

File No. CI 23-01-

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 -

6525785 MANITOBA LTD., 6472240 MANITOBA LTD.  
and PGRP PROPERTIES INC.,

Respondents.

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**AFFIDAVIT OF SONIA PACHECO**  
**SWORN: FEBRUARY 13<sup>th</sup>, 2023**

**FILED**  
**FEB 14 2023**

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Thompson Dorfman Sweatman LLP  
1700 – 242 Hargrave Street  
Winnipeg MB R3C 0V1  
(Matter No. 0114232 APM/RAM)  
(Ross A. McFadyen, Tel: 204-934-2378)  
(Mel M. LaBossiere, Tel: 204-934-2508)  
(Email: [ram@tdslaw.com](mailto:ram@tdslaw.com) / [mml@tdslaw.com](mailto:mml@tdslaw.com))

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  
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C.C.S.M. c. C280

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION,

Applicant,

- and -

6525785 MANITOBA LTD., 6472240 MANITOBA LTD.  
and PGRP 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 mortgages of the properties commonly known as 480 Young Street in Winnipeg, Manitoba (the "**Young 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 6525785 Manitoba Ltd. (“**652**”) 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 6472240 Manitoba Ltd. (“**647**”) and PGRP Properties Inc. (“**PGRP**”) with respect to an apartment complex with 24 residential units located at the Young Property.

5. Attached hereto as **Exhibit “A”** is a true copy of a Companies Office (Manitoba) search for 652 dated December 29, 2022.

6. 647 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 Young Property, along with PGRP. Attached hereto as **Exhibit “B”** is a true copy of a Companies Office (Manitoba) search for 647 dated December 29, 2022.

7. PGRP 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 Young Property, along with 647. Attached

hereto as **Exhibit "C"** is a true copy of a Companies Office (Manitoba) search for PGRP dated December 29, 2022.

8. Attached hereto and marked as **Exhibit "D"** is a true copy of a Direction and Consent by Beneficial Owner dated November 14, 2012 from 652, confirming that 647 and PGRP are the sole shareholders of 652, and that 647 and PGRP are the beneficial owners of the Young Property. The Direction and Consent by Beneficial Owner further confirms that 652's title in the real property and assets comprising the Young Property are held as bare trustee for and on behalf of 647 and PGRP.

#### The Young Loan and Security

9. On November 1, 2012, 652, 647 and PGRP all executed a Commitment Letter in respect loan to be provided by First National (the "**Young Loan**"). The Commitment Letter provided for a loan in an amount of \$2,130,625.00, to be secured by way of a first mortgage against the Young Property. Attached hereto and marked as **Exhibit "E"** is a true copy of the Commitment Letter executed November 1, 2012.

10. Subsequent to the execution of the Commitment Letter, amendments were made to the terms and conditions of the Young Loan. These amendments are reflected in letters from Montrose (as agent for First National) dated July 7, 2014 (as executed by 652, 647 and PGRP on July 8, 2014) and April 26, 2016 (as executed by 652, 674 and PGRP on April 27, 2016). Pursuant to the amendment letter dated April 26, 2016, the principal amount of the Young Loan was decreased to \$1,887,228.19. Attached hereto and marked as **Exhibit "F"** are true copies of the said letters.

11. The security provided by 652 in support of the Young Loan included the following:

- (a) A Mortgage of the Young Property dated November 14, 2012 (the "**Young Mortgage**"), as further amended by way of agreement dated July 28, 2014. Attached hereto and marked as **Exhibit "G"** are copies of the Young Mortgage, including Schedule "A" and the Standard Charge Mortgage Terms (No. 1028245) of Canada Mortgage and

Housing Corporation as incorporated into the Young Mortgage, and the said amending agreement;

- (b) A General Security Agreement creating a security interest in favour of First National over all present and after acquired property of 652 in any way relating to the Young Property dated November 14, 2012. Attached hereto and marked as **Exhibit "H"** is a copy of the Security Agreement; and
- (c) A General Assignment of Rents relating to the Young Property dated November 14, 2012, a copy of which is attached hereto and marked as **Exhibit "I"**.

12. Pursuant to and in accordance with the terms of the Young Mortgage, on April 27, 2016, 652 elected to fix the interest rate under the Young Loan at 3.27% with a 10 year term, such that the maturity date of the Loan occurred in mid-2026. Attached hereto and marked as **Exhibit "J"** is a true copy of the "Request to Fix Rate" letter executed on behalf of 652 on April 27, 2016, with the confirmation of First National.

13. Attached hereto and marked as **Exhibit "K"** is a copy of Status of Title No. 2638652/1 obtained from a search of the Land Titles Office with respect to the Young Property dated February 8, 2023. The registrations against the Property as disclosed on the Status of Title are as follows:

- (a) Caveat No. 3316933 in favour of Coinamatic Canada Inc. ("**Coinamatic**");
- (b) Caveat No. 3559177/1 in favour of Coinamatic;
- (c) Caveat No. 3566832/1 in favour of Coinamatic;
- (d) Caveat No. 3888155/1 in favour of Coinamatic;
- (e) Mortgage No. 4306936/1 in favour of First National, as amended, and as transferred from and then back to First National;
- (f) Caveat No. 4306937/1 in favour of First National, as assigned from and then back to First National;



- (g) Personal Property Security Notice No. 4306938/1 in favour of First National as transferred from and then back to First National; and
- (h) Notice No. 4611050/1 from the Director of Residential Tenancies for the Province of Manitoba.

14. The Mortgage, Caveat and Personal Property Security Notice referred to in sub-paragraphs 13(e), (f) and (g) above were transferred and assigned, respectively, to Computershare Trust Company of Canada ("**Computershare**") in May of 2016. In that regard, Computershare has an arrangement with First National pursuant to which it agreed to act as the registered holder of security interest 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 Young Property.

15. Attached hereto and marked as **Exhibit "L"** is a true copy of the Manitoba Personal Property Security Registry ("**PPSR**") search dated

January 26, 2023 with respect to 652. The only registrations in the PPSR relating to 652 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 April 27, 2016, as referenced above, the required monthly payments of principal and interest, and tax installments owing by 652 to First National have been \$9,936.00.

17. In or about September of 2021, 652 defaulted on the monthly payments due under the Young Loan and Mortgage. In addition, at that point First National was also aware that there were significant real property tax arrears owing with respect to the Young Property.

18. In or about February of 2022, 652 brought the Young Loan and Mortgage current through the application of certain insurance proceeds received by 652 to reduce the indebtedness of 652 under the Young Loan and Mortgage.

19. In or about April of 2022, 652 again defaulted on its monthly payments under the Young Loan and Mortgage.

20. In or about July of 2022, 652 brought the Young Loan and Mortgage current through the application of certain insurance proceeds received by 652 to reduce the indebtedness of 652 under the Young Loan and Mortgage and address the arrears up to that date.

21. As a result, First National had been receiving inconsistent payments during this period of time, and the Young Loan and Mortgage have frequently been in arrears.

22. Between July 16, 2020 and November 30, 2022, Montrose and First National learned of various fires at the Young Property which caused substantial damage to the building and premises located at the Young Property, including fires on:

- (a) July 12, 2020, which resulted in one unit at the Young Property being vacated;

- (b) September 10, 2021, which resulted in significant fire and water damage to the Young Property which required substantial restoration work. As a result of this fire, the entire Young Property had to be vacated. Attached hereto and marked as **Exhibit "M"** is a copy of a Fire and Water Damage Review Report issued by SMS Engineering on September 27, 2021; and
  
- (c) November 6, 2022, which resulted in a total loss to the exterior fire escape of the building at the Young Property. Attached hereto and marked as **Exhibit "N"** is a copy of an inspection letter issued by the City of Winnipeg in relation to the November 6, 2022 fire.

23. Penner failed to notify First National of the fires. In each case, First National only became aware of the fires through news articles, communications from ASH and/or the City of Winnipeg. Once First National was aware of a fire occurring, they would contact Penner for further information.

24. The damage to the Young Property as a result of the fires required substantial restoration work be undertaken. To my knowledge, certain of the restoration work has not been completed, and there are still open permits with the City of Winnipeg pertaining to the restoration work. Attached hereto and marked as **Exhibit "O"** is a copy of a City of Winnipeg Permit Search for the Young Property dated January 23, 2023.

25. In or about May of 2022, I, along with Penner, and two other representatives of First National, attended at the Young Property to perform an inspection. During the inspection, I observed that the Young Property was in poor condition and the remediation work did not appear to be completed. At that time, First National was concerned about the condition of the Young Property, the status of the remediation work, and the safety of any future tenants.

26. I am advised by Grant Stevenson, a representative of ASH, that when the Young Property was occupied, various tenants complained that there were smoke alarms and/or fire extinguishers missing from the hallways and common areas.

27. While certain information was provided by Penner in January of 2023 which suggested that certain tenants may begin to reside at the Young Property, I have no knowledge of whether any tenants have actually moved into the Young Property.

28. By October 15, 2022, 652 had again defaulted on the monthly payments due under the Young Loan and Mortgage. In addition, First National became aware that:

- (a) 652 still had significant tax arrears owing to the City of Winnipeg; and
- (b) 652 had failed to obtain sufficient insurance in respect of the Young Property. More specifically, 652's insurance policy did not properly name the mortgagee and did not provide replacement loss coverage.

29. As a result of the continuing failure of 652 to obtain satisfactory insurance coverage, First National was required to obtain "forced placed" insurance coverage in respect of the Young Property,

which cost was added to the indebtedness owing by 652 to First National, pursuant to the terms of the Young Mortgage.

30. In addition, First National (through Montrose) retained the law firm of Thompson Dorfman Sweatman LLP (“**TDS**”) in October of 2022 to assist with this matter.

