber the mortgaged premises, that the Mortgagor will execute such further assurances of the mortgaged premises as may be required from time to time by the Mortgagee, and that on default the Mortgagee shall have quiet possession of the mortgaged premises, free from all encumbrances.

20. DISCHARGE

The Mortgagor shall have a reasonable time after payment of the mortgage money in full within which to prepare and execute a discharge of the mortgage; and interest at the mortgage rate shall continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor.

21. SEVERABILITY

The Mortgagor and Mortgagee agree that in the event that at any time any provision of the mortgage is illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation thereunder or would by reason of the provisions of any such statute or regulation render the Mortgagee unable to collect the amount of any loss sustained by it as a result of making the above recited loan 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 so illegal, invalid or inconsistent or would so render the Mortgagee unable to collect the amount of any such loss. In the event that any provision of the mortgage shall be deemed illegal or invalid, then the particular provision or provisions or part of the provision shall be deemed severed from the remainder of the mortgage and all other provisions of the mortgage shall remain in full force and effect.

22. CONDOMINIUM

If the mortgaged premises consist of a condominium unit, then the following provisions shall apply:

- (a) The Mortgagor covenants with the Mortgagee that the Mortgagor or the Condominium Corporation or both the Mortgagor and the Condominium Corporation will forthwith insure and during the continuance of the mortgage keep insured in favour of the Mortgagee against loss or damage by fire and, as the Mortgagee may require, insure against loss or damage by tempest, tornado, cyclone, lightning, floods and other risks or hazards, each and every building or buildings situated on the lands described in the certificate of title standing in the name of the Condominium Corporation and which may hereafter be erected thereon, both during erection and thereafter, for the full replacement value thereof in lawful money of Canada in a company approved by the Mortgagee; and the Mortgagor or the Condominium Corporation or both the Mortgagor and the Condominium Corporation will forthwith assign, transfer and deliver unto the Mortgagee the policy or policies of insurance and receipts thereof appertaining; and if the Mortgagor or the Condominium Corporation or both the Mortgagor and the Condominium Corporation shall neglect to keep the said building or buildings or any of them insured as aforesaid, or to deliver such policy or policies, and receipts or to produce to the Mortgagee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obligated to insure the said building or buildings or any of them; and the Mortgagor or the Condominium Corporation or both the Mortgagor and the Condominium Corporation shall forthwith on the happening of any loss or damage comply fully with the insurance provisions of the Declaration; and the Mortgagor, as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants, and the Mortgagor does hereby release to the Mortgagee all the Mortgagor's claims upon the mortgaged premises, subject to the terms of the said insurance policy or policies, Declaration and proviso. The term "Declaration" means the Declaration registered under The Condominium Act of Manitoba relating to the Condominium Corporation of which the Mortgagor is a member by virtue of the Mortgagor's ownership of the unit being charged by the mortgage. The term "Condominium Corporation" means the condominium corporation of which the Mortgagor is a member by virtue of the Mortgagor's ownership of the said lands;

- (b) The Mortgagor covenants and agrees with the Mortgagee that in the event of default in the payment of any mortgage money payable hereunder by the Mortgagor, or on breach of any covenant, proviso or agreement herein contained, after all or any part of the money hereby secured has been advanced, the Mortgagee may at such time or times as the Mortgagee may deem necessary and without the concurrence of any person, enter upon the mortgaged premises and may make such arrangements for completing the construction of, repairing or putting in order the mortgaged premises, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the mortgaged premises as the Mortgagee may deem expedient; and all reasonable costs, charges and expenses, including allowances for the time and service of any employee of the Mortgagee or other person appointed for the above purposes, shall be forthwith payable to the Mortgagee and shall be a charge upon the mortgaged premises and shall bear interest at the mortgage rate until paid. The Mortgagor further covenants and agrees that notwithstanding anything herein contained all rights of the Mortgagee as set out in this clause shall apply to all payments due by the Mortgagor arising under or pursuant to clause 22(o), (d) and (e) hereof, which said payments are to have the same effect as if such payments were in priority over the mortgage;
- (c) The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will observe and perform each and every one of the covenants and provisions required to be observed and performed under and pursuant to the terms of the mortgage, *The Condominium Act* and the amendments thereof, the Declaration and the bylaws of the Condominium Corporation and respective amendments thereof;
- (d) Without limiting the generality of clause 22(o), the Mortgagor covenants to pay promptly when due any contributions levied by the Condominium Corporation;
- (e) Provided that where the Mortgagor defaults in the Mortgagor's obligation to contribute toward the common expenses as assessed by the Condominium Corporation regardless of whether or not the Condominium Corporation registers a Notice of Lien, the Mortgagee, at its option and without notice to the Mortgagor may deem such default to be default under the terms of the mortgage and proceed to exercise the Mortgagee's rights herein;
- (f) The Mortgagor hereby assigns to the Mortgagee all the Mortgagor's rights to vote at all meetings and the exercise of all powers of the Condominium Corporation;
- (g) The Mortgagor and Mortgagee hereby acknowledge that nothing herein contained including the exercise by the Mortgagee of the said right to vote shall render the Mortgagee a mortgagee in possession;
- (h) The Mortgagor and Mortgagee further acknowledge that the right to vote assigned herein to the Mortgagee does not entail any representation, express or implied, that the Mortgagee shall be in any way responsible to protect the Mortgagor's interest and the Mortgagee shall not be responsible for any exercise of the right to vote or any failure to exercise the right to vote;
- (i) The mortgage is made in pursuance of *The Condominium Act of Manitoba*.

23. LEASEHOLD TITLE

If the said lands consist of a leasehold title, then the following provisions shall apply:

- (a) the Mortgagor covenants and agrees with the Mortgagee that the Mortgagor has a good leasehold title to the said lands, that the lease is a good, valid and effective lease, that the Mortgagor has the right to mortgage the said leasehold title to the Mortgagee, that the Mortgagor has done no act to encumber the mortgaged premises, that the Mortgagor will execute such further assurances of the mortgaged premises as may be required from time to time by the Mortgagee and that on default the Mortgagee shall have quiet possession of the mortgaged premises free from all encumbrances;
- (b) during the continuance of the mortgage, the Mortgagor shall pay the rent reserved by and perform and observe the covenants contained in the lease and on the lessee's part to be performed and observed and to keep indemnified the Mortgagee against all actions, claims and demands whatsoever in respect of the said rent and covenants or anything relating thereto;
- (c) the Mortgagor hereby covenants with the Mortgagee during the continuance of the mortgage to pay the rent reserved by and perform and observe the covenants contained in the lease and on the lessee's part to be performed and observed and to keep indemnified the Mortgagee against all actions, claims and demands whatsoever in respect of the said rent and covenants or anything relating thereto. In the event of any default being made in any payment of such rent or in the observance or performance of any covenant, the Mortgagee shall be at liberty to pay such rent or to observe or perform such covenant as the case may be and all money expended by the Mortgagee in so doing shall be payable forthwith by the Mortgagor to the Mortgagee and until paid shall be added to and become part of the principal hereby secured and shall be a charge on the mortgaged premises in favour of the Mortgagee with interest thereon at the mortgage rate;
- (d) the Mortgagor covenants and agrees that if the Mortgagor becomes the owner of the freehold of the said lands (the "freehold lands") the mortgage shall be deemed a mortgage of the freehold lands to the same extent and effect as if the Mortgagor had been the owner of the freehold lands, free from encumbrances, at the date of execution hereof, and for the purpose of giving effect to the foregoing the Mortgagor does hereby grant and mortgage the freehold lands unto the Mortgagee, such grant to take effect upon the Mortgagor's acquiring the freehold lands. The Mortgagor covenants and agrees to execute and deliver at the Mortgagor's own expense, forthwith on demand therefor, such further and other documents as the Mortgagee may reasonably require for the purpose of validly giving effect to the foregoing.

24. RECEIVERSHIP

Notwithstanding anything herein contained, it is declared and agreed that any time and from time to time when there shall be default under the provisions of the mortgage the Mortgagee may at such time and from time to time and with or without entry into possession of the mortgaged premises or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee of the Mortgagee or not, to be a Receiver (which term as used herein includes a Receiver-Manager and also includes the plural as well as the singular) of the mortgaged premises or any part thereof and of the rents and profits thereof and with or without security and may from time to time by similar writing remove any Receiver and appoint another in the Receiver's stead and that in making any such appointment or removal the Mortgagee shall be deemed to be acting as the agent or attorney of the Mortgagor but no such appointment shall be revocable by the Mortgagor. The Mortgagor undertakes to ratify and confirm whatever such Receiver may do concerning the mortgaged premises. The remuneration and expenses of the Receiver shall be paid by the Mortgagor on demand and shall be a charge on the mortgaged premises and shall bear interest from the date of demand at the mortgage rate.

Upon the appointment of any such Receiver from time to time the following provisions shall apply:

- (a) Every such Receiver shall have unlimited access to the mortgaged premises as agent and attorney for the Mortgagor (which right of access shall not be revocable by the Mortgagor and shall have full power and unlimited authority to:
- (i) collect the rents and profits from tenancies whether created before or after the mortgage;
 - (ii) rent any portion of the mortgaged premises 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 buildings or other erections or improvements on the mortgaged premises left by the Mortgagor in an unfinished state or ward the same to others to complete; and purchase, repair and maintain any personal property including, without limitation, appliances and equipment necessary or desirable to render the mortgaged premises operable or rentable and take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and
- (iv) manage, operate, repair, alter or extend the mortgaged premises or any part thereof.
- (b) The Mortgagee may at its discretion vest the Receiver with any or all of the rights and powers of the Mortgagee;
- (c) The Mortgagee may fix the reasonable remuneration of the Receiver who shall be entitled to deduct the same out of the revenue of the sale proceeds of the mortgaged premises;
- (d) Every such Receiver shall be deemed the agent or attorney of the Mortgagor and, in any event, the Mortgagee and its agents shall not be responsible for the Receiver's acts or omissions;
- (e) The appointment of any such Receiver by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the Receiver or to the Mortgagor or to any other person and no appointment or removal of a Receiver and no actions of a Receiver shall constitute the Mortgagee a mortgagee in possession of the mortgaged premises;
- (f) No such Receiver shall be liable to the Mortgagor to account for money other than money actually received by the Receiver in respect of the mortgaged premises or any part thereof and out of such money so received every such Receiver shall pay in the following order:
 - (i) the Receiver's remuneration aforesaid;
 - (ii) all costs and expenses of every nature and kind incurred by the Receiver in connection with the exercise of the Receiver's powers and authority hereby conferred;
 - (iii) interest, principal and other money which may, from time to time, be or become charged upon the mortgaged premises in priority to the mortgage, including taxes;
 - (iv) all interest, principal and other money due to the Mortgagee hereunder to be paid in such order as the Mortgagee in its discretion shall determine;
 - (v) thereafter, every such Receiver shall be accountable to the Mortgagor for any surplus.
- (g) Save as to claims for accounting under clause 24(f), the Mortgagor hereby releases and discharges any such Receiver from every claim of every nature which may arise or be caused to the Mortgagor or any person claiming through or under the Receiver 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 Mortgagee may, at any time and from time to time, terminate any such Receivership by notice in writing to the Mortgagor and to any such Receiver;
- (i) The statutory declaration of an officer of the Mortgagee as to default under the provisions of the mortgage and as to the due appointment of the Receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a Receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual;
- (j) The rights and powers conferred herein in respect of the Receiver are supplemental to and not in substitution of any other rights and powers which the Mortgagee may have.

25. COVENANTOR

If the mortgage has been executed by a covenantor, then the following provision shall apply:

In consideration of the advance of money by the Mortgagee to the Mortgagor pursuant to the mortgage, so long as any money is outstanding under the mortgage and during any renewal, extension, assignment or assumption thereof and notwithstanding any sale, conveyance, transfer or other similar or dissimilar disposition of the mortgaged premises, whether with the consent of the Mortgagee or otherwise the Covenantor, for himself, his heirs, executors, administrators, successors and assigns, hereby covenants and agrees with the Mortgagee that the Mortgagor will duly perform and carry out the covenants and stipulations contained in the mortgage and will duly pay the mortgage money hereby secured on the days and times herein mentioned and, if any money payable pursuant to the mortgage shall be in default, the Covenantor further covenants and agrees to pay the same to the Mortgagee forthwith. The Covenantor agrees that the Covenantor's liability under this guarantee and covenant shall not be in any way prejudiced, affected, impaired, modified, released or discharged by reason of any settlement, workout, variation, proposal, extension of time or other similar or dissimilar indulgence whatsoever granted to the Mortgagor or the Mortgagee's heirs, executors, administrators, successors or assigns or to any other person or persons liable to pay the mortgage money or by the Mortgagee taking any further security for the payment of the mortgage money due or to become due to the Mortgagee or releasing such other security. In the event that there is more than one Covenantor, all covenants of the Covenantor contained herein shall be deemed to be joint and several. Any settlement or release, by the Mortgagee, of one Covenantor shall not modify, settle, affect or release the liability of any other Covenantor hereunder.

26. RENEWAL

In the event that the Mortgagee shall agree to renew or extend the term of the mortgage, such renewal or extension, including the rate of interest, term, instalment and other stipulations of such renewal or extension, shall be binding upon the Mortgagor, its successors in title and assigns, and all subsequent mortgagees, encumbrances and other interests in or of the mortgaged premises subsequent to this mortgage ("Subsequent Encumbrances"), and shall take full priority over all Subsequent Encumbrances, whether or not the said renewal or extension is filed or recorded by caveat at the applicable Land Titles Office and whether or not the rate of interest payable or amortization period applicable during the renewal or extension term is greater than or less than the rate or amortization stipulated in the mortgage. The Mortgagor shall, forthwith on request by the Mortgagee, provide to the Mortgagee, at the Mortgagor's expense, all such postponements and other assurances as the Mortgagee may require to ensure the foregoing binding effect and priority.

27. COMPLIANCE WITH LAW

The Mortgagor covenants and agrees promptly to observe, perform, execute and comply with all laws, rules, requirements, orders, directions, ordinances and regulations of every governmental authority and agency concerning the mortgaged premises and will, at the Mortgagor's own expense, make any and all improvements thereon or alterations thereto, structural or otherwise which may be required at any time by any such present or future law, rule, requirement, order, direction, ordinance or regulation. The Mortgagee whenever it deems necessary, may by its surveyor or agent enter upon and inspect the mortgaged premises and make such improvements and alterations as the Mortgagee deems necessary to render the mortgaged premises in compliance with such laws, rules, requirements, orders, directions, ordinances, or regulations and the reasonable cost of such inspections, improvements and alterations with interest at the mortgage rate shall be payable forthwith and be a charge upon the mortgaged premises.