31. On November 15, 2022, TDS wrote a letter to 652 demanding payment of arrears due under the Young Loan and Mortgage, along with associated costs (including legal fees). In addition, TDS also requested copies of all documents relating to: (i) current insurance coverage for the Young Property; (ii) any insurance claims made in relation to the Young Property; and (iii) an accounting of any insurance payments received in relation to the Young Property. Finally, TDS also requested an update as to the status of repairs to the Young Property. Attached hereto and marked as **Exhibit “P”** is a copy of the letter from TDS dated November 15, 2022.

32. The Young Property is covered by forced place insurance obtained by First National as described above (the “**Young 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 fires.

33. Pursuant to the Young Loan and security, including the Young Mortgage, First National is and/or is entitled to be the first payee on the Young Policy. First National has made requests to 652 for information concerning the Young Policy, and the payment to and/or use of insurance proceeds, but have not received a satisfactory response from 652, or its principal, Mr. Penner.

34. The records of First National disclose that as of January 6, 2023, the total amount of indebtedness owing by 652 to First National pursuant to the Young Loan was \$1,726,176.23, together with interest and costs accruing thereafter at 3.27% per annum, both before and after default and judgment.

35. On January 16, 2023, given the continuing defaults under the Young Mortgage, TDS issued, on behalf of First National, a Notice of Intention to Enforce Security to 652 pursuant to section 244 of the *Bankruptcy and Insolvency Act* (a “NITES”). Attached hereto and marked



as **Exhibit "Q"** is a true copy of the NITES dated January 16, 2023 and the covering letter that was delivered with it.

36. After the issuance of the NITES, on or about January 26, 2023, Penner advised Montrose by way of an e-mail that \$29,000.00 in "insurance money" would be available. In addition, Penner provided a document titled "480 Young – Plan Jan 22<sup>nd</sup> 2023" with respect to the Young Loan and Mortgage and the Young Property whereby 652 would, among other things:

- (a) deliver \$29,800.00 of insurance proceeds to First National "in January" to reduce arrears in principal and interest and tax payments;
- (b) make the required monthly payment in February of 2023;
- (c) have 17 units at the Young Property rented out to tenants by March 1, 2023; and

- (d) sign up for the Tax Instalment Payment Program (“**TIPP**”) to pay taxes going forward. Attached hereto and marked as **Exhibit “R”** is a copy of the plan provided by Penner.

37. On January 31, 2023, TDS advised Penner that the insurance proceeds referenced were payable to First National pursuant to the terms of the Young Loan and Mortgage and ought to be provided promptly to be applied against the indebtedness of 652 under the Young Loan and Mortgage. TDS asked Penner to arrange payment of the insurance proceeds. Attached hereto and marked as **Exhibit “S”** is a copy of the e-mail correspondence between Penner and TDS dated January 31, 2023.

38. On or about January 31, 2023, John Loewen, a director and officer of 652, attended at my office and attempted to deliver a \$29,000.00 cheque to First National. I advised that any payments needed to be made through TDS. I am advised by TDS that no cheque was delivered to their office.

39. The plan proposed by Penner is not satisfactory, and to the best of my knowledge, has not been complied with by Penner in any event. More specifically:

- (a) the amounts purportedly being received or to be received by 652 in connection with the Young Policy have not been provided to First National as contemplated, including payment of the \$29,000.00 in insurance proceeds referenced in Penner's correspondence;
- (b) it is unclear how many units have been leased, if any, and/or whether any tenants have actually been able to occupy the Young Property; and
- (c) First National has received no indication that 652 is registered for the TIPP program.

40. As at the date of this Affidavit, the defaults under the Young Loan and Mortgage have not been cured by 652.

Appointment of a Receiver

41. Despite issuance of the demands as referenced above, the amount outstanding to First National under the Young 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 Young Property.

42. Aside from the failure of 652 to pay the amounts required under the Young Loan, Montrose and First National are also extremely concerned with the overall state of the Young Property, and the failure by management of 652 (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 Young Property and the safety of tenants and/or persons attending at Young Property. Montrose and First National believe that unless a receiver is appointed to take control of the Young Property, the value of its security in the Young Property will continue to deteriorate.

43. Additionally, First National is concerned about the lack of transparency from Penner with respect to the Young Policy. First National is concerned that any proceeds paid out to 652 may not have been used

appropriately or will not be used appropriately, and may be difficult to recover if misapplied or misused.

44. First National has provided 652 with numerous opportunities to provide information and develop a workable plan to bring the Young Loan current and preserve the condition and value of the Young Property. However, to the date of this Affidavit, 652 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 of 652 have not been met.

45. In the result, First National has lost confidence in the management of the 652 as it relates to the Young Property.

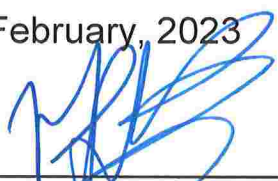
46. Accordingly, I believe that the security held by First National is enforceable, and First National is entitled to its remedies pursuant to the security agreements described above including, *inter alia*, the appointment of a Receiver or a Receiver-Manager over the Property.

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

48. 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 13<sup>th</sup> 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 13<sup>th</sup> day of February,  
2023

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

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

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File Summary

**Registry No :** 6525785  
**Entity Name :** 6525785 MANITOBA LTD.

As of : 29-Dec-2022

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**Entity Name :** 6525785 MANITOBA LTD.  
**Registry No :** 6525785  
**Business No :** 802008284MC0001  
**Current Status :** DEFAULT

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

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**Incorp/Amalg Date :** 27-Jun-2012  
**Home Jurisdiction :** MANITOBA  
**Annual Return/Renewal Date :** 31-Jul-2022  
**Year of Last A/R - Renewal :** 2021  
**Nature of Business :** INVESTMENT AND/OR HOLDING COMPANY  
**NAICS Code :** 551113

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**Registered Office Address :**  
**Effective date, if changing address :** 01-Jan-2022  
**Address :** 971 CORYDON AVE  
**City/Province :** WINNIPEG, MB  
**Country/Postal Code :** CANADA, R3M 3S7

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**Mailing Address :**  
**Name :**  
**Address :** 971 CORYDON AVE  
**City/Province :** WINNIPEG, MB  
**Country/Postal Code :** CANADA, R3M 3S7

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**Director Information :**  
**Date Became :** 01-Apr-2018  
**Name :** LOEWEN, JOHN  
**Address :** 800 WELLINGTON CRESCENT  
**City/Province :** WINNIPEG, MB  
**Country/Postal Code :** CANADA, R3M 0C4  
**Name :** PENNER, PATRICK  
**Address :** 971 CORYDON AVENUE, BOX 285  
**City/Province :** WINNIPEG, MB  
**Country/Postal Code :** CANADA, R3M 3S7

---

**Officer Information :**  
**Name :** LOEWEN, JOHN  
**Address :** 800 WELLINGTON CRESCENT  
**City/Province :** WINNIPEG, MB  
**Country/Postal Code :** CANADA, R3M 0C4  
**Position Held as Officer :** SECRETARY



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

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

Firm Name : JLOPPE PROPERTIES INC.  
Class Name : COM A  
Shares Held : 50.00  
Class Name : COM C  
Shares Held : 50.00

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**Share Structure :**

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

Shares are distributed to the public : No

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**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)	12-Mar-2018	2017
CHANGE OF DIRECTORS/OFFICERS (Filed on the Web)	31-Jul-2018	
CHANGE OF SHAREHOLDERS (Filed on the Web)	31-Jul-2018	
CHANGE OF REGISTERED OFFICE (Filed on the Web)	31-Jul-2018	
CHANGE OF MAILING ADDRESS (Filed on the Web)	10-Aug-2018	
ANNUAL RETURN	14-Sep-2018	2018
COMPLIANCE STATUS - DEFAULT	19-Aug-2019	
ANNUAL RETURN (Filed on the Web)	05-Feb-2020	2019
COMPLIANCE STATUS - DEFAULT	24-Aug-2020	
COMPLIANCE STATUS - NOTICE	21-Jun-2021	
DISSOLVED BY BRANCH	15-Oct-2021	
REVIVAL	23-Jun-2022	
ANNUAL RETURN	23-Jun-2022	2020
ANNUAL RETURN	23-Jun-2022	2021
COMPLIANCE STATUS - DEFAULT	22-Aug-2022	

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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.

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023

A handwritten signature in blue ink, appearing to be 'MRUB', is written over 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 :** 6472240  
**Entity Name :** 6472240 MANITOBA LTD.

As of : 29-Dec-2022

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Entity Name : 6472240 MANITOBA LTD.  
Registry No : 6472240  
Business No : 815468889MC0001  
Current Status : DEFAULT

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

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Incorp/Amalg Date : 03-Apr-2012  
Home Jurisdiction : MANITOBA  
Annual Return/Renewal Date : 31-May-2022  
Year of Last A/R - Renewal : 2021  
Nature of Business : INVESTMENT AND/OR HOLDING COMPANY  
NAICS Code : 551113

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**Registered Office Address :**  
Address : LEVENE TADMAN GOLUB LAW CORP., 700 - 330 ST. MARY AVENUE  
City/Province : WINNIPEG, MB  
Country/Postal Code : CANADA, R3C 3Z5

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**Mailing Address :**  
Name :  
Address : LEVENE TADMAN GOLUB LAW CORP., 700 - 330 ST. MARY AVENUE  
City/Province : WINNIPEG, MB  
Country/Postal Code : CANADA, R3C 3Z5  
Attention : 92671

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**Director Information :**  
Name : ARSENAULT, PAUL  
Address : 3340 HENDERSON HWY  
City/Province : EAST ST. PAUL, MB  
Country/Postal Code : CANADA, R2E 1A8  
Name : COLLINS, STEPHEN GLEN  
Address : 1-534 STRADBROOK AVE  
City/Province : WINNIPEG, MB  
Country/Postal Code : CANADA, R3L 0J9

---

**Officer Information :**  
Name : ARSENAULT, PAUL  
Address : 3340 HENDERSON HWY  
City/Province : EAST ST. PAUL, MB  
Country/Postal Code : CANADA, R2E 1A8  
Position Held as Officer : SECRETARY  
Name : COLLINS, STEPHEN GLEN

Address : 1-534 STRADBROOK AVE  
City/Province : WINNIPEG, MB  
Country/Postal Code : CANADA, R3L 0J9  
Position Held as Officer : PRESIDENT

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

Name : ARSENAULT, PAUL  
Class Name : COM A  
Shares Held : 10.00  
Name : COLLINS, STEPHEN GLEN  
Class Name : COM A  
Shares Held : 90.00

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**Share Structure :**

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

Shares are distributed to the public : No

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**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)	12-Mar-2018	2017
ANNUAL RETURN (Filed on the Web)	18-Jun-2018	2018
COMPLIANCE STATUS - DEFAULT	24-Jun-2019	
COMPLIANCE STATUS - NOTICE	19-Apr-2020	
DISSOLVED BY BRANCH	11-Jan-2021	
REVIVAL	08-Apr-2022	
ANNUAL RETURN	08-Apr-2022	2019
ANNUAL RETURN	08-Apr-2022	2020
ANNUAL RETURN	08-Apr-2022	2021
COMPLIANCE STATUS - DEFAULT	20-Jun-2022	

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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 13<sup>th</sup> day of February,  
2023

A handwritten signature in blue ink, appearing to be 'MRS B', written over 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 :** 4347073  
**Entity Name :** PGRP PROPERTIES INC.

As of : 29-Dec-2022

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Entity Name : PGRP PROPERTIES INC.  
Registry No : 4347073  
Business No : 876817214MC0001  
Current Status : Active

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

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Incorp/Amalg Date : 28-Feb-2001  
Home Jurisdiction : MANITOBA  
Annual Return/Renewal Date : 31-Mar-2023  
Year of Last A/R - Renewal : 2022  
Nature of Business : DEVELOPMENT  
NAICS Code : 541619

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**Registered Office Address :**  
Effective date, if changing address : 30-Mar-2022  
Address : 285 - 971 CORYDON AVE  
City/Province : WINNIPEG, MB  
Country/Postal Code : CANADA, R3M 3S7

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**Mailing Address :**  
Name : PGRP PROPERTIES INC  
Address : 285-971 CORYDON AVE  
City/Province : WINNIPEG, MB  
Country/Postal Code : CANADA, R3M 0R9

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**Director Information :**  
Name : PENNER, PATRICK  
Address : 971 CORYDON AVENUE, PO BOX 285  
City/Province : WINNIPEG, MB  
Country/Postal Code : CANADA, R3M 3S7

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

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

Name : PENNER, PATRICK  
Class Name : COM A  
Shares Held : 100.00

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**Share Structure :**

<b>Class</b>	<b>Authorized Number</b>
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

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**Name History :**

Previous Name : 4347073 MANITOBA INC.  
Date of Change : 23-Dec-2005

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**Event History :**

<b>Event</b>	<b>Date :</b>	<b>Filing Year :</b>
FILINGS RECORDED IN THE PREVIOUS SYSTEM ARE NOT INCLUDED		
ANNUAL RETURN	18-Apr-2018	2018
ANNUAL RETURN (Filed on the Web)	25-Oct-2019	2019
COMPLIANCE STATUS - DEFAULT	19-Apr-2020	
ANNUAL RETURN (Filed on the Web)	18-Sep-2020	2020
COMPLIANCE STATUS - DEFAULT	19-Apr-2021	
COMPLIANCE STATUS - NOTICE	21-Feb-2022	
ANNUAL RETURN (Filed on the Web)	30-Mar-2022	2021
ANNUAL RETURN (Filed on the Web)	30-Mar-2022	2022

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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.

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023

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

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



**DIRECTION AND CONSENT BY BENEFICIAL OWNER**

TO: **6525785 MANITOBA LTD.**  
(the "Nominee")

AND TO: **FIRST NATIONAL FINANCIAL LP, by its general partner, FIRST  
NATIONAL FINANCIAL GP CORPORATION**  
(the "Lender")

**PGRP PROPERTIES INC. and 6472240 MANITOBA LTD.** (the "Beneficial  
Owners"), hereby declare and agree as follows:

1. The Beneficial Owners are the beneficial owners of that certain real property (the  
"Land") situate in the City of Winnipeg, in the Province of Manitoba, legally described as:

SP LOT 84 PLAN 33312 WLTO  
IN RL 74 TO 77 PARISH OF ST JAMES

which is the subject of a Mortgage in favour of the Lender, registered in the Winnipeg Land  
Titles Office on \_\_\_\_\_, 2012 as no. \_\_\_\_\_ (the "Mortgage");

2. All of the issued and outstanding shares in the capital of each of the Beneficial  
Owners are owned by:

PGRP PROPERTIES INC. - PATRICK PENNER

6472240 MANITOBA LTD. - STEPHEN GLEN COLLINS 90%  
PAUL ARSENAULT 10%

3. The Nominee is the registered holder of the Land as bare trustee only for and on  
behalf of the Beneficial Owners.

4. The Beneficial Owners, in consequence of their obligations under a certain  
commitment letter agreement with the Lender dated October 29, 2012 (the "Commitment Letter")  
and certain Guarantees in favour of the Lender each dated November 14, 2012, are indebted to  
the Lender (the "Indebtedness").

5. The indebtedness owed by the Nominee to the Lender under the Commitment  
Letter is secured, *inter alia*, by the following (collectively, the "Lender Security"):

- (a) the Mortgage;
- (b) an Assignment of Rents and Leases from the Nominee; and
- (c) a General Security Agreement from the Nominee.

6. To secure the obligations of the Beneficial Owners to the Lender including, without limitation, the Indebtedness, the Beneficial Owners do hereby ratify and confirm the charges created by the Lender Security.

7. For valuable consideration (the receipt and sufficiency whereof is hereby acknowledged by each of the Beneficial Owners), each of the Beneficial Owners does hereby, for the purpose of better securing and perfecting the securities constituted by the Lender Security:

- (a) subordinate and postpone its presently existing and all future and subsequently existing or arising right, title, entitlement and interests in and to the Land to and in favour of the mortgages and charges constituted by the Lender Security; and
- (b) mortgage, assign, charge, transfer, convey and set over, unto and in favour of the Lender all of its existing and all future and subsequently existing or arising right, title, entitlement and interests in and to the Land for the purpose of securing and better securing the Indebtedness.

8. This instrument shall be binding upon each of the Beneficial Owners and the Nominee and each of their respective successors and assigns and the same shall enure to the benefit of the Lender and its successors and assigns.

IN WITNESS WHEREOF the Beneficial Owners have executed this instrument as of the 14<sup>th</sup> day of November, 2012.

PGRP PROPERTIES INC.

Per: 

6472240 MANITOBA LTD.

Per: 

**ACKNOWLEDGMENT BY THE NOMINEE**

The undersigned, the Nominee described in the foregoing instrument, hereby acknowledges the same and agrees to be bound by the terms thereof.

IN WITNESS WHEREOF the Nominee has executed this acknowledgment as of this 14<sup>th</sup> day of November, 2012.

6525785 MANITOBA LTD.

Per: 

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023

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

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

October 29, 2012  
6525785  
652575 Manitoba Ltd.  
c/o K&P Properties Inc.  
565 St Mary's Road  
Winnipeg, MB R2M 316

NOV 01 2012

Attention: Mr. Patrick Penner

Dear Sir:

RE: 652575 Manitoba Ltd. (where "652575" is found "6525785" shall be replaced throughout this document)  
480 Young Street  
Winnipeg, MB

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 652575 Manitoba Ltd. (the "Borrower") on the terms and conditions set out in this letter (the "Commitment").

1. Loan Amount

\$2,130,625.00 which includes the CMHC application fee of \$4,800.00 and mortgage insurance premium of \$110,825.00.

An initial advance of \$680,000 will be provided toward the acquisition of the building. This will be followed by construction advances of \$1,143,175 to fund the renovations once confirmation of zoning for 24 units has been received. A final advance of \$191,825 will be funded following:

1. Completion of all renovations and evidence that the building meets all municipal requirements and formal orders to decontrol rents have been approved by the Residential Tenancies Branch; and
2. Confirmation that all conditions set out in this Commitment have been complied with, including without limitation, as outlined under Section 14 - Rental Achievement of the CMHC Certificate of Insurance attached as Schedule 6 hereinafter referred to as the "final advance".

All figures above are net of the CMHC application fee and insurance premiums.

2. Interest Rate

Construction Loan: See Schedule 3 (the "Floating Rate").

Term Loan: See Schedule 3 (the "Fixed Rate").

“Interest Rate” shall mean:

- (a) during the Construction Period, the Floating Rate; and
- (b) during the Term Period, the Fixed Rate.

3. **Term**

(a) Construction Loan

Up to 18 months from the first advance under the Loan and maturing no later than April 30, 2014 (the “Construction Period”), at which time all outstanding principal and interest shall be repaid in full unless the Loan has been converted into a Term Loan in accordance with this Commitment.

In the event the Construction Loan is not converted into a Term Loan for any reason, the pre-payment penalty described in Schedule 5 for the Construction Loan shall be required at the time of repayment.

(b) Term Loan

Five (5) years or Ten (10) years (subject to the Lender’s availability of funds) from the Interest Adjustment Date (as hereinafter defined), plus the number of months and/or days required, if any, so that the term ends on a date selected by the Lender (the “Term Period”).

At the Lender's option, it may extend the Term Period so that it matures up to 12 months later than the maturity date specified herein. If the Lender chooses to exercise this option it may do so by delivering written notice to the Borrower within 12 months of the Interest Adjustment Date. While the Lender may request the Borrower to acknowledge the extension, the Borrower's failure to do so shall not invalidate the extension.

4. **Amortization**

(a) Construction Loan

Not applicable (interest only)

(b) Term Loan

Thirty (30) years (the “Amortization Period”)

5. **Interest Adjustment Date**

The interest adjustment date (the “Interest Adjustment Date”) shall be the first day of the calendar month immediately following the final advance, or at the Lender’s option, the first day of the month in which the final advance of the Loan is made,

unless the final 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.