28. INTERPRETATION

- (a) Wherever the singular number or the masculine gender is used in the mortgage the same shall be construed as including the plural and feminine and neuter respectively where the fact or context so requires; and in any case where the mortgage is executed by more than one party all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several; and the heirs, executors, administrators, successors and assigns of any party executing the mortgage are jointly and severally bound by the covenants, agreements, stipulations and provisos herein contained.
- (b) Wherever the term "mortgaged premises" is used in the mortgage, the same shall be construed as meaning the said lands together with all buildings and improvements referred to in clauses 6, 9, 10 and 22 of these Standard Charge Terms.
- (c) Wherever the term "mortgage money" is used in the mortgage, the same shall be construed as meaning all money payable by the Mortgagor to the Mortgagee pursuant to the mortgage.

29. ADDITIONAL COVENANTS

The covenants, agreements, stipulations and provisos herein stated shall be in addition to those granted or implied by statute.

30. CLAUSE TITLES

The clause titles herein are inserted for convenience of reference only and are deemed not to form part of the mortgage and are not to be considered in the construction or interpretation of the mortgage or any part thereof.

31. STATUTES

This mortgage is made in pursuance of *The Real Property Act of Manitoba* and in pursuance of the *National Housing Act*.

32. TRUE COPY

The Mortgagor acknowledges receipt of a true copy of the mortgage together with a copy of these Standard Charge Terms.

2011

Accepted as to form - Registrar General Registration No. 3272870
Where an instrument is registered that does not conform with the form of the instrument prescribed by regulation, the Registrar General and the District Registrar disclaim liability for loss resulting from the non-conformance.

Manitoba Finance

**SCHEDULE
Form 14
(section 110 of the Act)
AMENDING AGREEMENT**

District of Winnipeg

- THIS AGREEMENT WILL ADD LANDS TO THE LANDS ALREADY AFFECTED BY THE MORTGAGE OR ENCUMBRANCE BEING AMENDED BY THIS INSTRUMENT
- THIS AGREEMENT WILL NOT ADD LANDS TO THE LANDS ALREADY AFFECTED BY THE MORTGAGE OR ENCUMBRANCE BEING AMENDED BY THIS INSTRUMENT

IMPORTANT NOTICE: By virtue of Section 194 of The Real Property Act, any statement set out in this document and signed by the party making the statement has the same effect and validity as an oath, affidavit, affirmation or statutory declaration given pursuant to THE MANITOBA EVIDENCE ACT.

1. INSTRUMENT BEING AMENDED

Type of Instrument Mortgage

Instrument number 4119823

Date of registration September 6, 2011

Current affected titles 2551809

2. NAME OF PARTIES

OWNER OF INSTRUMENT First National Financial GP Corporation
c/o Montrose Mortgage Corporation
1110 - 200 Graham Avenue, Winnipeg, Manitoba, R3C 4L5

being the registered owner of the mortgage or encumbrance, and

OWNER OF LAND 5684961 Manitoba Ltd.
c/o 900-400 St. Mary Avenue, Winnipeg, Manitoba, R3C 4K5

being the registered owner of the land.

3. AGREEMENT TO EXTEND

We agree to extend the term of repayment of the balance of principal and interest outstanding in the amount of _____ Dollars (\$ _____) at the date hereof upon the following terms and conditions:

See schedule

4. AGREEMENT TO AMEND

We agree to amend the mortgage or encumbrance as follows:

Increase the Principal Amount listed in Box 6(a) and in Schedule "A" to \$2,094,325.00. Increase the Amount of Each Equal Monthly Installment listed in Schedule "A" to \$41,635.00.

See schedule

5. AGREEMENT TO ADD LAND

We agree to vary the description of the mortgaged/affected land to add to the lands already affected by the mortgage or encumbrance, the following additional land:

LAND DESCRIPTION (new land to be added)

See schedule

TITLE NUMBER(S)

6. ENCUMBRANCES, LIENS AND INTERESTS
(Set out only those interests registered prior to the instrument being amended.)

Caveat Nos. 3316936, 3556351, Mortgage No. 3639002, Caveat No. 3639003, PPSN No. 3639004, Caveat No. 3724808

7. SIGNATURE OF OWNER OF INSTRUMENT
Strike out inappropriate statement(s) and initial

See schedule

- ~~I am/entitled to be an~~ the owner of the Mortgage/Encumbrance of the land.
- I promise to be bound by all the terms herein.
- I am of the full age of majority.
- The registration of this Instrument does not contravene the provisions of *The Farm Lands Ownership Act* because:
 - ~~the within land is not farm land as defined in *The Farm Lands Ownership Act*.~~
 - ~~the interest in the farm land is being mortgaged/encumbered pursuant to a bona fide debt obligation.~~
 - ~~other (specify section of *The Farm Lands Ownership Act*)~~
- ~~I am an employee of the Corporation and have authority to bind same.~~
-

		FIRST NATIONAL FINANCIAL GP CORPORATION		DATE	
		P. er.		Y	M. D
Witness	Tanya Lee Senior Manager, Commercial Mortgage Funding	Signature	[Signature]	11	09 23
Witness	Rob Inglis Chief Financial Officer	Signature	[Signature]	11	09 23

Attach affidavit of subscribing witness if the witness is other than an officer as defined in subsection 72(4) of *The Real Property Act*.

B. SIGNATURE OF OWNER OF LAND
Strike out inappropriate statement(s) and initial

See schedule

1. ~~I am entitled to be an/ the owner of the Land.~~
2. ~~As security for performance of all my obligations herein, I hereby mortgage/encumber to the Mortgagee/Encumbrancee my interest in the Land/Mortgage/Encumbrance of the land.~~
3. ~~I promise to pay the principal amount and interest and all other charges and money hereby secured and to be bound by all the terms herein.~~
4. ~~I acknowledge receipt of a copy of this instrument and all of the terms herein.~~
5. ~~I am of the full age of majority.~~
6. ~~The registration of this instrument does not contravene the provisions of The Farm Lands Ownership Act because:~~
 - (a) ~~the within land is not farm land as defined in The Farm Lands Ownership Act.~~
 - (b) ~~the interest in farm land is being mortgaged/encumbered pursuant to a bona fide debt obligation.~~
 - (c) ~~other (specify section of The Farm Lands Ownership Act)~~
7. ~~My co-mortgagor/co-encumbrancee is my spouse or common-law partner and no other person has homestead rights in the within lands.~~
8. ~~The person consenting to this instrument is my spouse or common-law partner and no other person has homestead rights in the within lands.~~
9. ~~I am an employee of the Corporation and have authority to bind same.~~
10. ~~_____~~ **5684961 MANITOBA LTD.**

DATE		
Y	M	D
11	09	14
11	09	14

Witness *[Signature]* Name _____ Per. *[Signature]* Signature *[Signature]*

Witness *[Signature]* Name _____ Per. *[Signature]* Signature *[Signature]*

Sean G. Hicks, 900-4th St. N. W. Winnipeg, MB R3C 4K5
Notary Public

Attach affidavit of subscribing witness if the witness is other than an officer as defined in subsection 72(4) of The Real Property Act

9/10. HOMESTEADS ACT CONSENT TO DISPOSITION AND ACKNOWLEDGEMENT

Note: For consent by widow(er) or surviving common-law partner, see Section 22 of The Homesteads Act.

1. I am the first spouse or common-law partner to acquire homestead rights in the property;
- A previous spouse or common-law partner of the Mortgagor/Encumbrancee acquired homestead rights in the property but those rights have been released or terminated in accordance with The Homesteads Act.
2. I am aware that The Homesteads Act gives me a life estate in the homestead and that I have the right to prevent this disposition of the homestead by withholding my consent.
3. I am aware that the effect of this consent is to give up my life estate in the homestead to the extent necessary to give effect to this disposition.
4. I execute this consent apart from my spouse or common-law partner freely and voluntarily without any compulsion on the part of my spouse or common-law partner.

DATE		
Y	M	D

Name of Spouse or Common-Law Partner _____ Signature of Spouse or Common-Law Partner _____

Name of Witness _____ Signature of Witness _____

A Notary Public in and for the Province of Manitoba
 A Commissioner for Oaths in and for the Province of Manitoba
 My commission expires: _____
 Or other person authorized to take affidavits under The Manitoba Evidence Act (Specify).

11. CONSENTS See schedule

I (We) Montrose Mortgage Corporation Ltd. Mortgage No. 4119826
 (name) (mortgage/encumbrance number)

_____ Caveat No. 4119827
 (name) (mortgage/encumbrance number)

_____ PPSN No. 4119828
 (name) (mortgage/encumbrance number)

_____ (mortgage/encumbrance number)

1. have a claim or interest subsequent in priority to the mortgage or encumbrance; and
 2. hereby consent to the registration of this amending agreement and agree that the mortgage or encumbrance as amended shall continue to have priority over my claim or interest.

MONTROSE MORTGAGE CORPORATION LTD.

		DATE		
		Y	M	D
Witness	Name	Per: <u>Holly A. Dreger</u> 11 10 31		
		Signature Holly A. Dreger Senior Vice President		
Witness	Name	Per: <u>Oksana C.A. Choptiany</u> 11 10 31		
		Signature Oksana C.A. Choptiany Vice President Mortgage Closing		
Witness	Name	Signature		
Witness	Name	Signature		

Attach affidavit of subscribing witness if the witness is other than an officer as defined in subsection 72(4) of *The Real Property Act*

12. INSTRUMENT PRESENTED FOR REGISTRATION BY *Incl. to address, postal code, contact person and phone number*

PITBLADO LLP, Barristers & Solicitors, 2500 - 360 Main Street, Winnipeg, MB R3C 4H6
 Attn: John T. McGoey 956-3517 (File No. 44489-4)

LTO USE ONLY

FEES CHECKED <input checked="" type="checkbox"/>	REFUND AMOUNT
Certificate of Registration	
Registered this date <u>Nov 7/11</u>	
as No. <u>4147247</u>	
I certify that the within instrument was registered in the <u>WINNIPEG</u> Land Titles Office and entered on	
Title No. <u>2551809</u>	
For District Registrar	

WINNIPEG
LAND TITLES OFFICE
RECEIVED
NOV 07 2011
10:00

AMENDING
AGREEMENT

CT 2551809

4147247

Approved as to form – Registrar General Registration No. 3272870
 Where an instrument is registered that does not conform with the form of the instrument prescribed by regulation, the Registrar General and the District Registrar disclaim liability for loss resulting from the non-conformance.

**SCHEDULE
 Form 14
 (section 110 of the Act)
 AMENDING AGREEMENT**

District of Winnipeg

- THIS AGREEMENT **WILL** ADD LANDS TO THE LANDS ALREADY AFFECTED BY THE MORTGAGE OR ENCUMBRANCE BEING AMENDED BY THIS INSTRUMENT
- THIS AGREEMENT **WILL NOT** ADD LANDS TO THE LANDS ALREADY AFFECTED BY THE MORTGAGE OR ENCUMBRANCE BEING AMENDED BY THIS INSTRUMENT

IMPORTANT NOTICE: By virtue of Section 194 of The Real Property Act, any statement set out in this document and signed by the party making the statement has the same effect and validity as an oath, affidavit, affirmation or statutory declaration given pursuant to THE MANITOBA EVIDENCE ACT.

1. INSTRUMENT BEING AMENDED	
Type of instrument	<u>Mortgage</u>
Instrument number	<u>4119823</u>
Date of registration	<u>September 6, 2011</u>
Current affected titles	<u>2551809</u>
2. NAME OF PARTIES	
OWNER OF INSTRUMENT	<u>First National Financial GP Corporation</u> <u>c/o Montrose Mortgage Corporation</u> <u>1110 – 200 Graham Avenue, Winnipeg, Manitoba, R3C 4L5</u>
	being the registered owner of the mortgage or encumbrance, and
OWNER OF LAND	<u>5684961 Manitoba Ltd.</u> <u>c/o 900-400 St. Mary Avenue, Winnipeg, Manitoba, R3C 4K5</u>
	being the registered owner of the land.
3. AGREEMENT TO EXTEND	
We agree to extend the term of repayment of the balance of principal and interest	
outstanding in the amount of	Dollars (\$)
at the date hereof upon the following terms and conditions:	
See schedule <input type="checkbox"/>	
4. AGREEMENT TO AMEND	
We agree to amend the mortgage or encumbrance as follows:	
Increase the Principal Amount listed in Box 6(a) and in Schedule "A" to \$2,552,031.25.	
See schedule <input type="checkbox"/>	

5. AGREEMENT TO ADD LAND

We agree to vary the description of the mortgaged/affected land to add to the lands already affected by the mortgage or encumbrance, the following additional land:

LAND DESCRIPTION (new land to be added)

See schedule

TITLE NUMBER(S)

6. ENCUMBRANCES, LIENS AND INTERESTS

(Set out only those interests registered prior to the instrument being amended.)

Caveat Nos. 3316936/1, 3556351/1, 3724808/1,

7. SIGNATURE OF OWNER OF INSTRUMENT

Strike out inappropriate statement(s) and initial

See schedule

1. I am/~~entitled to be an~~/the owner of the Mortgage/~~Encumbrance of the land~~.
2. I promise to be bound by all the terms herein.
3. I am of the full age of majority.
4. The registration of this instrument does not contravene the provisions of *The Farm Lands Ownership Act* because:
 - a) the within land is not farm land as defined in *The Farm Lands Ownership Act*.
 - b) ~~the interest in the farm land is being mortgaged/encumbered pursuant to a bona fide debt obligation.~~
 - c) ~~other (specify section of *The Farm Lands Ownership Act*)~~
- Particulars:
5. I am an employee of the Corporation and have authority to bind same. ✓
- 6.

FIRST NATIONAL FINANCIAL GP CORPORATION

DATE		
Y	M	D

Susan Redmayne
 Witness *Ontario Practising Lawyer* Name

Tanya Lee
 Senior Manager, Commercial Mortgage Funding
 Signature

12	05	10
----	----	----

Per: *J. W. [Signature]*
 Jere [Signature] *McGoury*
 Managing Director, Mortgage Origination

12	05	10
----	----	----

Witness SUSAN P. REDMAYNE Name
 Senior Legal Counsel and Notary Public
 in and for the Province of Ontario
 First National Financial LP
 7-100 University Avenue, North Tower
 Toronto, Ontario M5J 1V6

Attach affidavit of subscribing witness if the witness is other than an officer as defined in subsection 72(4) of *The Real Property Act*.