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 **\$2,000**. 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 **\$20,000** (the "Commitment Fee") by **certified cheque**. Upon disbursement of the initial advance, 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: 480 Young Street

Winnipeg, Manitoba

Site Area: Approximately 5,935 SF

Description: 3 storey walk-up apartment building containing a total of 21 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

PGRP Properties Inc. to a maximum amount of \$2,130,625;  
 6472240 Manitoba Ltd. to a maximum amount of \$2,130,625;  
 The Patrick and Karin Penner Family Trust to a maximum amount of  
 \$2,130,625;  
 Patrick Penner to a maximum amount of \$2,130,625;  
 Glen Collins to a maximum amount of \$2,130,625;  
 Paul Arsenault to a maximum amount of \$2,130,625;

(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.

Upon satisfaction of all conditions described in CMHC's Special Conditions Section 14 Rental Achievement attached as schedule 5, the Guarantees from Mr. Patrick Penner, Mr. Glen Collins, Mr. Paul Arsenault and The Patrick and Karin Penner Family Trust may be reduced to \$980,088; 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.

12. **Special Conditions**

The Borrower shall provide an undertaking to complete the following repairs described in the renovation budget attached as Schedule 7 in a good and workmanlike manner no later than April 30, 2014:

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 \$1,143,175 (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 undrawn 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 \$250.00 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 demonstrate minimum equity contributed of \$120,000.00 prior to the initial advance. In addition, prior to the first construction advance, the Borrower shall demonstrate a further equity contribution of \$233,845 for a total equity contribution of \$353,845 for the acquisition and construction phases of the project.

An initial advance of \$680,000.00 (plus CMHC application fee and premium) will be advanced to acquire the building with construction advances of \$1,143,175.00 to follow on a cost to complete basis for a total loan amount of \$1,823,175.00 (plus CMHC premium) to fund the renovations and repairs. A final advance of \$191,825.00 (plus CMHC premium) will be advanced once all of the renovations are complete, the building meets all municipal requirements and the property is generating an annualized effective gross income of \$210,800.00.

**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 \$1,377,020.00 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 including 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 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. Title insurance may be used in lieu thereof.
- (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. Title insurance may be used in lieu thereof.
- (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. Title insurance may be used in lieu thereof.
- (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.
- (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 (this will be done by the Lender);
  - (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.
- (p) Evidence of an application to the Residential Tenancies Branch for the rehabilitation plan prior to the first construction advance.
- (q) The Lender shall have received a structural report for the Property addressed to it prepared by an engineer acceptable to it commenting on the structural components of the Property and confirming that the remaining economic life will be at least 35 years following renovation (assuming regular repairs and maintenance are conducted).
- (r) Confirmation that 652575 Manitoba Ltd. is a trustee holding title to the property as trustee for the beneficial owners: PGRP Properties Inc. and 6472240 Manitoba Ltd. as to 50% each.
- (s) The Lender shall be satisfied that a formal property management contract is in place with a professional third party property management firm.

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 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.

Notwithstanding the foregoing, share transfers between Patrick Penner family interests, are exempt from these provisions.

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.

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 initial advance **on or before April 30, 2013** (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 April 30, 2014**, 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. **Title Trustee/Custodian**

The Lender shall have the right, at its option, to have the Security Documents drawn in the name of Computershare Trust Company of Canada or such other trustee/custodian as the Lender may elect, to hold same as title trustee/custodian for the Lender.

30. **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, and (d) credit rating agencies.

31. **Additional Covenantors**

The Additional Covenantors, 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.

32. **Publicity**

Intentionally Deleted

33. **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.

34. **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.

35. **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.

36. **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.

37. **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.

38. **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.

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

40. **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.

41. **Time of the Essence**

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

42. **Governing Law**

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

43. **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.

44. **Solicitors**

The Lender's solicitor will be:

Michael Choiselat  
Thompson Dorfman Sweatman LLP  
2200 – 201 Portage Avenue  
Winnipeg, MB R3B 3L3

Phone: 204-934-2557  
Fax: 204-934-0557  
Email: [mac@tdslaw.com](mailto:mac@tdslaw.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 \$2,000 Processing Fee, \$20,000 Commitment Fee, the \$630 insurance review and annual monitoring fee to the Administrator by no later than 12:00 pm local time on October 31, 2012 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.**



Oksana C. A. Choptiany  
Vice President, Mortgage Closing

Accepted on the 1st day of Nov, 2012

**Borrower:**

**652575 Manitoba Ltd.**

Per:   
Authorized Signatory

Per: \_\_\_\_\_  
Authorized Signatory

**ADDITIONAL COVENANTORS:**

**PGRP Properties Inc.**

**6472240 Manitoba Ltd.**

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

Per: 

**The Patrick and Karin Penner Family Trust**

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

WITNESS:

Patrick Penner

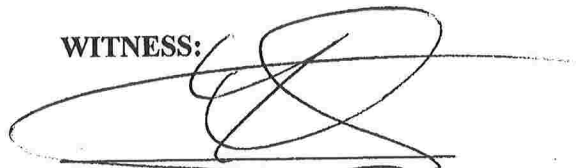


Glen Collins

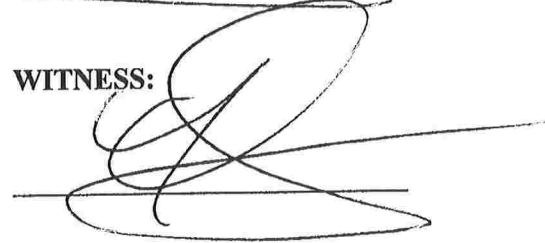


Paul Arsenault

WITNESS:



WITNESS:



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

#### Construction Loan

During the Construction Period, the annual interest rate under the Mortgage (the "Floating Rate") shall be the Cost of Funds Rate plus 2.25% 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.

#### Term Loan

Provided there has been no event of default that is continuing under the Construction Loan and further provided that the Borrower has maintained a satisfactory payment record and has met all the terms and conditions of this Commitment including but not limited to Schedule 6 herein for the conversion of the Construction Loan to the Term Loan, the Borrower shall have the right to fix the interest rate for the full Term Period by delivering a written notice (the "Notice of Fix") to the Lender prior to TWELVE O'CLOCK noon Toronto time on any Business Day no earlier than the fifth Business Day prior to the date of the final construction advance, such advance having been approved by CMHC and the Lender, on or prior to maturity of the Construction Term, 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 next 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"). In the event that the Borrower does not deliver the Notice of Fix on the date which is 5 Business Days prior to the date of the final construction advance, the Lender may, at its option, deem such Notice of Fix to be received and proceed to set the 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 term equal to the Term Period. Where the longest dated Canada Mortgage Bond has a maturity date that is earlier than the maturity date of the Term 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 Term Loan plus the difference between: (a) the Government of Canada Bond Yield interpolated to the maturity of the Term 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.

Upon conversion from the Construction Loan to the Term Loan, the Mortgage shall be amended to reflect the term of the Term Period 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 7 of this Commitment based on the Amortization Period.

If the Lender agrees to an extension of the Close Out Date for any reason (which extension there shall be no obligation for the Lender to grant), the Interest Rate shall increase by one and one half basis points (0.015%) for each 7 day period or part thereof that the Close Out Date is extended.

#### 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.

430 Young

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: 6525785 Manitoba Ltd  
 Principal business address: 700-330 St. Mary Ave, Winnipeg R3C\*  
 Principal Contact: Glen Collins Email Address: gcollin2@shaw.ca 325  
 Phone Number: 204-477-9061 Fax Number: n/a  
 Borrower Entity Type: Corporation  Partnership  Individual   
 Limited Partnership

Is the Borrower a Nominee\*?: No (Bare Trustee)  
 If Borrower is a nominee, who is the Beneficial Owner\*: 50% For 6472240 MB Ltd  
50% For PGRP Properties Inc.

**B. Principal(s) of Borrower:**

List all Officers, Directors and Shareholders of the Borrower.

Name	Role (Officer/Director/Shareholder)	% Interest in Borrower
<u>Glen Collins</u>	<u>President</u>	<u>90%</u>
<u>Paul Arsenault</u>	<u>Secretary</u>	<u>10%</u>

**C. Guarantors (Individual):**

Ave Winnipeg MB R3L 0J9

Name	Date of Birth	Home Address	Role in Borrower	% Interest in Borrower
<u>Glen Collins</u>	<u>10 Nov 60</u>	<u>534 Strandbrook</u>		<u>45%</u>
<u>Paul Arsenault</u>	<u>08 DEC 57</u>	<u>1-478 HARTFORD AVE WPS R2V0X2</u>		<u>5%</u>
<u>Pct Penner</u>	<u>Aug 2/1968</u>	<u>928 Dorchester</u>		<u>50%</u>

**Guarantors (Corporate):**

Name	Date of Incorporation	Principal Business Address	Officers and Directors and Shareholders
<u>PGRP Properties</u>	<u>2003</u>	<u>Box 285 971 Corydon</u>	
<u>6472240 MB Ltd</u>	<u>Apr 3rd</u>	<u>700-330 St. Mary</u>	<u>Glen Collins</u>

2012 Ave Winnipeg Paul Arsenault  
R3C 3Z5

\* registrar office

**D. Source of Downpayment (for Purchase transactions only)**

Amount of Equity: \$127,500  
Source of Equity: Secured line of credit against other buildings (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? NO

Is a member of any of the foregoing's immediate family a PEFP? NO

**F. Contact Information:**

Insurance Broker: Kevin Neilus Telephone: 204-925-9564  
Solicitor: David Golub Telephone: 204-957-6414

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**

Term Loan

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 (5<sup>th</sup>) 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.

Construction Loan

Upon 3 business days notice and provided the interest rate has not been fixed in accordance with the Commitment, then the Borrower shall have the right to repay at any time during the term of the Mortgage the whole 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 plus three (3) months interest.





CERTIFICATE OF INSURANCE

TO:

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

999 99004

PROTECTED WHEN COMPLETED  
CMHC ACCOUNT NUMBER  
90-565-235

LENDER REFERENCE NUMBER

BORROWER(S) : 652575 Manitoba Ltd

PROPERTY IDENTIFICATION/CIVIC ADDRESS  
480 Young ST,  
Winnipeg, MAN.  
R3B 2S6

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		\$2,130,625.00
INSURANCE PREMIUM TO BE REMITTED ( 5.50 %)		\$110,825.00
PROVINCIAL SALES TAX TO BE REMITTED( 7.0 %)		\$7,757.75
		-----
	TOTAL	\$118,582.75
APPLICATION FEE		\$4,800.00
ADV TO DATE (EXCLUDING INSURANCE PREMIUM)		
APPROVED BY THIS NOTIFICATION		\$4,800.00
HOLDBACK (IF APPLICABLE)		\$2,015,000.00

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:   
\_\_\_\_\_

2012-10-26

Authorized Representative:

TERRY WOTTON

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

CANADA MORTGAGE AND HOUSING CORPORATION SOCIÉTÉ CANADIENNE D'HYPOTHÈQUES ET DE LOGEMENT

Canada



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

**APPROVED LENDER :** Montrose Mortgage Corporation Ltd.

**CMHC ACCOUNT NUMBER :** 90-565-235

**PROPERTY ADDRESS :** 480 Young Street  
Winnipeg, MB  
R3B 2S6  
Hereinafter the "Property"

**LEGAL DESCRIPTION :** To be provided

**NUMBER OF UNITS :** 24

**BORROWER(S) :** 652575 Manitoba Ltd

**GUARANTOR(S) :** PGRP Properties Inc.  
6472240 Manitoba Ltd.  
Patrick Penner  
Glen Collins  
Paul Arsenault  
The Patrick and Karin Penner Family Trust

**Net Loan Amount :** \$2,015,000.00

**Insurance Premium (included in mortgage) :** \$110,825.00

**Application Fee (included in mortgage) :** \$4,800.00

**TOTAL INSURED HOUSING LOAN :** \$2,130,625.00

**INTEREST RATE :** 4.1% [maximum] – 5 years  
4.83% [maximum] – 10 years



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

**INITIAL LOAN TERM :** 5 or 10 years [minimum]

**AMORTIZATION PERIOD :** 30 years [maximum]

**1. ADVANCING OF THE HOUSING LOAN**

- 1.1. This Certificate of Insurance is issued for the purpose of acquiring the Property consisting of 21 units. The Approved Lender must ensure that the Housing Loan is fully applied to the purchase price of \$800,000.00 and the repairing/improving of the Property in the amount of \$1,377,020.00.
  
- 1.2. The initial advance will be made up to a loan amount of \$680,000.00. Progress advances will then be made upon confirmation of zoning for 24 units up to the Housing Loan amount of \$2,015,000.00, subject to the conditions stipulated under Section 14 Rental Achievement. 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.



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

- 1.3. It is the Approved Lender's responsibility to ensure that the Housing Loan is used specifically and exclusively for the purpose specified.
- 1.4. 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 Approved Lender, including, but not limited to confirmation of compliance with ESA policy.

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**2. DATES FOR DRAWING ADVANCES**

- 2.1. The first insured advance must take place no later than **April 30, 2013**, 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 **April 30, 2014** 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.

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**3. HOUSING LOAN INSURANCE PREMIUM**

- 3.1. The total premium of \$110,825.00 is applied to the Net Loan amount and calculated as follows:
  - (a) Base premium of 4.5% at 83.00% LTV: \$90,675.00Surcharge(s) of:



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

- (b) 0.5% for Construction Advances: \$10,075.00
- (c) 0.25% for Release of Rental Achievement Holdback at Rent-Up: \$5,037.50
- (d) 0.25% for Amortization Extensions: \$5,037.50

Payment of the Retail sales tax of 7% applicable to the insurance premium by the Approved Lender is to be made in cash or by cheque:  $\$110,825.00 \times 7\% = \$7,757.75$ .

- 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 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.

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**4. ENVIRONMENTAL SITE INSPECTION**

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- 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



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

- (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 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) 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.



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

**6. GUARANTEE**

- 6.1. The Approved Lender must obtain the joint and several guarantees of PGRP Properties Inc., 6472240 Manitoba Ltd., Patrick Penner, Glen Collins, Paul Arsenaull, and The Patrick and Karin Penner Family Trust for 100% of the Housing Loan until the Property has generated annualized effective gross income of \$210,800.00 sustained for one full operating year. After this period, the Approved Lender must obtain the joint and several guarantee of PGRP Properties Inc. and 6472240 Manitoba Ltd. for 100% of the Housing Loan, as well as the joint and several guarantees of Patrick Penner, Glen Collins, Paul Arsenaull, and The Patrick and Karin Penner Family Trust for \$980,088.00 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 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.



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

7.2. The interest rate at time of Interest Adjustment Date (IAD) is to be a fixed rate of interest, not exceeding 4.10% for 5 years or 4.83% 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.

**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.





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

- 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.

**12. ZONING**

- 12.1. Prior to the initial advance of funds the Approved Lender is to obtain written confirmation that the proper zoning and approvals are in place for a 21 unit rental structure on the Property.
- 12.2. After the initial advance and prior to any subsequent progress advances the Approved Lender is to obtain written confirmation that the proper zoning and approvals are in place for a 24 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.



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

**14. RENTAL ACHIEVEMENT**

**14.1. Conditions of Rental Achievement are as follows:**

- (a) CMHC will not authorize insured loan advances exceeding \$1,823,175.00 until such time as the Approved Lender has provided written confirmation that the Property is generating an annualized effective gross income of \$210,800.00.
- (b) Confirmation must be based on units leased to bona fide tenants, in occupancy, at rent levels as evidenced by signed leases, verified by the Approved Lender.
- (c) Should rental incentives be part of the marketing plan, such incentives must be deducted before calculating the effective gross income.
- (d) Release of holdback will be authorized by CMHC by way of approved loan advance(s).
- (e) Should the Property fail to meet the required rental achievement by April 30, 2014, CMHC reserves the right to:
  - (i) Reduce the Housing Loan to an amount that can be supported by the income of the Property, as determined by CMHC;

Adjust the insurance premium to reflect the actual loan to value (LTV), as determined by CMHC.

**15. CONSTRUCTION CLAUSE**

**15.1. 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.



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

- b) Should the Borrower fail to complete the repairs/improvements by April 30, 2014, the Approved Lender shall provide 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.

**15.2. 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 the project budget cost is reviewed and approved by a third party project monitor.

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 \$1,377,020.00, 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.

**16. RENT CONTROL**

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



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

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**17. NON-CONFORMING USE**

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- 17.1.** 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.

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**18. HOTEL CONVERSION**

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- 18.1.** 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:
- (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.
- 18.2.** 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.



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

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**19. TRUST AGREEMENT**

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- 19.1. Prior to any advance, the Approved Lender must confirm that 652575 Manitoba Ltd. is a trustee holding title to this Property as trustee for the beneficial owners: PGRP Properties Inc. (50%) and 6472240 Manitoba Ltd. (50%). See Schedule "B" – Organizational Chart. A guarantee for 100% of the Housing Loan is required from the beneficial owner(s). 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

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**20. PHYSICAL CONDITION REPORT**

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- 20.1. 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 "Terry Wotton", is written over a horizontal line.

CMHC Underwriter: Terry Wotton  
Centre: Prairies  
Date: October 26, 2012

**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. Choptman", is written over a horizontal line.

Name of Signing Officer:

D. CHOPTMAN

Place and Date of Signature:

WPG, MB. October 29/12



**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**

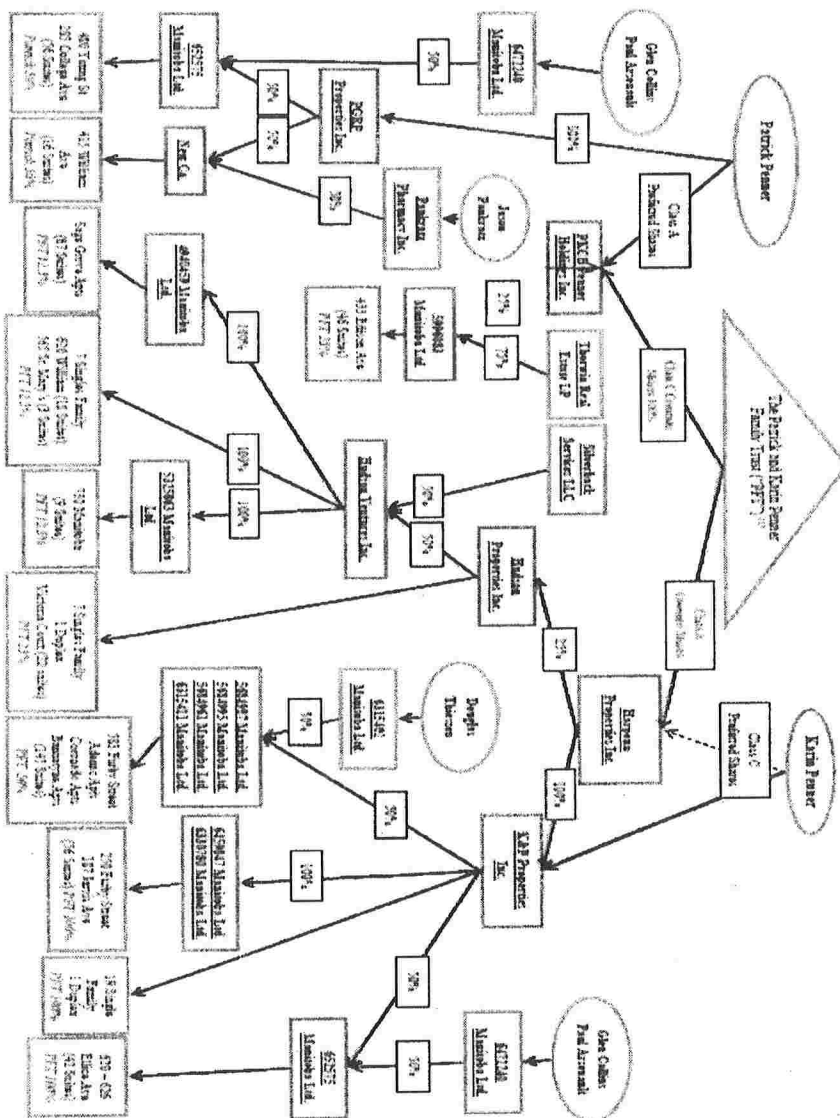
*" The Approved Lender or agent of the Approved Lender or agent of Canada Mortgage and Housing Corporation (Hereinafter called "CMHC") may, at any time, before and after default, and for any purpose deemed necessary by the Approved Lender or CMHC, enter upon the said lands to inspect the said land and 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."*



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

**SCHEDULE "B – Organization Chart**

**ORGANIZATIONAL CHART – PENNER FAMILY**



1 - Members of the Penner Family. Their names include Penner, Kern and their Siblings. All names. Shareholders include the Penner members family members. The (C) Penner Holdings Inc. and any corporations owned by Penner.