8. SIGNATURE OF OWNER OF LAND

Strike out inappropriate statement(s) and initial

See schedule

1. 5684961 Manitoba Ltd. is the owner of the Land.
2. As security for performance of all its obligations herein, 5684961 Manitoba Ltd. hereby mortgages/encumber to the Mortgagee/Encumbrancee its interest in the Land/Mortgage/Encumbrance of the land.
3. 5684961 Manitoba Ltd. promises to pay the principal amount and interest and all other charges and money hereby secured and to be bound by all the terms herein.
4. I acknowledge receipt of a copy of this instrument and all of the terms herein.
5. I am of the full age of majority.
6. The registration of this instrument does not contravene the provisions of *The Farm Lands Ownership Act* because:
 - (a) the within land is not farm land as defined in *The Farm Lands Ownership Act*.
 - (b) ~~the interest in farm land is being mortgaged/encumbered pursuant to a bona fide debt obligation.~~
 - (c) ~~other (specify section of *The Farm Lands Ownership Act*)~~
- Particulars:
7. My co-mortgagor/co-encumbrancee is my spouse or common-law partner and no other person has homestead rights in the within lands.
8. The person consenting to this instrument is my spouse or common-law partner and no other person has homestead rights in the within lands.
9. I am an employee of the Corporation and have authority to bind same.
10. **5684961 MANITOBA LTD.**

SW

		DATE		
		Y	M	D
Witness Name/Title	Douglas Thiessen, President Name/Title	Per:	 12 05 07	
Witness Name/Title	Seán G. Hicks, Secretary Name/Title	Per:	 12 05 07	
MANITOBA PRACTISING LAWYER BARRISTER, SOLICITOR AND NOTARY PUBLIC 900 - 400 ST. MARY AVENUE WINNIPEG, MANITOBA R3C 4K5		Attach affidavit of subscribing witness if the witness is other than an officer as defined in subsection 72(4) of <i>The Real Property Act</i>		

9/10. HOMESTEADS ACT CONSENT TO DISPOSITION AND ACKNOWLEDGEMENT

Note: For consent by widow(er) or surviving common-law partner, see Section 22 of *The Homesteads Act*.

I, the spouse or common-law partner of the Mortgagor/Encumbrancee, consent to the disposition of the homestead effected by this instrument and acknowledge that:

1. I am the first spouse or common-law partner to acquire homestead rights in the property; or
 A previous spouse or common-law partner of the Mortgagor/Encumbrancee acquired homestead rights in the property but those rights have been released or terminated in accordance with *The Homesteads Act*.
2. I am aware that *The Homesteads Act* gives me a life estate in the homestead and that I have the right to prevent this disposition of the homestead by withholding my consent.
3. I am aware that the effect of this consent is to give up my life estate in the homestead to the extent necessary to give effect to this disposition.
4. I execute this consent apart from my spouse or common-law partner freely and voluntarily without any compulsion on the part of my spouse or common-law partner.

		DATE		
		Y	M	D
Name of Spouse or Common-Law Partner	Signature of Spouse or Common-Law Partner			
Name of Witness	Signature of Witness			

A Notary Public in and for the Province of Manitoba.
 A Commissioner for Oaths in and for the Province of Manitoba
 My commission expires:
 Or other person authorized to take affidavits under *The Manitoba Evidence Act* (Specify).

11. CONSENTS

See schedule

I (We) Montrose Mortgage Corporation Ltd. Mortgage No. 4119826/1
 (name) (mortgage/encumbrance number)

Montrose Mortgage Corporation Ltd. Caveat No. 4119827/1
 (name) (mortgage/encumbrance number)

Montrose Mortgage Corporation Ltd. PPSN No. 4119828/1
 (name) (mortgage/encumbrance number)

 (name) (mortgage/encumbrance number)

1. have a claim or interest subsequent in priority to the mortgage or encumbrance; and
2. hereby consent to the registration of this amending agreement and agree that the mortgage or encumbrance as amended shall continue to have priority over my claim or interest.

			DATE		
			Y	M	D
MONTROSE MORTGAGE CORPORATION					
Witness	Per:	Signature	12	05	09
	Name/Title	<i>Loreen S. Alexander</i> Loreen S. Alexander Vice President Mortgage Servicing			
Witness	Name/Title	Signature	12	05	09
	Name	<i>Orsana C.A. Chopra</i> Orsana C.A. Chopra Vice President Mortgage Closing			
Witness	Name	Signature			
	JOHN THOMAS McGOEY 2500 - 360 MAIN STREET WINNIPEG, MANITOBA, R3C 4H6	Signature			
Witness	BARRISTER AT LAW DULY QUALIFIED TO PRACTICE AS SUCH IN THE PROVINCE OF MANITOBA	Signature			

Attach affidavit of subscribing witness if the witness is other than an officer as defined in subsection 72(4) of *The Real Property Act*

12. INSTRUMENT PRESENTED FOR REGISTRATION BY *include address, postal code, contact person and phone number*

PITBLADO LLP, Barristers & Solicitors, 2500 - 360 Main Street, Winnipeg, MB R3C 4H6
 Attn: John T. McGoey 956-3517 (File No. 44489-4)

The District Registrar hereby certifies that this is a true copy of a record maintained in the public records of The Property Registry of Manitoba

LTO USE ONLY

MAY 25 2012

FEES CHECKED <input checked="" type="checkbox"/>	REFUND AMOUNT
Certificate of Registration	
Registered this date MAY 14 2012	
as No. <u>4214343/1</u>	
I certify that the within instrument was registered in the WINNIPEG Land Titles Office and entered on	
Title No. <u>2551209/1</u>	
<i>[Signature]</i> For District Registrar	

LAND TITLES OFFICE
 WINNIPEG, MANITOBA
 MAY 14 2012
 AMENDING AGREEMENT

9244894

CT 2551209/1

This is **Exhibit "G"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

A handwritten signature in blue ink, appearing to be 'MRS', is written over a horizontal line.

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba

THE PERSONAL PROPERTY SECURITY ACT
SECURITY AGREEMENT

TO: **FIRST NATIONAL FINANCIAL GP CORPORATION**
(hereinafter called the "**Secured Party**")

GRANTED BY: **5684961 MANITOBA LTD.** (hereinafter called the "**Debtor**")

WHEREAS the Secured Party has agreed to lend to the Debtor the sum of TWO MILLION, EIGHTY-NINE THOUSAND, TWO HUNDRED AND FIFTY-SIX DOLLARS AND TWENTY-FIVE CENTS (\$2,089,256.25) (the "**Indebtedness**") upon the security of, *inter alia*, a real property mortgage dated the 29th day of August, 2011 to be registered in the Winnipeg Land Titles Office (the "**Mortgage**");

AND WHEREAS the Indebtedness is to be repaid by the Debtor to the Secured Party in accordance with the terms and conditions set forth in the Mortgage;

AND WHEREAS it is a condition of the Secured Party advancing the monies comprising the Indebtedness that the Debtor grant to the Secured Party, *inter alia*, continuing collateral and additional security as hereinafter set forth.

1. The Debtor for valuable consideration hereby grants to the Secured Party a security interest to which *The Personal Property Security Act* (Manitoba) (the "**PPSA**") applies in the following property (the "**Collateral**") relating to the project located at 485 Furby Street, Winnipeg, Manitoba and legally described as follows:

LOTS 8 AND 9, PLAN 313 WLTO (W DIV)
IN RL 73, PARISH OF ST. JAMES

(the "**Property**") including:

- (a) all furniture and accessories, refrigerators, stoves, washers, dryers, machinery, plant, heating, air conditioning, ventilating, laundering, fire prevention, fire extinguishing equipment, all awnings, curtains, drapes, blinds, carpets, rugs and other floor covering, and all fixtures, mechanical and maintenance equipment and supplies now in or about or used in connection with the Property and under the control of the Debtor or the manager of the Property, and any and all goods and chattels which may hereafter be on, in or about the Property in addition to or substitution for said goods and chattels, such substitutions to be of equal value and utility, and used in connection with Property and under the control of the Debtor (including without limiting the generality of the foregoing, any equity in any of such goods and chattels which the Debtor now has or may from time to time acquire as a result of making instalment payments on account of the purchase thereof), including but not limited to the appliances and equipment set out in **Schedule "A"** annexed hereto;

- (b) all of the Debtor's rights, title and interest in and to any and all conditional sales contracts and lease contracts covering equipment and furnishings entered into in connection with the Property;
- (c) all debts, demands and choses in action which are now due, owing or accruing due or which may hereafter become due, owing or accruing due to the Debtor and all claims of any kind which the Debtor now has or may hereafter have including but not limited to claims against the Crown and claims under insurance policies;
- (d) all chattel paper now or hereafter owned by the Debtor;
- (e) with respect to the personal property described in subparagraphs (a), (b), (c) and (d), all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating thereto; and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (f) with respect to the personal property described in subparagraph (a), all substitutions and replacements thereof, increases, additions and accessions thereto and any interest of the Debtor therein; and
- (g) with respect to the personal property described in subparagraph (a), personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for such property being destroyed or damaged.

In this paragraph, the words "goods", "equipment", "chattel paper", "document of title", "instrument", "securities", "intangible" and "accessions" shall have the same meanings as their defined meanings in the PPSA. In this Agreement, any reference to "Collateral" shall, unless the context otherwise requires, refer to "Collateral or any part thereof".

2. (a) The security interest granted hereby is given and taken as additional security for the performance by the Debtor of the terms and conditions of the Mortgage, including expenses under paragraph 5 of this Agreement and all interest, commissions, legal and other costs, charges and expenses (all of the foregoing being herein called, and included in, the "**Obligations**");

(b) Neither the taking of this Security Agreement nor anything herein contained, nor anything done by virtue hereof shall derogate from or modify the terms of the Mortgage or act as a merger of or prejudice or affect the right of the Secured Party to claim any of the property herein mentioned as being a fixture and a part of the realty and a part of the security under the Mortgage or be construed in any way as a severance or an election by the parties hereto or either of them to treat the property herein mentioned as chattels and not fixtures and a part of the realty.

3. The Debtor hereby represents and warrants that:

- (a) it is, or will become, the owner of the Collateral and has, or will have when the Collateral is acquired, the right to create a security interest in the Collateral in favour of the Secured Party; and,
- (b) the Collateral is, or will be when acquired, free and clear of all security interests, mortgages, hypothecs, charges, liens, encumbrances, taxes and assessments.

4. The Debtor hereby agrees that:

- (a) the Debtor shall diligently maintain, use and operate the Collateral and shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Collateral and the earnings, incomes, rents, issues and profits thereof;
- (b) the Debtor shall cause all of the Collateral to be properly insured and kept insured with reputable insurers against loss or damage by fire or other hazards of the nature of and to the extent that such Collateral is usually insured by businesses operating Collateral of a similar nature in the same or similar localities and shall maintain such insurance with loss if any payable to the Secured Party and shall deliver to the Secured Party evidence of such insurance satisfactory to the Secured Party;
- (c) the Debtor shall pay all rents, taxes, rates, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall exhibit to the Secured Party, when required, the receipts and vouchers establishing such payments;
- (d) the Debtor shall duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (e) the Debtor shall keep proper books of accounts in accordance with sound accounting practice and the Debtor shall furnish to the Secured Party such financial information and statements and such information and statements relating to its business and the Collateral as the Secured Party may from time to time require and the Debtor shall permit the Secured Party or its authorized agent at any time at the expense of the Debtor to examine the books of account and other financial records and reports of the Debtor including but not limited to books of account and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom;
- (f) the Debtor shall maintain the Collateral in good condition and repair and not to permit the value of the Collateral to be impaired;
- (g) the Debtor shall not remove the Collateral or any part thereof from the Property without the prior written consent of the Secured Party;

- (h) the Debtor shall furnish to the Secured Party such information with respect to the Collateral and the insurance thereon, including but not limited to bills of sale and serial numbers, as the Secured Party may from time to time require and the Debtor shall give written notice to the Secured Party of all litigation before any court, administrative board or other tribunal affecting the Debtor or the Collateral;
- (i) the Debtor shall not, without the consent in writing of the Secured Party, create any security interest, mortgage, hypothec, charge, lien or other encumbrance upon the Collateral or any part thereof ranking or purporting to rank in priority to or pari passu with the security interest created by this Agreement;
- (j) the Debtor shall defend the title to the Collateral against all persons and shall, upon demand by the Secured Party furnish further assurance of title, further security for the Obligations and execute any written instruments or do any other acts necessary to make effective the purposes and provisions of this Agreement.

5. Upon failure of the Debtor to perform any of the agreements described in paragraph 4 hereof, the Secured Party is authorized and has the option to take possession of the Collateral and to perform any of the agreements in any manner deemed proper by the Secured Party, without waiving any rights to enforce this Agreement. The reasonable expenses (including the cost of any insurance and payment of taxes or other charges and reasonable solicitor's costs and legal expenses) paid by the Secured Party in respect of the custody, preservation, use or operation of the collateral shall be deemed advanced to the Debtor by the Secured Party, shall bear interest at the rate of 25% per annum and shall be secured by this Agreement.