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t'nozo' A. j r-sC

	Per Unit 21		Per Unit 24	
<b>Construction</b>				
Demolition	\$5,166	\$108,480	\$4,520	\$108,480
Framing	\$714	\$15,000	\$1,600	\$38,400
Electrical	\$5,952	\$125,000	\$7,800	\$187,200
Plumbing	\$5,714	\$120,000	\$6,000	\$144,000
HVAC	\$3,000	\$63,000	\$3,000	\$72,000
Fire Rating	\$750	\$15,750	\$750	\$18,000
Insulation & Boarding	\$5,476	\$115,000	\$6,000	\$144,000
Prime & Paint	\$1,500	\$31,500	\$1,500	\$36,000
Flooring	\$1,667	\$35,000	\$1,800	\$43,200
Finishing	\$3,700	\$77,700	\$3,700	\$88,800
Appliances	\$800	\$16,800	\$800	\$19,200
Building Entrance Doors	\$71	\$1,500	\$63	\$1,500
Suite Entrance Doors	\$650	\$13,650	\$650	\$15,600
Laundry	\$714	\$15,000	\$625	\$15,000
Attic Insulation	\$500	\$10,500	\$438	\$10,500
Mail Boxes	\$119	\$2,500	\$104	\$2,500
Security Cameras	\$714	\$15,000	\$625	\$15,000
Roof	\$2,381	\$50,000	\$2,083	\$50,000
Windows	\$1,500	\$31,500	\$1,500	\$36,000
Exterior Paint	\$952	\$20,000	\$1,042	\$25,000
Exterior Brick	\$714	\$15,000	\$833	\$20,000
Foundation Repair	\$2,786	\$58,500	\$2,438	\$58,500
Landscaping	\$238	\$5,000	\$208	\$5,000
Fire Escapes	\$2,381	\$50,000	\$2,083	\$50,000
Engineering Costs	\$143	\$3,000	\$125	\$3,000
Basement Floor Replacement	\$714	\$15,000	\$625	\$15,000
Sabre Pits	\$238	\$5,000	\$208	\$5,000
Building Permit	\$476	\$10,000	\$417	\$10,000
Design Fees	\$1,190	\$25,000	\$1,042	\$25,000
RTB Fees	\$30	\$640	\$27	\$640
Site Supervisor	\$1,286	\$27,000	\$1,125	\$27,000
Interest Carry	\$1,429	\$30,000	\$1,250	\$30,000
Contingency	\$476	\$10,000	\$417	\$10,000
Financing Costs	\$952	\$20,000	\$833	\$20,000
Lender Fees	\$238	\$5,000	\$208	\$5,000
Legal Fees	\$595	\$12,500	\$521	\$12,500
Draw Fees/ QS	\$476	\$10,000	\$417	\$10,000
Total Construction Budget	\$56,406	\$1,184,520	\$57,376	\$1,377,020
Purchase Price	\$38,095	\$800,000	\$33,333	\$800,000
Total Costs	\$94,501	\$1,984,520	\$90,709	\$2,177,020

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023

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

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

July 7, 2014

6525785 Manitoba Ltd.  
c/o K&P Properties Inc.  
565 St. Mary's Road  
Winnipeg, MB R2M 3L6

Attention: Mr. Patrick Penner

Dear Sir:

**Re: MMC#1419 – 6525785 Manitoba Ltd.  
480 Young Street, Winnipeg, MB**

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**THIS LETTER WILL ATTACH TO AND FORM PART OF THE ORIGINAL COMMITMENT LETTER DATED OCTOBER 29, 2012 AND ALL SUBSEQUENT AMENDMENTS.**

Based upon receipt of a revised CMHC Certificate of Insurance and Special Conditions Letter ("COI"), Montrose Mortgage Corporation Ltd. on behalf of the Lender – First National Financial LP – is prepared to amend its Commitment Letter conditional upon the following:

1. Receipt and satisfactory review and approval of a revised CMHC Certificate of Insurance and Special Conditions Letter #90-565-235.
2. Any other conditions and terms that may be imposed by CMHC.
3. Payment of all additional fees and premiums as determined and required by CMHC and the Lender.

Provided the CMHC Certificate of Insurance and Special Conditions Letter is satisfactory to the Lender, the following amendments to the original Commitment Letter dated October 29, 2012 and as may be amended from time to time will be required:

3. Term

(a) Construction Loan

Up to 18 months from the first advance under the Loan with completion by no later than March 31, 2015 (the "Construction Period"). A final rental achievement advance of \$191,825 will be available following one full operating year (12 months) stabilized occupancy demonstrating effective gross income of \$210,800, to be completed by no later than March 31, 2016. If this requirement is not met, the Loan will then be closed out at the amount advanced and converted to a Term Loan.

In the event the Construction Loan is not converted into a Term Loan for any reason, the pre-payment penalty described in Schedule 5 for the Construction Loan shall be required at the time of repayment.

Suite 1110 - 200 Graham Avenue, Winnipeg, Manitoba R3C 4L5 • Telephone 204.982.1110 • Fax 204.947.5284

7. **Prepayment**

The Borrower shall have the right to prepay the Loan in whole not in part as provided in Schedule 5.

11. **Security**

(e) a Guarantee and Postponement of Claim from

PGRP Properties Inc. to a maximum amount of \$2,130,625;  
6472240 Manitoba Ltd. to a maximum amount of \$2,130,625;  
The Patrick and Karin Penner Family Trust to a maximum amount of \$2,130,625;  
Patrick Penner to a maximum amount of \$2,130,625;  
Glen Collins to a maximum amount of \$2,130,625;  
Paul Arsenault to a maximum amount of \$2,130,625;

(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.

Upon satisfaction of all conditions described in CMHC's Special Conditions updated on June 20, 2014, Section 14 Rental Achievement attached as schedule 2, the Guarantees from Mr. Patrick Penner, Mr. Glen Collins, Mr. Paul Arsenault and The Patrick and Karin Penner Family Trust may be reduced to \$980,088

12. **Special Conditions**

The Borrower shall provide an undertaking to complete the following repairs described in the renovation budget as previously attached to the original Commitment Letter in a good and workmanlike manner no later than March 31, 2015.

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.

## **EQUITY:**

The Borrower shall demonstrate minimum equity contributed of \$120,000.00 prior to the initial advance. In addition, prior to the first construction advance, the Borrower shall demonstrate a further equity contribution of \$233,845 for a total equity contribution of \$353,845 for the acquisition and construction phases of the project.

An initial advance of \$680,000.00 (plus CMHC application fee and premium) will be advanced to acquire the building with the construction advances of \$1,143,175.00 to follow on a cost to complete basis for a total loan amount of \$1,823,175.00 (plus CMHC premium) to fund the renovations and repairs. A final advance of \$191,825.00 (plus CMHC premium) will be advanced once all of the renovations are complete, the building meets all municipal requirements and the property is generating an annualized effective gross income of \$210,800.00 sustained for one (1) full operating year.

## **22. Cancellation of Commitment**

If the whole Loan Amount has not been disbursed **on or before March 31, 2016**, the Lender may, at its sole option, close out the Loan Amount at the amount then disbursed, if any.

## **45. Monitoring Conditions**

During the construction of the project the Borrower shall provide the Lender with quarterly reports on the construction progress in line with the approved "Construction Schedule" attached as Schedule 6. Failure to progress in line with the projected Construction Schedule will be deemed a default under the mortgage and may result in a demand for immediate repayment of the Loan.

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.

Please sign and return an acknowledged copy of this letter indicating your acceptance of the above terms **on or before 4:00 pm on June 10, 2014.**

Yours truly,  
**MONTROSE MORTGAGE CORPORATION LTD.**



Sonia Pacheco  
Senior Mortgage Closing Specialist


**ACKNOWLEDGEMENT:**

I/We hereby agree to the above terms and conditions this 8<sup>th</sup> day of July, 2014.

**BORROWER:**

**6525785 Manitoba Ltd.**

Per:   
Authorized Signatory

Per:   
Authorized Signatory

**ADDITIONAL COVENANTORS:**


**PGRP Properties Inc.**

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

**6472240 Manitoba Ltd.**

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

**The Patrick and Karin Penner Family Trust**

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

**Patrick Penner**

**Witness**

**Glen Collins**

**Witness**

**Paul Arsenault**

**Witness**

## Schedule 5

### Pre-payment Schedule

#### Prepayment

The Borrower shall have the right to repay, on the last business day of any month during the term of the Mortgage (a "Prepayment Date"), the whole, but not part, 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, at the Interest Rate, on the Prepayment Amount; 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;
  - (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 Prepayment Amount.