6. Events of Default. The occurrence of any of the following events or conditions will constitute a default under this Agreement (a "Default"):

- (a) Non-Payment - the non-payment when due, whether by acceleration or otherwise, of any principal or interest forming part of the Indebtedness, or failure to pay any taxes and/or insurance premiums with respect to the Property as required;
- (b) Failure to Perform Obligation - the failure of the Debtor or any of them to observe or perform any obligation, covenant, term, provision or condition contained in this Agreement or any other agreement between the Debtor or any of them and the Secured Party, including but not limited to the commitment letter between the Debtor and the Secured Party dated August 10, 2011.
- (c) Death or Incompetence - the death of or declaration of incompetence by a court of competent jurisdiction with respect to the Debtor, or any of them;
- (d) Bankruptcy or Insolvency - the bankruptcy or insolvency of the Debtor; the filing against the Debtor of a petition in bankruptcy where such petition remains undismissed for a period of thirty days; the making of an authorized assignment for the benefit of creditors by the Debtor; the appointment of a receiver, receiver-manager or trustee for the Debtor or for any assets of the Debtor or the institution by or against the Debtor of any other type of insolvency proceeding under the

Bankruptcy and Insolvency Act (Canada) or a proceeding under the *Companies' Creditors Arrangement Act (Canada)* or otherwise where such appointment or proceeding remains undismissed for a period of thirty (30) days;

- (e) Additional Encumbrances - if the Debtor creates any other encumbrances ranking or purportedly ranking ahead of or *pari passu* with the charge held by the Secured Party;
- (f) Encumbrance Enforceable - if any creditor holding any security interest or other adverse claim affecting the Collateral or any part thereof takes any lawful action to realize on the security given to it;
- (g) Cessation of Business - if the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of the Debtor's assets or commits or threatens to commit an act of bankruptcy or proposes a compromise or arrangement to the Debtor's creditors;
- (h) Execution or Distress - if any execution or sequestration or other process of any court becomes enforceable against the Debtor or if a distress or analogous process is levied on the assets of the Debtor or any part thereof;
- (i) Impaired Prospect of Payment or Performance - if the Secured Party in good faith believes that the prospect of payment of the Indebtedness or performance of the Debtor's obligations hereunder is impaired or that the Collateral is in danger of perishing or being lost, destroyed, damaged, misused, confiscated, or devalued;
- (j) Change in Ownership - if the Debtor, without the prior written consent of the Secured Party, such consent not to be unreasonably withheld, sells, assigns or disposes of the Property or allows 25% or more of ownership of the Property to change.

7. In the event of any Default by the Debtor hereunder or under the Mortgage the Secured Party may at its option, in writing, declare the Debtor to be in default under this agreement and/or may declare the whole or any part of the unpaid balance of any obligations, indebtedness and liabilities secured by this agreement immediately due and payable.

8. If pursuant to paragraph 7 hereof, the Secured Party declares that the Obligations secured by this Agreement shall immediately become due and payable in full, the Debtor and the Secured Party shall have, in addition to any other rights and remedies provided by law, the rights and remedies of a debtor and a secured party respectively under the PPSA and those provided by this Agreement, the Secured Party may take possession of the Collateral and enforce any rights of the Debtor in respect of the Collateral and may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law and may require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at a reasonably convenient place designated by the Secured Party.

9. Unless not required to do so by applicable law, the Secured Party shall give to the Debtor at least 15 days written notice of any intended disposition of the Collateral by mailing such notice by registered mail to the last known post office address of the Debtor.

10. The Secured Party may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term shall include a receiver and manager) of the Collateral or of any part thereof or may by instrument in writing appoint any person to be a receiver of the Collateral or of any part thereof and may remove any receiver so appointed by the Secured Party and appoint another in his stead; and any such receiver appointed by instrument in writing shall have power:

- (a) to take possession of the Collateral or any part thereof;
- (b) to carry on business of the Debtor,
- (c) to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or for the carrying on of the business of the Debtor; and,
- (d) to sell, lease or otherwise dispose of the whole or any part of the Collateral at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the receiver may determine;

provided that such receiver shall be deemed the agent of the Debtor and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such receiver.

11. Any proceeds of any disposition of any of the Collateral may be applied by the Secured Party to the payment of expenses incurred in connection with the retaking, holding, repairing, processing, preparing for disposition and disposing of the Collateral including reasonable solicitor's fees and legal expenses and any other reasonable expenses), and any balance of such proceeds may be applied by the Secured Party towards the payment of the Obligations in such order of application as the Secured Party may from time to time effect. If the disposition of the collateral fails to satisfy the Obligations secured by this Agreement and the expenses incurred by the Secured Party, the Debtor shall be liable for any deficiency on demand.

12. The Debtor and the Secured Party further agree that:

- (a) the Debtor shall not be discharged by any extension of time, additional advances, renewals and extensions, the taking of further security, releasing security, extinguishment of the security interest as to all or any part of the Collateral, or any other act except a release or discharge of the security interest upon the full payment of the Obligations secured by this Agreement including charges, expenses, fees, cost and interest;
- (b) any failure by the Secured Party to exercise any right set out in this Agreement shall not constitute a waiver thereof; nothing in this Agreement or in the obligations secured by this Agreement shall preclude any other remedy by action

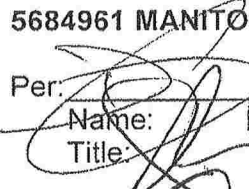
or otherwise for the enforcement of this Agreement or the payment in full of the Obligations secured by this Agreement;


- (c) all rights of the Secured Party hereunder shall be assignable and in any action brought by an assignee to enforce such rights, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or may hereafter have against the Secured Party;
- (d) all rights of the Secured Party hereunder shall enure to the benefit of its successors and assigns and all obligations of the Debtor hereunder shall bind the Debtor, their successors and assigns;
- (e) this Agreement shall be governed in all respects by the laws of the Province of Manitoba; and,
- (f) the Debtor hereby acknowledges receipt of an executed copy of this Agreement.
- (g) This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together, shall constitute one and the same instrument and shall be effective as of the formal date hereof.

This Agreement shall become effective when it is signed by the Debtor.

Dated this 29th day of August, 2011.

5684961 MANITOBA LTD.

Per: 
Name: Douglas Thiesson
Title: President

Per: 
Name: Patricia Fenner
Title: Secretary

SCHEDULE "A"
APPLIANCE INVENTORY

13 stoves

13 fridges

THE PERSONAL PROPERTY SECURITY ACT
SECURITY AGREEMENT

TO: **FIRST NATIONAL FINANCIAL GP CORPORATION**
(hereinafter called the "**Secured Party**")

GRANTED BY: **5684961 MANITOBA LTD.** (hereinafter called the "**Debtor**")

WHEREAS the Secured Party has agreed to lend to the Debtor the sum of TWO MILLION, FIVE HUNDRED AND FIFTY-TWO THOUSAND, THIRTY-ONE DOLLARS AND TWENTY-FIVE CENTS (\$2,552,031.25) (the "**Indebtedness**") upon the security of, *inter alia*, an Amending Agreement dated the 7th day of May, 2012 to be registered in the Winnipeg Land Titles Office amending a real property mortgage dated the 29th day of August, 2011 registered in the Winnipeg Land Titles Office as No. 4119823 (the "**Mortgage**");

AND WHEREAS the Indebtedness is to be repaid by the Debtor to the Secured Party in accordance with the terms and conditions set forth in the Mortgage;

AND WHEREAS it is a condition of the Secured Party advancing the monies comprising the Indebtedness that the Debtor grant to the Secured Party, *inter alia*, continuing collateral and additional security as hereinafter set forth.

AND WHEREAS this Agreement is in addition to and does not replace or supercede that certain Security Agreement granted by the Debtor to the Secured Party dated August 29, 2011.

1. The Debtor for valuable consideration hereby grants to the Secured Party a security interest to which *The Personal Property Security Act* (Manitoba) (the "**PPSA**") applies in the following property (the "**Collateral**") relating to the project located at 485 Furby Street, Winnipeg, Manitoba and legally described as follows:

LOTS 8 AND 9, PLAN 313 WLTO (W DIV)
IN RL 73, PARISH OF ST. JAMES

(the "**Property**") including:

- (a) all furniture and accessories, refrigerators, stoves, washers, dryers, machinery, plant, heating, air conditioning, ventilating, laundering, fire prevention, fire extinguishing equipment, all awnings, curtains, drapes, blinds, carpets, rugs and other floor covering, and all fixtures, mechanical and maintenance equipment and supplies now in or about or used in connection with the Property and under the control of the Debtor or the manager of the Property, and any and all goods and chattels which may hereafter be on, in or about the Property in addition to or substitution for said goods and chattels, such substitutions to be of equal value and utility, and used in connection with Property and under the control of the Debtor (including without limiting the generality of the foregoing, any equity in any of such goods and chattels which the Debtor now has or may from time to time acquire as a result of making instalment payments on account of the purchase

thereof), including but not limited to the appliances and equipment set out in **Schedule "A"** annexed hereto;

- (b) all of the Debtor's rights, title and interest in and to any and all conditional sales contracts and lease contracts covering equipment and furnishings entered into in connection with the Property;
- (c) all debts, demands and choses in action which are now due, owing or accruing due or which may hereafter become due, owing or accruing due to the Debtor and all claims of any kind which the Debtor now has or may hereafter have including but not limited to claims against the Crown and claims under insurance policies;
- (d) all chattel paper now or hereafter owned by the Debtor;
- (e) with respect to the personal property described in subparagraphs (a), (b), (c) and (d), all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating thereto; and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (f) with respect to the personal property described in subparagraph (a), all substitutions and replacements thereof, increases, additions and accessions thereto and any interest of the Debtor therein; and
- (g) with respect to the personal property described in subparagraph (a), personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for such property being destroyed or damaged.

In this paragraph, the words "goods", "equipment", "chattel paper", "document of title", "instrument", "securities", "intangible" and "accessions" shall have the same meanings as their defined meanings in the PPSA. In this Agreement, any reference to "Collateral" shall, unless the context otherwise requires, refer to "Collateral or any part thereof".

2. (a) The security interest granted hereby is given and taken as additional security for the performance by the Debtor of the terms and conditions of the Mortgage, including expenses under paragraph 5 of this Agreement and all interest, commissions, legal and other costs, charges and expenses (all of the foregoing being herein called, and included in, the "**Obligations**");

(b) Neither the taking of this Security Agreement nor anything herein contained, nor anything done by virtue hereof shall derogate from or modify the terms of the Mortgage or act as a merger of or prejudice or affect the right of the Secured Party to claim any of the property herein mentioned as being a fixture and a part of the realty and a part of the security under the Mortgage or be construed in any way as a severance or an election by the parties hereto or either of them to treat the property herein mentioned as chattels and not fixtures and a part of the realty.

3. The Debtor hereby represents and warrants that:

- (a) it is, or will become, the owner of the Collateral and has, or will have when the Collateral is acquired, the right to create a security interest in the Collateral in favour of the Secured Party; and,
- (b) the Collateral is, or will be when acquired, free and clear of all security interests, mortgages, hypothecs, charges, liens, encumbrances, taxes and assessments.

4. The Debtor hereby agrees that:

- (a) the Debtor shall diligently maintain, use and operate the Collateral and shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Collateral and the earnings, incomes, rents, issues and profits thereof;
- (b) the Debtor shall cause all of the Collateral to be properly insured and kept insured with reputable insurers against loss or damage by fire or other hazards of the nature of and to the extent that such Collateral is usually insured by businesses operating Collateral of a similar nature in the same or similar localities and shall maintain such insurance with loss if any payable to the Secured Party and shall deliver to the Secured Party evidence of such insurance satisfactory to the Secured Party;
- (c) the Debtor shall pay all rents, taxes, rates, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall exhibit to the Secured Party, when required, the receipts and vouchers establishing such payments;
- (d) the Debtor shall duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (e) the Debtor shall keep proper books of accounts in accordance with sound accounting practice and the Debtor shall furnish to the Secured Party such financial information and statements and such information and statements relating to its business and the Collateral as the Secured Party may from time to time require and the Debtor shall permit the Secured Party or its authorized agent at any time at the expense of the Debtor to examine the books of account and other financial records and reports of the Debtor including but not limited to books of account and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom;
- (f) the Debtor shall maintain the Collateral in good condition and repair and not to permit the value of the Collateral to be impaired;
- (g) the Debtor shall not remove the Collateral or any part thereof from the Property without the prior written consent of the Secured Party;

- (h) the Debtor shall furnish to the Secured Party such information with respect to the Collateral and the insurance thereon, including but not limited to bills of sale and serial numbers, as the Secured Party may from time to time require and the Debtor shall give written notice to the Secured Party of all litigation before any court, administrative board or other tribunal affecting the Debtor or the Collateral;
- (i) the Debtor shall not, without the consent in writing of the Secured Party, create any security interest, mortgage, hypothec, charge, lien or other encumbrance upon the Collateral or any part thereof ranking or purporting to rank in priority to or pari passu with the security interest created by this Agreement;
- (j) the Debtor shall defend the title to the Collateral against all persons and shall, upon demand by the Secured Party furnish further assurance of title, further security for the Obligations and execute any written instruments or do any other acts necessary to make effective the purposes and provisions of this Agreement.

5. Upon failure of the Debtor to perform any of the agreements described in paragraph 4 hereof, the Secured Party is authorized and has the option to take possession of the Collateral and to perform any of the agreements in any manner deemed proper by the Secured Party, without waiving any rights to enforce this Agreement. The reasonable expenses (including the cost of any insurance and payment of taxes or other charges and reasonable solicitor's costs and legal expenses) paid by the Secured Party in respect of the custody, preservation, use or operation of the collateral shall be deemed advanced to the Debtor by the Secured Party, shall bear interest at the rate of 25% per annum and shall be secured by this Agreement.

6. Events of Default. The occurrence of any of the following events or conditions will constitute a default under this Agreement (a "Default"):

- (a) Non-Payment - the non-payment when due, whether by acceleration or otherwise, of any principal or interest forming part of the Indebtedness, or failure to pay any taxes and/or insurance premiums with respect to the Property as required;
- (b) Failure to Perform Obligation - the failure of the Debtor or any of them to observe or perform any obligation, covenant, term, provision or condition contained in this Agreement or any other agreement between the Debtor or any of them and the Secured Party, including but not limited to the commitment letter between the Debtor and the Secured Party dated April 16, 2012.
- (c) Death or Incompetence - the death of or declaration of incompetence by a court of competent jurisdiction with respect to the Debtor, or any of them;
- (d) Bankruptcy or Insolvency - the bankruptcy or insolvency of the Debtor; the filing against the Debtor of a petition in bankruptcy where such petition remains undismissed for a period of thirty days; the making of an authorized assignment for the benefit of creditors by the Debtor; the appointment of a receiver, receiver-manager or trustee for the Debtor or for any assets of the Debtor or the institution by or against the Debtor of any other type of insolvency proceeding under the

Bankruptcy and Insolvency Act (Canada) or a proceeding under the *Companies' Creditors Arrangement Act (Canada)* or otherwise where such appointment or proceeding remains undismissed for a period of thirty (30) days;

- (e) Additional Encumbrances - if the Debtor creates any other encumbrances ranking or purportedly ranking ahead of or *pari passu* with the charge held by the Secured Party;
- (f) Encumbrance Enforceable - if any creditor holding any security interest or other adverse claim affecting the Collateral or any part thereof takes any lawful action to realize on the security given to it;
- (g) Cessation of Business - if the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of the Debtor's assets or commits or threatens to commit an act of bankruptcy or proposes a compromise or arrangement to the Debtor's creditors;
- (h) Execution or Distress - if any execution or sequestration or other process of any court becomes enforceable against the Debtor or if a distress or analogous process is levied on the assets of the Debtor or any part thereof;
- (i) Impaired Prospect of Payment or Performance - if the Secured Party in good faith believes that the prospect of payment of the Indebtedness or performance of the Debtor's obligations hereunder is impaired or that the Collateral is in danger of perishing or being lost, destroyed, damaged, misused, confiscated, or devalued;
- (j) Change in Ownership - if the Debtor, without the prior written consent of the Secured Party, such consent not to be unreasonably withheld, sells, assigns or disposes of the Property or allows 25% or more of ownership of the Property to change.

7. In the event of any Default by the Debtor hereunder or under the Mortgage the Secured Party may at its option, in writing, declare the Debtor to be in default under this agreement and/or may declare the whole or any part of the unpaid balance of any obligations, indebtedness and liabilities secured by this agreement immediately due and payable.

8. If pursuant to paragraph 7 hereof, the Secured Party declares that the Obligations secured by this Agreement shall immediately become due and payable in full, the Debtor and the Secured Party shall have, in addition to any other rights and remedies provided by law, the rights and remedies of a debtor and a secured party respectively under the PPSA and those provided by this Agreement, the Secured Party may take possession of the Collateral and enforce any rights of the Debtor in respect of the Collateral and may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law and may require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at a reasonably convenient place designated by the Secured Party.

9. Unless not required to do so by applicable law, the Secured Party shall give to the Debtor at least 15 days written notice of any intended disposition of the Collateral by mailing such notice by registered mail to the last known post office address of the Debtor.

10. The Secured Party may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term shall include a receiver and manager) of the Collateral or of any part thereof or may by instrument in writing appoint any person to be a receiver of the Collateral or of any part thereof and may remove any receiver so appointed by the Secured Party and appoint another in his stead; and any such receiver appointed by instrument in writing shall have power:

- (a) to take possession of the Collateral or any part thereof;
- (b) to carry on business of the Debtor,
- (c) to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or for the carrying on of the business of the Debtor; and,
- (d) to sell, lease or otherwise dispose of the whole or any part of the Collateral at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the receiver may determine;

provided that such receiver shall be deemed the agent of the Debtor and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such receiver.

11. Any proceeds of any disposition of any of the Collateral may be applied by the Secured Party to the payment of expenses incurred in connection with the retaking, holding, repairing, processing, preparing for disposition and disposing of the Collateral including reasonable solicitor's fees and legal expenses and any other reasonable expenses), and any balance of such proceeds may be applied by the Secured Party towards the payment of the Obligations in such order of application as the Secured Party may from time to time effect. If the disposition of the collateral fails to satisfy the Obligations secured by this Agreement and the expenses incurred by the Secured Party, the Debtor shall be liable for any deficiency on demand.

12. The Debtor and the Secured Party further agree that:

- (a) the Debtor shall not be discharged by any extension of time, additional advances, renewals and extensions, the taking of further security, releasing security, extinguishment of the security interest as to all or any part of the Collateral, or any other act except a release or discharge of the security interest upon the full payment of the Obligations secured by this Agreement including charges, expenses, fees, cost and interest;
- (b) any failure by the Secured Party to exercise any right set out in this Agreement shall not constitute a waiver thereof; nothing in this Agreement or in the obligations secured by this Agreement shall preclude any other remedy by action

or otherwise for the enforcement of this Agreement or the payment in full of the Obligations secured by this Agreement;

- (c) all rights of the Secured Party hereunder shall be assignable and in any action brought by an assignee to enforce such rights, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or may hereafter have against the Secured Party;
- (d) all rights of the Secured Party hereunder shall enure to the benefit of its successors and assigns and all obligations of the Debtor hereunder shall bind the Debtor, their successors and assigns;
- (e) this Agreement shall be governed in all respects by the laws of the Province of Manitoba; and,
- (f) the Debtor hereby acknowledges receipt of an executed copy of this Agreement.
- (g) This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together, shall constitute one and the same instrument and shall be effective as of the formal date hereof.

This Agreement shall become effective when it is signed by the Debtor.

Dated this 7th day of May, 2012.

5684961 MANITOBA LTD.

Per: 

Name: Doug TARKENTON
Title: PRESIDENT

Per: 

Name: Patrick Fenner
Title: SECRETARY

SCHEDULE "A"
APPLIANCE INVENTORY

13 Stoves
13 Fridges

This is **Exhibit "H"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

A handwritten signature in blue ink, appearing to be 'MRS', is written over a horizontal line.

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba

GENERAL ASSIGNMENT OF RENTS AND LEASES

THIS INDENTURE made in duplicate this 29th day of August, 2011.

BETWEEN:

5684961 MANITOBA LTD.
(the "Assignor")

- AND -

FIRST NATIONAL FINANCIAL GP CORPORATION,
(the "Assignee")

WHEREAS the Assignor is registered under *The Real Property Act* (Manitoba) as the owner of an estate in fee simple in all those lands and premises municipally known as 485 Furby Street, Winnipeg, Manitoba, legally described as being:

LOTS 8 AND 9, PLAN 313 WLTO (W DIV)
IN RL 73, PARISH OF ST. JAMES

(the "Lands");

AND WHEREAS by a mortgage (the "Mortgage") dated the 29th day of August, 2011, to be registered in the Winnipeg Land Titles Office in the principal amount of \$2,089,256.25, the Assignor mortgaged to the Assignee the Lands to secure the repayment of the aforesaid principal amount with interest in the manner and at the rate set forth in the Mortgage together with all other amounts secured by the Mortgage (the "Indebtedness");

AND WHEREAS the Assignor hereby represents that it is the registered owner of the Lands and has entered into leases with the present occupants thereof, as lessees, and may be entering into further leases and renewals of current and future leases from time to time in connection with the Lands (all of which are hereinafter referred to as the "Leases");

AND WHEREAS it was a condition precedent to and a term of the making of an advance under the Mortgage that the Assignor should assign to the Assignee by way of additional collateral security to the Mortgage the Leases and all benefits and advantages to be derived therefrom, including all rents and other monies now due or accruing due or at any time hereafter to become due under and by virtue of any and all leases, verbal or written, present and future, at any time made during the existence of the Mortgage in respect of the Lands or any part thereof;

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the premises and of the sum of \$1.00 now paid by the Assignee to the Assignor, the receipt whereof is hereby acknowledged, the parties hereby covenant and agree with each other as follows:

1. The Assignor does hereby assign, transfer and set over unto the Assignee the Leases and the rents payable thereunder, and all benefits and advantages to be derived therefrom and all the rights, title, interest and powers of the Assignor contained or implied in the Leases, including without limiting the generality of the foregoing, the right of distress; to have and to hold the same unto the Assignee absolutely, and the Assignor does irrevocably nominate, constitute and appoint the Assignee, its agent and attorney for the purpose of collecting rents due under the Leases and notwithstanding that the Mortgage is not in default, the Assignor grants to the Assignee such and all possession as between the Assignor and the Assignee as may be necessary and lawful to implement the rights of the Assignor under the Leases.

Provided that nothing herein contained shall be deemed to have the effect of making the Assignee responsible for the collection of the said rents or any part thereof, or for the performance of any of the covenants, provisions, stipulations, terms or conditions to be observed or performed either by the Assignor or the Lessee contained or implied in the Leases and that the Assignee shall not, by virtue of these presents or of anything done hereunder, be deemed a mortgagee in possession of the Lands.

2. It is understood and agreed between the Assignor and the Assignee that:

- (a) provided there be no default under the Mortgage, the Assignor may collect the rents payable under the Leases as in the Leases provided;
- (b) forthwith on the receipt of any notice from the Lessee with regard to the Leases, the Assignor will forward a copy thereof to the Mortgagee at its office at:

First National Financial GP Corporation
c/o Montrose Mortgage Corporation
1110 - 200 Graham Avenue
Winnipeg, Manitoba, R3C 4L5

- (c) the Assignee shall be liable to account for only such monies as may actually come into its hands by virtue of these presents, less proper collection charges and costs (including solicitor and client costs) and other reasonable costs to which the Assignee may be put in connection therewith, and such monies when so received by the Assignee shall be applied on account of the Mortgage to which this assignment is taken as collateral security;
- (d) these presents shall not be construed as altering in any way, any of the terms, provisions or conditions of the Mortgage;
- (e) the Assignor agrees that any default by it under any of the terms or provisions of the Leases, may be construed at the option of the Assignee, as a default under the Mortgage in the same manner as if the Assignor had defaulted in the payment of a monthly instalment of principal and interest becoming due and payable under the Mortgage, and in the event

that the Assignee acquires or obtains title to the Assignor's interest in the Lands by foreclosure or otherwise this assignment shall ipso facto become absolute, and the Assignor agrees that its interest in the Leases shall thereupon be wholly extinguished and in the event that the Assignee sells the Assignor's interest in the Lands in exercise of its power of sale under *The Real Property Act* of Manitoba, the Assignor does hereby irrevocably nominate, constitute and appoint the Assignee its attorney to execute and deliver an absolute assignment of the Assignor's interest in the Leases to the Purchaser of the Lands.

3. It is hereby understood and agreed between the Parties hereto that:
- (a) notwithstanding the execution of these presents or anything herein contained, the Assignor shall be and remain liable for the observance and performance of each and all of the covenants, terms, conditions, agreements and obligations on the part of the lessor contained or implied in the Leases;
 - (b) except as provided by this assignment, the rent and other monies payable under the Leases will be paid in no other manner and at no other times than those set out in the Leases; that the Assignor will not at any time collect more than one month's rental in advance under the Leases without the written consent of the Assignee first had and obtained; that the Assignor will not discount, rebate or otherwise dispose of or permit any abatement of the rent and other monies payable under the Leases; that the Assignor and the Lessee will not modify or alter any of the terms or provisions of the Leases without the written consent of the Assignee first had and obtained; and the Assignor agrees that it will not commit any breach of the covenants, terms and conditions on its part to be observed and performed under the Leases;
 - (c) on receipt by the Lessee of any notice from the Assignee, its successors or assigns or by any person, firm or corporation purporting to act as agent for the Assignee, to pay the rent payable under the Leases to the Assignee or its nominee, the Lessee thereafter shall pay the rent and any other monies due under the Leases to the Assignee or its nominee, and the Lessee shall not be required to make any inquiries as to the right of the Assignee, its successors or assigns, to give or the sufficiency or validity of such notice or otherwise, but payment of the rent (and other monies to the Assignee, its successors and assigns, pursuant to such notice shall be *pro tanto* satisfaction of the rent payable by the Lessee under the Leases;

4. It is agreed that wherever the singular number or the masculine gender is used in this assignment, the same shall be construed as including the plural and feminine and neuter respectively where the fact or context so requires.

5. This agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together, shall constitute one and the same instrument and shall be effective as of the formal date hereof.

6. All covenants and agreements on the part of the Assignor and the Lessee shall extend to and be binding on the Assignor and on the Lessee and their respective successors and assigns and shall enure to the benefit of the Assignee and its successors and assigns.

IN WITNESS WHEREOF each of the Assignor, the Lessee and the Assignee has caused its corporate seal to be hereunto affixed, attested by the signatures of its proper officers in that behalf on the day and year first written, and the Lessee has caused its corporate seal to be hereunto affixed, attested to by the signatures of its proper officers in that behalf this 29th day of August, 2011.

AS ASSIGNOR:

5684961 MANITOBA LTD.

Per: 

Name: Douglas Thieson
Title: President

Per: 

Name: Patrick Peamer
Title: Secretary

This is **Exhibit "I"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

A handwritten signature in blue ink, appearing to be 'MRB', is written over a horizontal line.

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba

REQUEST TO FIX RATE
CONSTRUCTION TO TERM

TO: First National Financial LP
100 University Avenue
Suite 700, North Tower
Toronto, Ontario M5J 1V6

Attention: Mr. Jeremy Wedgbury & Jamie McCallum Fax:(416) 593-1900

Re COMMITMENT LETTER BETWEEN 5684961 Manitoba Ltd. AND FIRST NATIONAL FINANCIAL LP DATED August 10, 2011 (the "Commitment")

PROPERTY ADDRESS: 485 Furby Street, Winnipeg MB
MORTGAGE NUMBER: 513436

Notwithstanding any provision of the Commitment to the contrary, the undersigned hereby requests that you fix the Interest Rate of the Term Loan upon receipt of this Request and in any event no later than one (1) Business Day from the date hereof.

The undersigned hereby confirms that all conditions precedent to the conversion of the Loan from a Construction Loan to a Term Loan contained in the Commitment have been satisfied.

The undersigned acknowledges that the Lender's agreement to fix the Interest Rate for a 10 Year Term, such that the maturity date of the loan is September 1, 2023, at a spread of 95 basis points over the 10 Year Canada Mortgage Bond, as set out under Schedule 3 of the Commitment (attached hereto for reference purposes), prior to the completion of the Lender and, if applicable, CMHC confirming that all conditions precedent to such conversion have been satisfied is at the request of, sole risk of and sole benefit to the Borrower. Any hedge costs, extension or breakage costs, or other costs ancillary or incidental thereto incurred by the Lender as a result of or related to the foregoing shall be at the sole expense of the Borrower and the undersigned hereby agrees to indemnify and save harmless the Lender from any and all costs, liabilities and charges related thereto.

The undersigned agrees that the Lender's agreement to fix the Interest Rate as requested herein shall not be construed as confirmation by the Lender or CMHC that the conditions precedent to the conversion to a Term Loan have been satisfied.

DATED the 13 day of September, 2013.

5684961 Manitoba Ltd.

Per: 

Per: _____

I/We have the authority to bind the Corporation

CONFIRMATION

Pursuant to the above request, we hereby advise that the rate of interest has been fixed at 4.22%.

FIRST NATIONAL FINANCIAL LP

Per: 

Michele Cook
Director, Commercial Mortgages

This is **Exhibit "J"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

A handwritten signature in blue ink, appearing to be 'W. R. L.', written over a horizontal line.