"Government of Canada Yield" shall mean the lowest of:

- (a) 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 third (3<sup>rd</sup>) last business day of the month during which a Prepayment Date occurs. The prepayment will be made, in Canadian dollars in Canada, at 100% of its principal amount with a term to maturity approximately equal to the weighted average life of the Applicable Mortgage Backed Security, as determined in accordance with NHA-MBS indemnity calculation methodology published by Canada Mortgage and Housing Corporation; and
- (b) 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 third (3<sup>rd</sup>) last business day of the month during which a Prepayment Date occurs, in Canadian dollars in Canada, at 100% of its principal amount with a term to maturity approximately equal to the remaining term of the Mortgage.

**“Applicable Mortgage Backed Security”** means the *National Housing Act* Mortgage Backed Security (NHA-MBS) in which the Mortgage and related loan has been placed as part of the underlying pool.

**“Applicable Canada Mortgage Bond”** means the Canada Mortgage Bond in which the Applicable Mortgage Backed Security has been placed as part of the underlying pool.



MMC# 1419- 652575 Manitoba Ltd.  
480 Young Street, Winnipeg, MB  
Amending Letter  
Page 7

**CMHC Special Conditions – Updated June 20, 2014**



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

**APPROVED LENDER :** First National Financial GP

**CMHC ACCOUNT NUMBER :** 90-565-235

**PROPERTY ADDRESS :** 480 Young Street  
Winnipeg, MB  
R3B 2S6  
Hereinafter the "Property"

**LEGAL DESCRIPTION :** To be provided

**NUMBER OF UNITS :** 24

**BORROWER(S) :** 6525785 Manitoba Ltd.

**GUARANTOR(S) :** PGRP Properties Inc.  
6472240 Manitoba Ltd.  
Patrick Penner  
Glen Collins  
Paul Arsenault  
The Patrick and Karin Penner Family Trust

**Net Loan Amount :** \$2,015,000.00

**Insurance Premium (included in mortgage) :** \$110,825.00

**Application Fee (included in mortgage) :** \$4,800.00

**TOTAL INSURED HOUSING LOAN :** \$2,130,625.00

**INTEREST RATE :** 4.1% [maximum] – 5 years  
4.83% [maximum] – 10 years



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

**INITIAL LOAN TERM :** 5 or 10 years [minimum]

**AMORTIZATION PERIOD :** 30 years [maximum]

**1. ADVANCING OF THE HOUSING LOAN**

- 1.1. This Certificate of Insurance is issued for the purpose of acquiring the Property consisting of 21 units. The Approved Lender must ensure that the Housing Loan is fully applied to the purchase price of \$800,000.00 and the repairing/improving of the Property in the amount of \$1,431,520.00.
- 1.2. The initial advance will be made up to a loan amount of \$680,000.00. Progress advances will then be made upon confirmation of zoning for 24 units up to the Housing Loan amount of \$2,015,000.00, subject to the conditions stipulated under Section 14 Rental Achievement. 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.



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

- 1.3. It is the Approved Lender's responsibility to ensure that the Housing Loan is used specifically and exclusively for the purpose specified.
- 1.4. 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 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 **April 30, 2013**, 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 **March 31, 2016** 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 **\$110,825.00** is applied to the Net Loan amount and calculated as follows:
  - (a) Base premium of **4.5%** at **83.00%** LTV: **\$90,675.00**Surcharge(s) of:



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

- (b) 0.5% for Construction Advances: **\$10,075.00**
- (c) 0.25% for Release of Rental Achievement Holdback at Rent-Up: **\$5,037.50**
- (d) 0.25% for Amortization Extensions: **\$5,037.50**

Payment of the Retail sales tax of 7% applicable to the insurance premium by the Approved Lender is to be made in cash or by cheque:  $\$110,825.00 \times 7\% = \$7,757.75$ .

- 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 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



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

- (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 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) 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.



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

**6. GUARANTEE**

- 6.1. The Approved Lender must obtain the joint and several guarantees of **PGRP Properties Inc., 6472240 Manitoba Ltd., Patrick Penner, Glen Collins, Paul Arsenault, and The Patrick and Karin Penner Family Trust** for 100% of the Housing Loan until the Property has generated annualized effective gross income of **\$210,800.00** sustained for one full operating year. After this period, the Approved Lender must obtain the joint and several guarantee of **PGRP Properties Inc. and 6472240 Manitoba Ltd.** for 100% of the Housing Loan, as well as the joint and several guarantees of **Patrick Penner, Glen Collins, Paul Arsenault, and The Patrick and Karin Penner Family Trust** for **\$980,088.00** 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 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.



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

- 7.2. The interest rate at time of Interest Adjustment Date (IAD) is to be a fixed rate of interest, not exceeding 4.10% for 5 years or 4.83% 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.

**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.





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

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.

**12. ZONING**

12.1. Prior to the initial advance of funds the Approved Lender is to obtain written confirmation that the proper zoning and approvals are in place for a 21 unit rental structure on the Property.

12.2. After the initial advance and prior to any subsequent progress advances the Approved Lender is to obtain written confirmation that the proper zoning and approvals are in place for a 24 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.



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

**14. RENTAL ACHIEVEMENT**

**14.1. Conditions of Rental Achievement are as follows:**

- (a) CMHC will not authorize insured loan advances exceeding **\$1,823,175.00** until such time as the Approved Lender has provided written confirmation that the Property is generating an annualized effective gross income of **\$210,800.00** sustained for one (1) full operating year.
- (b) Confirmation must be based on units leased to bona fide tenants, in occupancy, at rent levels as evidenced by signed leases, verified by the Approved Lender.
- (c) Should rental incentives be part of the marketing plan, such incentives must be deducted before calculating the effective gross income.
- (d) Release of holdback will be authorized by CMHC by way of approved loan advance(s).
- (e) Should the Property fail to meet the required rental achievement by **March 31, 2016**, CMHC reserves the right to:
  - (i) Reduce the Housing Loan to an amount that can be supported by the income of the Property, as determined by CMHC;
  - (ii) Adjust the insurance premium to reflect the actual loan to value (LTV), as determined by CMHC.

**15. CONSTRUCTION CLAUSE**

**15.1. 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.



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

- b) Should the Borrower fail to complete the repairs/improvements by **March 31, 2015**, the Approved Lender shall provide 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.

**15.2. 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 the project budget cost is reviewed and approved by a third party project monitor.

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 \$1,431,520.00, 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.

**16. RENT CONTROL**

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



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

**17. NON-CONFORMING USE**

- 17.1. 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.

**18. HOTEL CONVERSION**

- 18.1. 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:
- (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.
- 18.2. 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.



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

**19. TRUST AGREEMENT**

19.1. Prior to any advance, the Approved Lender must confirm that 6525785 Manitoba Ltd. is a trustee holding title to this Property as trustee for the beneficial owners: PGRP Properties Inc. (50%) and 6472240 Manitoba Ltd. (50%). See Schedule "B" – Organizational Chart. A guarantee for 100% of the Housing Loan is required from the beneficial owner(s). 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

**20. PHYSICAL CONDITION REPORT**

20.1. 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 "Yannick Monaghan".

CMHC Underwriter: Yannick Monaghan  
Centre: Prairies  
Date: June 20, 2014

**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:

**First National Financial GP**

per:

\_\_\_\_\_

Name of Signing Officer:

\_\_\_\_\_

Place and Date of Signature:

\_\_\_\_\_



**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 6**  
**Construction Schedule**





April 26, 2016

6525785 Manitoba Ltd.  
c/o K&P Properties Inc.  
565 St. Mary's Road  
Winnipeg, MB R2M 3L6

Attention: Mr. Patrick Penner

Dear Sir:

**Re: MMC#1419 – 6525785 Manitoba Ltd.  
480 Young Street, Winnipeg, MB**

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**THIS LETTER WILL ATTACH TO AND FORM PART OF THE ORIGINAL COMMITMENT LETTER DATED OCTOBER 29, 2012 AND ALL SUBSEQUENT AMENDMENTS.**

Based upon receipt of a revised CMHC Certificate of Insurance and Special Conditions Letter ("COI"), Montrose Mortgage Corporation Ltd. on behalf of the Lender – First National Financial LP – is prepared to amend its Commitment Letter conditional upon the following:

1. Receipt and satisfactory review and approval of a revised CMHC Certificate of Insurance and Special Conditions Letter #90-565-235.
2. Any other conditions and terms that may be imposed by CMHC.
3. Payment of all additional fees and premiums as determined and required by CMHC and the Lender.

Provided the CMHC Certificate of Insurance and Special Conditions Letter is satisfactory to the Lender, the following amendments to the original Commitment Letter dated October 29, 2012 and as may be amended from time to time will be required:

**1. Loan Amount**

\$1,887,228.19 which includes the CMHC application fee of \$4,800.00 and mortgage insurance premium of \$59,253.19.

**3. Term**

**(b) Term Loan**

Ten (10) years (subject to the Lender's availability of funds) from the Interest Adjustment Date (as hereinafter defined), plus the number of months and/or days required, if any, so that the term ends on a date selected by the Lender (the "Term Period").

At the Lender's option, it may extend the Term Period so that it matures up to 12 months later than the maturity date specified herein. If the Lender chooses to exercise this option it may do so by delivering written notice to the Borrower within 12 months of the Interest Adjustment Date. While the Lender may request the Borrower to acknowledge the extension, the Borrower's failure to do so shall not invalidate the extension.

**11. Security**

(e) a Guarantee and Postponement of Claim from

PGRP Properties Inc. to a maximum amount of \$1,887,228.19;  
6472240 Manitoba Ltd. to a maximum amount of \$1,887,228.19;  
The Patrick and Karin Penner Family Trust to a maximum amount of \$1,887,228.19;  
Patrick Penner to a maximum amount of \$1,887,228.19;  
Glen Collins to a maximum amount of \$1,887,228.19;  
Paul Arsenault to a maximum amount of \$1,887,228.19;

(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.