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba

STATUS OF TITLE

Title Number **2551809/1**
Title Status **Accepted**
Client File **0165206**



1. REGISTERED OWNERS, TENANCY AND LAND DESCRIPTION

5684961 MANITOBA LTD.

IS REGISTERED OWNER SUBJECT TO SUCH ENTRIES RECORDED HEREON
IN THE FOLLOWING DESCRIBED LAND:

LOTS 8 AND 9 PLAN 313 WLTO (W DIV)
IN RL 73 PARISH OF ST JAMES

The land in this title is, unless the contrary is expressly declared, deemed to be subject to the reservations and restrictions set out in section 58 of *The Real Property Act*.

2. ACTIVE INSTRUMENTS

Instrument Type: **Mortgage**
Registration Number: **4119823/1**
Instrument Status: **Accepted**

Registration Date: 2011-09-06
From/By: 5684961 MANITOBA LTD.
To: FIRST NATIONAL FINANCIAL GP CORPORATION

Amount: \$2,089,256.25
Notes: No notes
Description: No description

INSTRUMENTS THAT AFFECT THIS INSTRUMENT

<u>Registration Number</u>	<u>Instrument Type</u>	<u>Status</u>
4147247/1	Amending Agreement	Accepted
4214343/1	Amending Agreement	Accepted
4427771/1	Transfer Of Mortgage	Accepted
5137970/1	Transfer Of Mortgage	Accepted
5150372/1	Notice Exercising Power Of Sale	Accepted

Instrument Type: **Caveat**
Registration Number: **4119824/1**
Instrument Status: **Accepted**

Registration Date: 2011-09-06
From/By: FIRST NATIONAL FINANCIAL GP CORPORATION
To: JOHN T. MCGOEY, AS AGENT

Amount:
Notes: No notes
Description: GENERAL ASSIGNMENT OF RENTS AND LEASES

INSTRUMENTS THAT AFFECT THIS INSTRUMENT

<u>Registration Number</u>	<u>Instrument Type</u>	<u>Status</u>
4427775/1	Assignment Of Caveat	Accepted
5464077/1	Assignment Of Caveat	Accepted

Instrument Type: **Personal Property Security Notice**
Registration Number: **4119825/1**
Instrument Status: **Accepted**

Registration Date: 2011-09-06
From/By: FIRST NATIONAL FINANCIAL GP CORPORATION
To: JOHN T. MCGOEY, AS AGENT

Amount:
Notes: No notes
Description: EXPIRES ON 2041/10/01

Instrument Type: **Amending Agreement**
Registration Number: **4147247/1**
Instrument Status: **Accepted**

Registration Date: 2011-11-07
From/By: FIRST NATIONAL FINANCIAL GP CORPORATION
To: 5684961 MANITOBA LTD.

Amount:
Notes: No notes
Description: No description

Instrument Type: **Amending Agreement**
Registration Number: **4214343/1**
Instrument Status: **Accepted**

Registration Date: 2012-05-14
From/By: FIRST NATIONAL FINANCIAL GP CORPORATION
To: 5684961 MANITOBA LTD.

Amount:
Notes: No notes
Description: No description

Instrument Type: **Transfer Of Mortgage**
Registration Number: **4427771/1**
Instrument Status: **Accepted**

Registration Date: 2013-11-13
From/By: FIRST NATIONAL FINANCIAL GP CORPORATION
To: COMPUTERSHARE TRUST COMPANY OF CANADA

Amount: \$2.00
Notes: No notes
Description: No description

Instrument Type: **Assignment Of Caveat**
Registration Number: **4427775/1**
Instrument Status: **Accepted**

Registration Date: 2013-11-13
From/By: FIRST NATIONAL FINANCIAL GP CORPORATION
To: COMPUTERSHARE TRUST COMPANY OF CANADA

Amount:
Notes: No notes
Description: No description

Instrument Type: **Mortgage**
Registration Number: **4852462/1**
Instrument Status: **Accepted**

Registration Date: 2017-06-14
From/By: 693 MARYLAND LTD., 485 SHERBROOK LTD. ETAL
To: PRO AUTO LTD.

Amount: \$2,500,000.00
Notes: No notes
Description: No description

Instrument Type: **Builders Lien**
Registration Number: **5106419/1**
Instrument Status: **Accepted**

Registration Date: 2019-09-11
From/By: Omar's Environmental Ltd.
Against: 5684961 Manitoba Ltd.

Amount: \$2,834.16
Notes: No notes
Description: No description

Instrument Type: **Transfer Of Mortgage**
Registration Number: **5137970/1**
Instrument Status: **Accepted**

Registration Date: 2019-12-17
From/By: Computershare Trust Company of Canada
To: First National Financial GP Corporation

Amount: \$1.00
Notes: No notes
Description: No description

Instrument Type: **Notice Exercising Power Of Sale**
Registration Number: **5150372/1**
Instrument Status: **Accepted**

Registration Date: 2020-02-03
From/By: First National Financial GP Corporation
Against: Albina P. Moran as agent

Amount:
Notes: No notes
Description: No description

INSTRUMENTS THAT AFFECT THIS INSTRUMENT

<u>Registration Number</u>	<u>Instrument Type</u>	<u>Status</u>
5173068/1	Application For Order For Sale	Accepted
5464078/1	Application For Order For Sale	Accepted

Instrument Type: **Application For Order For Sale**
Registration Number: **5173068/1**
Instrument Status: **Accepted**

Registration Date: 2020-05-08
From/By: FIRST NATIONAL FINANCIAL GP CORPORATION
To:

Amount:
Notes: No notes
Description: REQUEST FOR PRIVATE CONTRACT

Instrument Type: **Caveat**
Registration Number: **5397709/1**
Instrument Status: **Accepted**

Registration Date: 2022-02-15
From/By: THE CITY OF WINNIPEG
To:

Amount:
Notes: No notes
Description: Compliance Order s. 184(3) The City of Winnipeg Charter

Instrument Type: **Assignment Of Caveat**
Registration Number: **5464077/1**
Instrument Status: **Accepted**

Registration Date: 2022-09-01
From/By: Computershare Trust Company of Canada
To: First National Financial GP Corporation

Amount:
Notes: No notes
Description: No description

Instrument Type: **Application For Order For Sale**
Registration Number: **5464078/1**
Instrument Status: **Accepted**

Registration Date: 2022-09-01
From/By: First National Financial GP Corporation
To:

Amount:
Notes: No notes
Description: REQUEST FOR PUBLIC AUCTION

3. ADDRESSES FOR SERVICE

5684961 MANITOBA LTD.
900-400 ST. MARY AVENUE
WINNIPEG MB
R3C 4K5

4. TITLE NOTES

No title notes

5. LAND TITLES DISTRICT

Winnipeg

6. DUPLICATE TITLE INFORMATION

Duplicate not produced

7. FROM TITLE NUMBERS

2311283/1 All

8. REAL PROPERTY APPLICATION / CROWN GRANT NUMBERS

No real property application or grant information

9. ORIGINATING INSTRUMENTS

Instrument Type: **Request To Issue Title**

Registration Number: **4119815/1**

Registration Date: 2011-09-06

From/By: 5684961 MANITOBA LTD.

To:

Amount:

10. LAND INDEX

Lot 8 Plan 313
RL 73 JA (W DIV)

Lot 9 Plan 313
RL 73 JA (W DIV)

CERTIFIED TRUE EXTRACT PRODUCED FROM THE LAND TITLES DATA STORAGE
SYSTEM OF TITLE NUMBER 2551809/1

This is **Exhibit "K"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

A handwritten signature in blue ink, appearing to be 'M. P.', is written over a horizontal line.

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba

Business Debtor

Trista Suzanne
Marie Fenluk
(tds1tfen)



Services

Registration Services

- Financing Statement
- Change Statement
- Discharge Statement
- Global Change

Search Services

- Individual Debtor
- Business Debtor
- Registration Number
- Serial Number
- Document Copies

Other Services

- Fees
- Party Code
- Registration History
- Contact Us
- eRegistration
- Land Titles Online
- Plan Deposit Submission
- Title Check
- Account Information

- Search Results
- Similar Matches
- Print Requests
- Mailing Information
- Payment

Help

Search by Business Debtor

Date: 2023-01-06
Time: 12:15:22 PM
Transaction Number: 10267261924
User ID: Trista Suzanne Marie Fenluk

Business Name: 5684961 Manitoba Ltd.

Account Balance: \$14,784.00

1 exact match was found.

1 similar match was found.

EXACT MATCHES

Business Debtor Name	No. of Registrations
1. 5684961 Manitoba Ltd.	1

1. 5684961 Manitoba Ltd.

1.1 5684961 Manitoba Ltd.: Registration 201114683901 (2011-08-30 9:40:58 PM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2041-10-01
Debtor Address	c/o 900 - 400 St. Mary Avenue Winnipeg, MB Canada R3C 4K5
This registration is jointly registered with these individual debtors (surname, first given name, second given name)	Thlessen, Douglas, Brian Henry
	Penner, Patrick, Gilbert Roy
This registration is jointly registered with these business debtors	6315402 Manitoba Ltd.
	K & P Properties Inc.
	5684995 Manitoba Ltd.
Secured Parties (party code, name, address)	First National Financial GP Corporation c/o Montrose Mortgage Corporation 1110 - 200 Graham Avenue Winnipeg, MB Canada R3C 4L5
General Collateral Description	*The security interest is taken in all of the debtor's present and after-acquired personal property. An Assignment of Rents and Leases and General Security Agreement granted by the Debtor to the Secured Party granting among other things a continuing fixed security interest in all goods, chattels, appliances, furnishings, fixtures, plant, machinery, improvements and equipment and other property some of which are specifically described in said security agreement, on the lands commonly known as 737/743 Sargent Avenue; and 485 Furby Street, Winnipeg, Manitoba.
Change History	Registration Number: 201414723417 (2014-08-07 12:49:59 PM) Sections Changed: Business Debtors, General Collateral Description
	Registration Number: 201114691211 (2011-08-31 8:46:03 AM) Sections Changed: Business Debtors, General Collateral Description

[Back to Top](#)

END OF EXACT MATCHES

Additional Options:

To view similar matches, please select the "Similar Matches" tab.
To request Printed Search Results or Printed Registered Documents, please select the "Print Requests" tab.
To start a new search, please select the "New Search" button:

[New Search](#)

Search Results	Similar Matches	Print Requests	Mailing Information	Payment
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[Printer Friendly Version](#)

[Privacy](#)

Trista Suzanne
Marie Feniuk
(tds1tfn)

Business Debtor

Search Results	Similar Matches	Print Requests	Mailing Information	Payment
----------------	-----------------	----------------	---------------------	---------



Help

Search by Business Debtor: 1 similar match was found.

Business Debtor Name	No. of Registrations
1. 5684961 MANITOBA LTD	1

1. 5684961 MANITOBA LTD Include in Printed Search Results

1.1 5684961 MANITOBA LTD: Registration 201321852705 (2013-12-03 12:53:43 PM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2023-12-03
Debtor Address	900-400 ST. MARY AVENUE WINNIPEG, MB CANADA R3C 4K5
Secured Parties (party code, name, address)	COMPUTERSHARE TRUST COMPANY OF CANADA C/O FIRST NATIONAL FINANCIAL GP CORPORATION, 700-100 UNIVERSITY AVENUE TORONTO, ON CANADA M5J 1V6
General Collateral Description	485 FURBY STREET WINNIPEG MB R3B 2V9 DOMINANT TENEMANT PID 2551809 LOTS 8 AND 9 PLAN 313 WLTO (W DIV) IN RL 73 PARISH OF ST JAMES

[Back to Top](#)

Search Results	Similar Matches	Print Requests	Mailing Information	Payment
----------------	-----------------	----------------	---------------------	---------

[Printer Friendly Version](#)

Services

Registration Services

- Financing Statement
- Change Statement
- Discharge Statement
- Global Change

Search Services

- Individual Debtor
- Business Debtor
- Registration Number
- Serial Number
- Document Copies

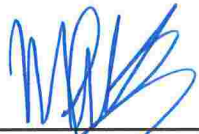
Other Services

- Fees
- Party Code
- Registration History
- Contact Us
- eRegistration
- Land Titles Online
- Plan Deposit Submission
- Title Check
- Account Information

This is **Exhibit "L"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023



A Barrister-at-Law entitled to practise
in and for the Province of Manitoba

March 3, 2021

To: 5684961 Manitoba Ltd., as Borrower
P.O. Box 285-971 Corydon Avenue
Winnipeg, MB R3M 3S7

Attention: Patrick Penner (pkharpenn@shaw.ca)

To: Douglas Thiessen, as Guarantor
14 Breland Bay
Winnipeg, MB R3X 2B9

Attention: Douglas Thiessen (doughthiessen@hotmail.ca)

Patrick Penner, as Guarantor
P.O. Box 285-971 Corydon Avenue
Winnipeg, MB R3M 3S7

Attention: Patrick Penner (pkharpenn@shaw.ca)

K&P Properties Inc., as Guarantor
P.O. Box 285-971 Corydon Avenue
Winnipeg, MB R3M 3S7

Attention: Patrick Penner (pkharpenn@shaw.ca)

6315402 Manitoba Ltd., as Guarantor
14 Breland Bay
Winnipeg, MB R3X 2B9

Attention: Douglas Thiessen (doughthiessen@hotmail.ca)

Dear Sirs:

Re: MMC #1393 -- 5684961 Manitoba Ltd.
485 Furby Street, Winnipeg, MB (the "Property")

We are authorized by First National Financial GP Corporation ("First National") to advise you of the terms and conditions under which First National is prepared to suspend enforcement proceedings under its security. Your unqualified acknowledgement of and agreement with such terms and conditions is required in writing on or before March 8, 2021.

First National will suspend attainment of rents at the Property upon and subject to the following terms and conditions:

1. Current principal and interest arrears of \$62,264.20 (the "Arrears") shall be paid as follows:
 - (a) Rents collected by ASH Management to continue to be applied to the loan arrears monthly;
 - (b) Receipt of the CERB Payment in the amount of \$20,195;
 - (c) Additional \$4,000 per month payment to commence on April 15, 2021 until the balance of the arrears are cleared.
2. Subject to the approval of Canada Mortgage and Housing Corporation ("CMHC"), repayment of sums advanced by or on behalf of First National to preserve and protect the property, including property taxes (\$82,886.11), and insurance premiums in the amount of \$16,838.11, shall be made by monthly installments on a five (5) year amortization and terms commencing April 15, 2021. If any additional amounts are expended by or on behalf of First National, such monthly installments shall be increased to incorporate repayment of additional amounts within the five (5) year term and amortization. Such monthly installments will be added to the current monthly installments payable under the First National security.

3. Quarterly inspections shall be made by A.S.H. Management to ensure that the Property is being maintained properly.
4. Financial statements are to be provided as follows:
 - (a) Updated net worth statement for Douglas Thiessen, (received)
 - (b) Monthly rent roll,
 - (c) Quarterly operating statements, beginning with the first quarter of 2021, and
 - (d) Clear City of Winnipeg tax certificate. *Paid in Fall including 2021 by Dec 2021*
5. With respect to insurance for the Property, you will provide a certificate of insurance in form and content acceptable to First National. Until such certificate is provided, the insurance coverages and the premiums arranged on behalf of First National will remain in place and will be charged to the mortgage account in the amount of \$638.72, adjusted annually.
6. No other defaults under the First National Security shall be made or shall occur.
7. All terms and conditions of the existing loan documentation continue to remain in effect.
8. If the foregoing terms and conditions are observed, kept and performed continuously through calendar 2021, First National will terminate any enforcement proceedings which it is currently exercising and those to which it may be entitled to exercise.

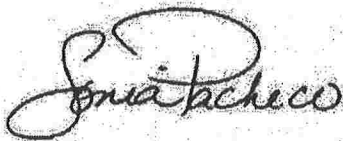
Please signify your acknowledgement and agreement with the foregoing by signing and returning a copy of this letter to us on or before March 20, 2021. If all parties to whom this letter is addressed do not meet such deadline, the foregoing undertaking on behalf of First National shall not take effect, and First National shall be entitled to take such further steps and proceedings as it may, in its sole discretion deem necessary or advisable.

All other terms and conditions of the original Commitment letter and any amending letters thereto are to remain unchanged and in full force and effect.

Should you have any questions please do not hesitate to contact the undersigned directly at (204) 982-1138 or via email at spacheco@montrosemortgage.com.

Yours truly,

MONTROSE MORTGAGE CORPORATION LTD.



Sonia Pacheco
Senior Mortgage Closing Specialist

ACKNOWLEDGEMENT:

I/We hereby agree to the above terms and conditions this ____ day of March, 2021.

Name: _____
Position: _____
5884981 Manitoba Ltd., as Borrower

Date: March 9/2021

Name: _____
Position: _____

Date: _____

Name: _____
Position: _____
Douglas Thissen, as Guarantor

Date: _____

Name: _____
Position: _____
K & P Properties Inc, as Guarantor

Date: March 9/2021

Name: _____
Position: _____
6315402 Manitoba Ltd., as Guarantor

Date: _____

ACKNOWLEDGMENT

We hereby agree to the above terms and conditions as of 07/01/07

STATE OF CALIFORNIA, by _____

Date

Date

Date

Date

Date

Date

Date

Date

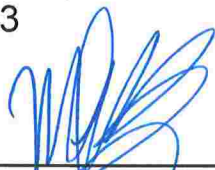
Date

Date

This is **Exhibit “M”** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

A handwritten signature in blue ink, appearing to be 'M. Pacheco', is written over a horizontal line.

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba

1. AGENT

This caveat will be signed by an agent

2. CAVEATOR

- Individual i Full legal name required
- Corporation
- Government and Government Agency

Name

The City of Winnipeg + -

Address for Service

510 Main Street

City

Winnipeg

Province

Manitoba

Country

Canada

Postal Code

R3B 1B9

- The Public Guardian and Trustee of Manitoba notice under s.18(1) of *The Public Guardian and Trustee Act*
- Executor, Administrator, Trustee

3. ESTATE OR INTEREST IN LAND CLAIMED

Estate or Interest in Land Claimed

Compliance Order. s. 184(3) The City of Winnipeg Charter + -

- The land does not comply with *The City of Winnipeg Charter*.
- A building or structure on the land, does not comply with *The City of Winnipeg Charter*.
- The land does not comply with an enactment that the city is authorized or required to enforce, or a by-law.
- A building or structure on the land, does not comply with an enactment that the city is authorized or required to enforce, or a by-law.

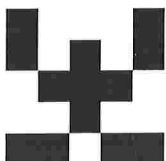
Specifically: Failure to comply with sections 12.1 and 12.2 of City of Winnipeg Building By-Law No. 4555/87.

4. BASIS FOR CLAIM

Folder: 21-217841 ORD issued to 5684961 Manitoba Ltd. by The City of Winnipeg dated September 27, 2021 regarding 485 Furby Street.

For your protection, ensure the following before signing:

1. The exact image and the barcode below, are present on all pages.



2. The 32 character control number below is present and identical on all pages.

72D8-9A2E-094F-4CC3-72CA-5ECB-FFCB-9867

3. All 3 Caveat content pages are present.

Copy of agreement or supporting documents attached

5. LEGAL DESCRIPTION

Land 1

- All or part of a title
 - Current title number Issuing from title number
- 2551809/1 All Part

Land Description

LOTS 8 AND 9 PLAN 313 WLTO (W DIV)
IN RL 73 PARISH OF ST JAMES

- All units in a condominium plan
- All lots, blocks and parcels in a plan

Names of all registered owners. Indicate if their interests are affected:

- All registered owners' interests are affected
- Individual Corporation Government and Government Agency Estate Religious Society Cemetery Trust

Corporation Name

5684961 MANITOBA LTD.

Interests Affected

6. AFFECTED INSTRUMENT

No Instrument can be affected by the selected interests.

7. THE FARM LANDS OWNERSHIP ACT EVIDENCE

The Farm Lands Ownership Act evidence is not required.

8. INSTRUMENT PREPARED BY

Given Name Middle Names Surname Suffix

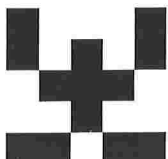
Company

Telephone + Extension E-Mail

File Number Description

For your protection, ensure the following before signing:

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2. The 32 character control number below is present and identical on all pages.

72D8-9A2E-094F-4CC3-72CA-5ECB-FFCB-9867

3. All 3 Caveat content pages are present.

Unlock Form and Remove Signature Pages

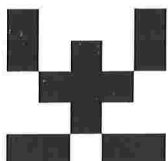


Once you have clicked the Lock Form and Create Signature Pages button, you will not be able to change the registration form. You will be able to fill in certain areas in the signature pages before printing.

If you want to change the registration form once the signature pages have been created, you must click the Unlock Form and Remove Signature Pages button. If you do this, you will lose all changes made to the signature pages. Any signature pages already printed will be invalid and will have to be regenerated, reprinted and, where they have already been signed, resigned.

For your protection, ensure the following before signing:

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2. The 32 character control number below is present and identical on all pages.

72D8-9A2E-094F-4CC3-72CA-5ECB-FFCB-9867

3. All 3 Caveat content pages are present.

SIGNATURES AND EVIDENCE

- 1. I am signing this caveat on behalf of the caveator and the statements made in this caveat are true in substance and fact.
2. I personally believe the caveator has a good and valid claim upon the within land.
3. This caveat is not filed for the purpose of delaying or embarrassing any person.
4. To the best of my knowledge, this caveat is not being filed for the purpose of giving notice of a disposition that is prohibited by section 4 of The Homesteads Act.
5. Additional evidence

I have the authority to sign pursuant to delegations under the Execution of Documents By-law No. 78/2015.

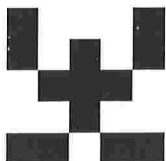
Signature [] Date 2022-02-07 (YYYY-MM-DD)
Name Robert Cox
Position Solicitor
Caveator The City of Winnipeg

By virtue of section 194 of The Real Property Act, any statement set out in this document and signed by the party making the statement has the same effect and validity as an oath, affidavit, affirmation or statutory declaration given pursuant to The Manitoba Evidence Act.

SINGULAR INCLUDES PLURAL AND VICE VERSA WHERE APPLICABLE. In this document "I" or "me" is to be read as including all caveators whether individual or corporate.

For your protection, ensure the following before signing:


- 1. The exact image and the barcode below, are present on all pages.
2. The 32 character control number below is present and identical on all pages.
72D8-9A2E-094F-4CC3-72CA-5ECB-FFCB-9867
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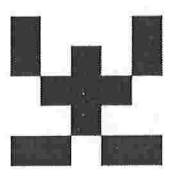
Signature		Date	2022-02-07
			(YYYY-MM-DD)
Name	Robert Cox		
Position	Solicitor		
Caveator	The City of Winnipeg		

By virtue of section 194 of *The Real Property Act*, any statement set out in this document and signed by the party making the statement has the same effect and validity as an oath, affidavit, affirmation or statutory declaration given pursuant to *The Manitoba Evidence Act*.

SINGULAR INCLUDES PLURAL AND VICE VERSA WHERE APPLICABLE. In this document "I" or "me" is to be read as including all caveators whether individual or corporate.

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2. The 32 character control number below is present and identical on all pages.
72D8-9A2E-094F-4CC3-72CA-5ECB-FFCB-9867
3. All 3 Caveat content pages are present.



Do not alter or staple this form



Planning, Property and Development Department • Service de l'urbanisme, des biens et de l'aménagement
Development and Inspections Division • Division de l'aménagement et des inspections
Enforcement Services Unit • Unité des services d'exécution

Page 1

In reply please refer to / Référence à rappeler: James Cameron
Phone: (204) 986-2652

ORDER MITIGATE UNSAFE CONDITION

September 27, 2021

REGISTERED MAIL: RN 445 931 237 CA
5684961 Manitoba Ltd.
2200-201 Portage Avenue
Winnipeg, MB, R3B 3L3

REGULAR MAIL
5684961 Manitoba Ltd.
2200-201 Portage Avenue
Winnipeg, MB, R3B 3L3

REGISTERED MAIL: RN 445 931 245 CA
5684961 Manitoba Ltd.
PO Box 285, RPO Corydon
Winnipeg, MB, R3M 3S7

REGULAR MAIL
5684961 Manitoba Ltd.
PO Box 285, RPO Corydon
Winnipeg, MB, R3M 3S7

RE: 485 Furby Street

FOLDER NO: 21-217841 ORD

LEGAL DESCRIPTION: LOTS 8 AND 9 PLAN 313 WLTO (W DIV) IN RL 73 PARISH OF ST JAMES

It has come to the attention of the undersigned that the above noted premises has revealed hazardous condition(s).

This contravenes the City of Winnipeg Building By-law No. 4555/87, specifically:

Section 12.1 "Premises are in an unsafe condition when they pose a risk of harm to people, animals or neighbouring properties and, without restricting the generality of the foregoing, a property is in an unsafe condition when (a) all or parts of the buildings or structures located on the premises constitute a fire hazard or are likely to fall or cause an explosion; (b) the floors, stairs, walls and other structural aspects of buildings or structures located on the premises are insecure or pose a danger to people or animals who enter the buildings or structures; (c) a vacant building or structure is unguarded or open so that entry can be easily gained to it; or (d) wells, excavations, openings or holes located on the premises are not property covered or guarded so that people or animals could fall into them and be trapped.", and/or:

Section 12.2 "The owner and occupant of premises shall not permit those premises to be in an unsafe condition."

A copy of the aforementioned By-laws can be viewed at:

<http://clkapps.winnipeg.ca/dmis/docext/ViewDoc.asp?DocumentTypeId=1&DocId=1265&DocType=C>

Justification for Order: cracking has been observed in the foundation walls at the west end of the building, and, areas of facebrick on all exterior elevations of the building have become loose and have pulled away from the building.

ACCORDINGLY, YOU ARE HEREBY ORDERED engage in one (1) of the following two (2) scheduled timelines at the address known municipally as 485 Furby Street:

OPTION 1:

1. Obtain the services of a structural engineer, licensed to practice in the Province of Manitoba, to inspect the building and forward a report to this office that either:
 - (a) certifies the structural integrity of the building known municipally as 485 Furby Street in its present condition **on or before, but not later than October 8, 2021;** or,
 - (b) identifies all structural defects and outlines a proposal of remedial repairs required to bring the structural aspects of the building known municipally as 485 Furby Street into compliance with the By-law **on or before, but not later than October 15, 2021;** and
2. If the structural engineer provides a report under (1b), you must:

- (a) submit complete construction plans and documents detailing all required repairs and how the property known municipally as 485 Furby Street will be rehabilitated to comply with the By-law and make an application for the required Building Permit **on or before, but not later than November 5, 2021; and**
- (b) complete all repairs to bring the building known municipally as 485 Furby Street into compliance, making all repairs in a manner accepted as good workmanship in the trade concerned, with materials suitable and sufficient for the purpose and in compliance with all applicable Codes, Regulations and By-laws, **on or before, but not later than January 14, 2022.**

OR

OPTION 2:

Obtain the necessary Demolition Permit **on or before, but no later than October 29, 2021** and have the building known municipally as 485 Furby Street demolished **on or before, but not later than December 28, 2021** leaving the site clean and level.

Permit applications are found at https://winnipeg.ca/ppd/permits/permits_online.stm and permit inquiries can be made at City of Winnipeg, Zoning and Permits Branch, by phone at 204-986-5140, or email ppd-permit@winnipeg.ca.

There may be other Code and By-Law violations at the above noted premises that are unknown at the time of issuance of this Order, therefore, in accordance with section 5.8 of the City of Winnipeg Building By-Law No. 4555/87, our inspection does not relieve the owner from full responsibility for carrying out the work or having the work carried out and for maintaining the building or structure in accordance with the requirements of the Code or By-Law.

FAILURE TO COMPLY

Please note that if you fail to comply with this Order, further enforcement action may be undertaken pursuant to The City of Winnipeg Charter, the Provincial Offences Act, and/ or the Municipal Bylaw Enforcement Act, which may include the City of Winnipeg undertaking and completing any required remediation work related to this Order, and the associated costs could be added to your property tax bill. Your compliance with this Order will make such actions unnecessary.

APPEAL

In accordance with section 189 of The City of Winnipeg Charter, you are entitled to appeal this Order to the Standing Policy Committee on Property & Development, Heritage, and Downtown Development by:

- the date specified for compliance as indicated; or
- fourteen (14) days of receipt of this Order,

whichever is earlier.

You must send your written appeal to:

Standing Policy Committee on Property and Development, Heritage, and Downtown Development

Attention: City Clerks Department

510 Main Street, Winnipeg, MB, R3B 1B9

Fax: 204-947-3452 • CLK-Appeals@winnipeg.ca

Should you have any questions with regard to this matter, please contact the Commercial Building Inspector, David Livingston at 204-986-5190 or dlivingston@winnipeg.ca; Monday to Friday, between the hours of 9:00 a.m. and 4:00 p.m.

Regards,



James Cameron, CET CBCO
Chief Commercial Building Inspector
Development and Inspections Division
Planning, Property and Development
City of Winnipeg
Designated Employee
/ca

Document Review

Registration #	Type	New Titles
----------------	------	------------

5397709/1 Caveat

Notes

This is **Exhibit "N"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba

NOTICE

FROM: FIRST NATIONAL FINANCIAL GP CORPORATION
TO: WHOM IT MAY CONCERN
AND TO: THE TENANTS OF 485 FURBY STREET, WINNIPEG,
MANITOBA

TAKE NOTICE that FIRST NATIONAL FINANCIAL GP CORPORATION is the mortgagee of real property mortgage no. 4119823/1 from your landlord, 5684961 MANITOBA LTD. as mortgagor, which mortgage was registered in the Winnipeg Land Titles Office on the 6th day of September, 2011 (the "Mortgage"), covering the lands and premises commonly known as 485 Furby Street, Winnipeg, Manitoba, and legally described as follows:

LOTS 8 AND 9 PLAN 313 WLTO (W DIV)
IN RL 73 PARISH OF ST JAMES

AND THAT your landlord, the said mortgagor, is in arrears of payments pursuant to the Mortgage and other costs;

AND THAT you are required as tenant of the said mortgagor to pay to FIRST NATIONAL FINANCIAL GP CORPORATION, at the offices of, ASH Management Group Inc., 233 Portage Avenue, Suite 100, Winnipeg, Manitoba, R3B 2A7, Attention: Grant Stevenson, the rent due for the premises you now occupy on the above lands, or so much of such rent as has not already been paid;

AND THAT you are to continue to pay such rent to FIRST NATIONAL FINANCIAL GP CORPORATION from time to time as it falls due UNTIL FURTHER NOTICE in writing from FIRST NATIONAL FINANCIAL GP CORPORATION or its solicitors to the extent of and to be applied on account of the said interest due and hereafter to become due;

AND TAKE NOTICE that you are to pay such rent to FIRST NATIONAL FINANCIAL GP CORPORATION and no other, as FIRST NATIONAL FINANCIAL GP CORPORATION will not be accountable for any rent not received by it; all rent monies received by FIRST NATIONAL FINANCIAL GP CORPORATION from you shall be pro tanto satisfaction of the rent owing by you to the said mortgagor;

AND TAKE NOTICE that all rent monies payable by you are to be paid to FIRST NATIONAL FINANCIAL GP CORPORATION by forwarding to ASH Management Group Inc., 233 Portage Avenue, Suite 100, Winnipeg, Manitoba, R3B 2A7, Attention: Grant Stevenson, **your cheque payable to ASH Management Group Inc.** in an amount of the rent due for the premises you now occupy on the above land, or so much of such rent as has not already been paid;

AND FURTHER TAKE NOTICE that if you default in payment of rent or pay your rent to any person other than FIRST NATIONAL FINANCIAL GP CORPORATION then subject to the exemptions from seizure to which you are entitled by law, FIRST NATIONAL FINANCIAL GP CORPORATION may recover such rent from you and in the same manner and with the same rights as if the relationship of landlord and tenant existed between FIRST NATIONAL FINANCIAL GP CORPORATION and you.

THIS NOTICE is served upon you pursuant to Section 38 of *The Landlord and Tenant Act*.

DATED at Winnipeg, Manitoba, this 28th day of September 2022.

FIRST NATIONAL FINANCIAL GP
CORPORATION

Per: 
Albina P. Moran
Solicitor and Agent

This is **Exhibit "O"** referred
to in the Affidavit of

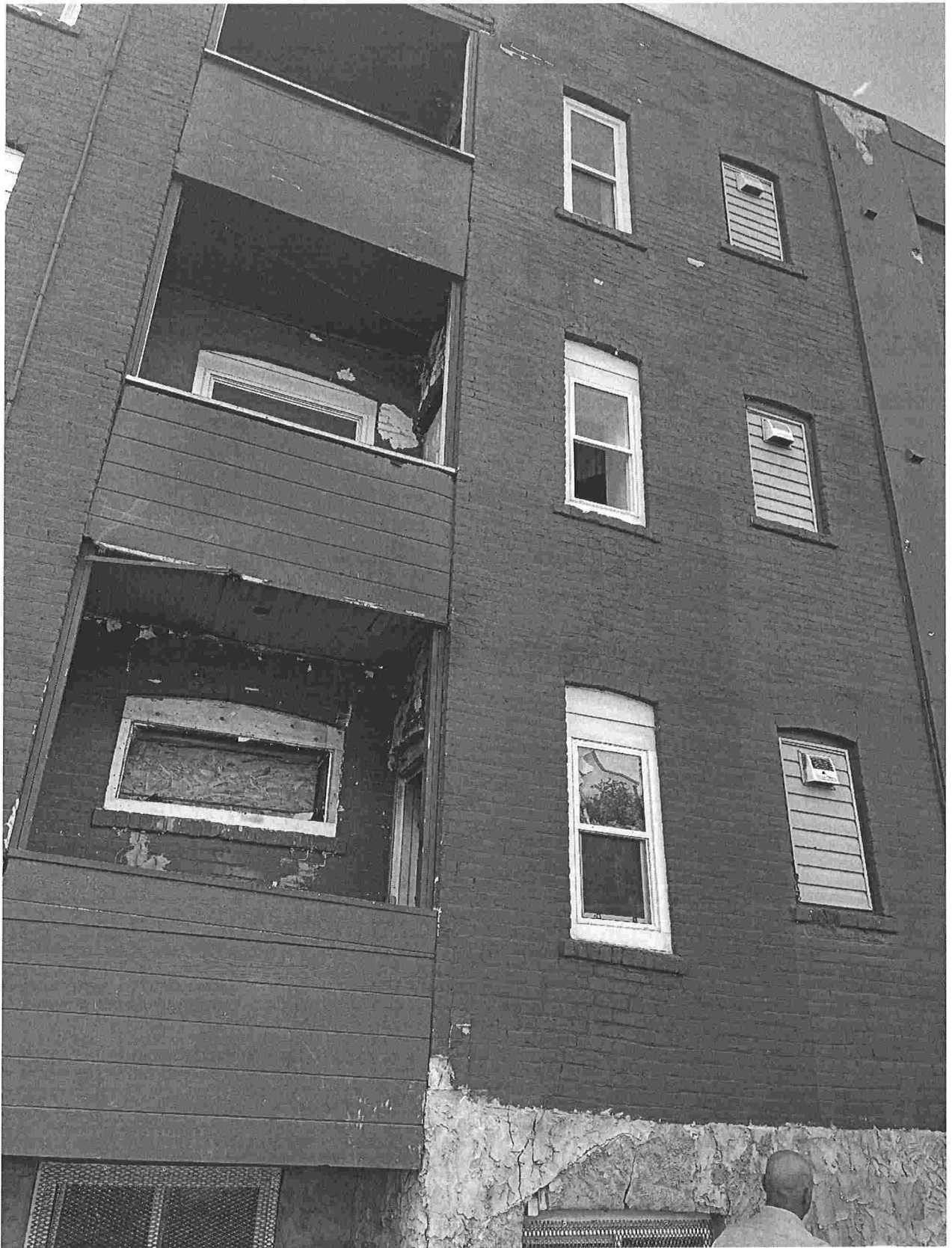
SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

A handwritten signature in blue ink, appearing to be 'W.P.L.', is written over a horizontal line.

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba







Coronado Apts.
185 Furby
NOW RENTING
1 & 2 Bedrooms
Newly Remodelled
Super Location
774-5339
Apt. #1010

This is **Exhibit "P"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023

A handwritten signature in blue ink, consisting of several vertical strokes and a horizontal line at the bottom, positioned above a horizontal line.

A Barrister-at-Law entitled to practise
in and for the Province of Manitoba



THOMPSON
DORFMAN
SWEATMAN

Writer's Name Ross A. McFadyen
Direct Telephone 204-934-2378
E-mail Address ram@tdslaw.com
Direct Fax 204-934-0538

January 16, 2023

**VIA REGISTERED MAIL and
EMAIL (pkharpenn@shaw.ca)**

5684961 Manitoba Ltd.
900 – 400 St. Mary Avenue
Winnipeg MB R3C 4K5

5684961 Manitoba Ltd.
971 Corydon Avenue
Winnipeg MB R3M 3S7

Re: First National Financial GP Corporation
Mortgage of Property at 485 Furby Street
Our Matter No. 0114232 APM

As you are aware, our firm acts as legal counsel for First National Financial GP Corporation ("First National"), the registered and beneficial holder of a mortgage (the "Mortgage") with respect to the property located at 485 Furby Street in Winnipeg, Manitoba (the "Property"). The mortgagee and registered owner of the Property is 5684961 Manitoba Ltd. (the "Borrower").

The Borrower is in default of its obligations under the Mortgage. The defaults include, but are not limited to, a failure to keep current with respect to all required payments under the Mortgage.

In the circumstances, First National is exercising its option to declare all monies secured by the Mortgage, together with interest thereon, to be due and payable by the Borrower. As at January 6, 2023, the full amount due and owing pursuant to the Mortgage was \$2,470,012.69. Interest and costs have continued to accrue on this amount from January 6, 2023 in accordance with the terms of the Mortgage. By way of this letter, First National is demanding paying in full of this sum within ten (10) business days of the date of this letter.

To the extent the Borrower intends to make voluntary arrangements for payment of the amount due under the Mortgage in accordance with this demand, we would



THOMPSON
DORFMAN
SWEATMAN

ask that you contact our office so a precise payout figure can be provided in respect of the day on which payment is anticipated to be made.

Failing receipt of payment as demanded, First National has instructed us to proceed with enforcement of its rights as a secured creditor. In furtherance of that, we are including with this letter a copy of a Notice of Intention to Enforce Security provided pursuant to s. 244 of the *Bankruptcy and Insolvency Act*.

Yours truly,

THOMPSON DORFMAN SWEATMAN LLP

Per:



Ross A. McFadyen

RAM
Encls.

cc. Nicola Hume, First National Financial GP Corporation, *via email*
Sonia Pacheco, Montrose Mortgage Corporation Ltd., *via email*

NOTICE OF INTENTION TO ENFORCE SECURITY
(BANKRUPTCY AND INSOLVENCY ACT, R.S.C, 1985, c. B-3, as amended)

TO: 5684961 MANITOBA LTD.
900 – 400 St. Mary Avenue
Winnipeg MB R3C 4K5

- and -

971 Corydon Avenue
Winnipeg MB R3M 3S7

an insolvent person.

TAKE NOTICE THAT:

1. FIRST NATIONAL FINANCIAL GP CORPORATION ("**First National**"), c/o Montrose Mortgage Corporation Ltd., Suite 1110 – 200 Graham Avenue, Winnipeg, Manitoba, R3C 4L5, a secured creditor, intends to enforce its security on the insolvent person's property described below:
 - (a) All of the undertaking, property and assets of the insolvent person, both real and personal, comprising, located at, arising from or otherwise related to the lands and premises commonly known as 485 Furby Street in Winnipeg, Manitoba (the "**Property**").

2. The security that is to be enforced is in the form of:
 - (a) A real property Mortgage granted by the insolvent person to First National dated August 29, 2011 and registered in the Winnipeg Land Titles Office on September 6, 2011 as No. 4119823/1 (as amended by agreement) in which the insolvent person mortgaged its entire right, title and interest in the Property.

- (b) A General Assignment of Rents granted by the insolvent person on August 29, 2011, registered in the Winnipeg Land Titles Office on September 6, 2011 as Caveat No. 4119824/1, and further perfected by way of registration of a financing statement in the Personal Property Registry for Manitoba (the "PPR") as of August 30, 2011 as Registration No. 201114683901.
 - (c) A site-specific General Security Agreement dated May 7, 2012, registered in the Winnipeg Land Titles Office on September 6, 2011 as Personal Property Security Notice No. 4119825/1, and further perfected by way of registration of a financing statement in the PPR as of August 30, 2011 as Registration No. 201114683901, and a further financing statement as of December 3, 2013 as Registration No. 201321852705.
3. The total amount of indebtedness secured by the security as at January 6, 2023 is \$2,470,012.69, and the said amount less any payments made plus any further advances, interest and costs payable by the insolvent person pursuant to the relevant security agreements is the amount presently secured.
4. First National will not have the right to enforce the security until after the expiry of ten (10) day period after this Notice is sent, unless the insolvent person consents to an earlier enforcement.

DATED at the City of Winnipeg, in the Province of Manitoba, this 16th day of January, 2023.

FIRST NATIONAL FINANCIAL GP
CORPORATION
by its solicitors and agents
Thompson Dorfman Sweatman LLP

Per:



Ross A. McFadyen

This is **Exhibit "Q"** referred
to in the Affidavit of

SONIA PACHECO

Sworn (or affirmed) before me this 13th day of February,
2023



A Barrister-at-Law entitled to practise
in and for the Province of Manitoba

485 Furby – Planning January 22nd, 2023

- Mortgage arrears
 - Including the month of January we have the arrears at \$74376 on the mortgage, Insurance owes us \$83420 for same period so we will sign over those rent cheques.
 - We have NOT received any rents from September on at \$16684 a month, still working on this with insurance.
 - Once received we would like to also cover the CAPEX missed payments which should get that up to date in April. Any balances please send to property taxes
- Property tax arrears
 - Amount owing currently \$181481.27
 - Some of this will be covered with insurance funds for board up
 - We will have an order to pay, would like to get Sargent all cleared up first so those penalties/interest will stop. The balance can come to this amount but not sure on the exact amount yet.
 - Working on additional funds to get this covered this week
- Renovations
 - I have \$64795.96 in funds in First National/5684961 Manitoba Ltd. for the renovations not sure when next cheques are coming but would like to start.
 - Attached is a schedule for repairs, building permit application, and electrical work done to get power back on which I paid the deposit but we need to pay the balance.
 - The renovation except for electrical to building is not extensive and we will allocate the funds so we can get floors rentable 3rd/1st/basement and finish with the 2nd floor as both fire units are on that floor. Once we have the power figured out as the main switch is on back order to June (looking for another) would like to have all renovation completed so we just need to install the switch once arrives.
 - Insurance rents will be coming to end of August so we should have time to get fully rented before that runs out with the building completed.
- Water arrears
 - Working on final water bills, requested from city the final but have not received. Most of the bills were added to property tax.
- Insurance – will have coverage through Harpenn Construction, will provide policy once received.