Upon satisfaction of all conditions described in CMHC's Special Conditions updated on April 20, 2016, the Guarantees from Mr. Patrick Penner, Mr. Glen Collins, Mr. Paul Arsenault and The Patrick and Karin Penner Family Trust may be reduced to \$566,169.

**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.

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.

Please sign and return an acknowledged copy of this letter indicating your acceptance of the above terms on or before 2:00 p.m. on Thursday, April 28, 2016.

Yours truly,

**MONTROSE MORTGAGE CORPORATION LTD.**



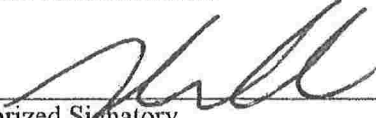
Sonia Pacheco  
Senior Mortgage Closing Specialist

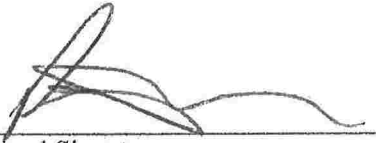
**ACKNOWLEDGEMENT:**

I/We hereby agree to the above terms and conditions this 27th day of April, 2016.

**BORROWER:**

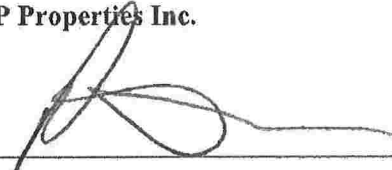
**6525785 Manitoba Ltd.**

Per:   
Authorized Signatory  
*President*

Per:   
Authorized Signatory

**ADDITIONAL COVENANTORS:**

**PGRP Properties Inc.**


Per: 

**6472240 Manitoba Ltd.**


Per:   
*President*

**The Patrick and Karin Penner Family Trust**

Per: 

  
\_\_\_\_\_  
**Patrick Penner**

\_\_\_\_\_  
**Witness**

  
\_\_\_\_\_  
**Glen Collins**

\_\_\_\_\_  
**Witness**

  
\_\_\_\_\_  
**Paul Arseneault**

\_\_\_\_\_  
**Witness**

MMC# 1419- 652575 Manitoba Ltd.  
480 Young Street, Winnipeg, MB  
Amending Letter  
Page 4

**CMHC Special Conditions – Updated April 20, 2016**



CERTIFICATE OF INSURANCE

TO:

First National Financial GP,  
Head Office-Suite 700, N.Tower,  
100 University AVE 700,  
Toronto, ON.  
M5J 1V6

999 99023

PROTECTED WHEN COMPLETED

CMHC ACCOUNT NUMBER

90-565-235

LENDER REFERENCE NUMBER

BORROWER(S) : 6525785 Manitoba Ltd

PROPERTY IDENTIFICATION/CIVIC ADDRESS

480 Young ST,  
Winnipeg, MAN.  
R3B 2S6

LEGAL DESCRIPTION : SP Lot 84 Plan 333'12 WLTO IN RL 74-77  
Parish of StJames

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:

First National Financial GP

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

ALL SPECIAL CONDITIONS REMAIN THE SAME

INSURABLE LOAN		\$1,887,228.19
INSURANCE PREMIUM TO BE REMITTED ( 3.25 %)		\$59,253.19
PROVINCIAL SALES TAX TO BE REMITTED		\$4,519.26
		-----
TOTAL		\$63,772.45
APPLICATION FEE		\$4,800.00
ADV TO DATE (EXCLUDING INSURANCE PREMIUM)		
APPROVED BY THIS NOTIFICATION		\$1,827,975.00
HOLDBACK (IF APPLICABLE)		\$0.00

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:

2016-04-25

Authorized Representative:

MARNI PLUNKETT

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

CANADA MORTGAGE AND HOUSING CORPORATION

SOCIÉTÉ CANADIENNE D'HYPOTHÈQUES ET DE LOGEMENT





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

<b>APPROVED LENDER :</b>	<b>First National Financial GP</b>
<b>CMHC ACCOUNT NUMBER :</b>	<b>90-565-235</b>
<b>PROPERTY ADDRESS :</b>	<b>480 Young Street Winnipeg, MB R3B 2S6 Hereinafter the "Property"</b>
<b>LEGAL DESCRIPTION :</b>	<b>To be provided</b>
<b>NUMBER OF UNITS :</b>	<b>24</b>
<b>BORROWER(S) :</b>	<b>6525785 Manitoba Ltd.</b>
<b>GUARANTOR(S) :</b>	<b>PGRP Properties Inc. 6472240 Manitoba Ltd. Patrick Penner Glen Collins Paul Arsenault The Patrick and Karin Penner Family Trust</b>
<b>Net Loan Amount :</b>	<b>\$1,823,175.00</b>
<b>Insurance Premium (Included in mortgage) :</b>	<b>\$59,253.19</b>
<b>Application Fee (Included in mortgage) :</b>	<b>\$4,800.00</b>
<b>TOTAL INSURED HOUSING LOAN :</b>	<b>\$1,887,228.19</b>
<b>INTEREST RATE :</b>	<b>4.1% [maximum] ~ 5 years</b>



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

	<b>4.83% [maximum] – 10 years</b>
<b>INITIAL LOAN TERM :</b>	<b>5 or 10 years [minimum]</b>
<b>AMORTIZATION PERIOD :</b>	<b>30 years [maximum]</b>

---

**1. ADVANCING OF THE HOUSING LOAN**

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1.1. This Certificate of Insurance is issued for the purpose of acquiring the Property consisting of 21 units. The Approved Lender must ensure that the Housing Loan is fully applied to the purchase price of \$800,000.00 and the repairing/improving of the Property in the amount of \$1,431,520.00.

1.2. The initial advance will be made up to a loan amount of \$680,000.00. Progress advances will then be made upon confirmation of zoning for 24 units up to the Housing Loan amount of \$2,015,000.00, subject to the conditions stipulated under Section 14 Rental Achievement. 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.



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

- 1.3. It is the Approved Lender's responsibility to ensure that the Housing Loan is used specifically and exclusively for the purpose specified.
- 1.4. 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 Approved Lender, including, but not limited to confirmation of compliance with ESA policy.

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**2. DATES FOR DRAWING ADVANCES**

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- 2.1. The first insured advance must take place no later than April 30, 2013, 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 March 31, 2016 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.

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**3. HOUSING LOAN INSURANCE PREMIUM**

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- 3.1. The total premium of \$59,253.19 is applied to the Net Loan amount and calculated as follows:
  - (a) Base premium of 2.25% at 75.00% LTV: \$41,021.43



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

Surcharge(s) of:

- (b) 0.5% for Construction Advances: \$9,115.88
- (c) 0.25% for Release of Rental Achievement Holdback at Rent-Up: \$4,557.94
- (d) 0.25% for Amortization Extensions: \$4,557.94

Payment of the Retail sales tax of 8% applicable to the insurance premium by the Approved Lender is to be made in cash or by cheque: \$4,519.26.

- 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 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.

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**4. ENVIRONMENTAL SITE INSPECTION**

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- 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



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

- (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.

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**5. LOAN SECURITY**

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- 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 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 5 Guarantee;
- (e) 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.



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

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**6. GUARANTEE**

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- 6.1.** The Approved Lender must obtain the joint and several guarantees of PGRP Properties Inc., 6472240 Manitoba Ltd., Patrick Penner, Glen Collins, Paul Arsenault, and The Patrick and Karin Penner Family Trust for 100% of the Housing Loan until the Property has generated annualized effective gross income of \$210,800.00 sustained for one full operating year. After this period, the Approved Lender must obtain the joint and several guarantee of PGRP Properties Inc. and 6472240 Manitoba Ltd. for 100% of the Housing Loan, as well as the joint and several guarantees of Patrick Penner, Glen Collins, Paul Arsenault, and The Patrick and Karin Penner Family Trust for \$566,169.00 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 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.

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**7. INTEREST RATE**

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- 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



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

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 4.10% for 5 years or 4.83% 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.

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**8. TAXES**

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

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**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.

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**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.



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

- 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.

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**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.

---

**12. ZONING**

- 12.1.** Prior to the initial advance of funds the Approved Lender is to obtain written confirmation that the proper zoning and approvals are in place for a 21 unit rental structure on the Property.
- 12.2.** After the initial advance and prior to any subsequent progress advances the Approved Lender is to obtain written confirmation that the proper zoning and approvals are in place for a 24 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.





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

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**14. RENTAL ACHIEVEMENT**

14.1. Conditions of Rental Achievement are as follows:

- (a) CMHC will not authorize insured loan advances exceeding \$1,823,175.00 until such time as the Approved Lender has provided written confirmation that the Property is generating an annualized effective gross income of \$210,800.00 sustained for one (1) full operating year.
- (b) Confirmation must be based on units leased to bona fide tenants, in occupancy, at rent levels as evidenced by signed leases, verified by the Approved Lender.
- (c) Should rental incentives be part of the marketing plan, such incentives must be deducted before calculating the effective gross income.
- (d) Release of holdback will be authorized by CMHC by way of approved loan advance(s).
- (e) Should the Property fail to meet the required rental achievement by March 31, 2016, CMHC reserves the right to:
  - (i) Reduce the Housing Loan to an amount that can be supported by the income of the Property, as determined by CMHC;
  - (ii) Adjust the insurance premium to reflect the actual loan to value (LTV), as determined by CMHC.

---

**15. CONSTRUCTION CLAUSE**

15.1. 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.



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

- b) Should the Borrower fail to complete the repairs/improvements by March 31, 2015, the Approved Lender shall provide 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.

**15.2. 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 the project budget cost is reviewed and approved by a third party project monitor.

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 \$1,431,520.00, 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.

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**16. RENT CONTROL**

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



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

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**17. NON-CONFORMING USE**

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- 17.1. 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.

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**18. HOTEL CONVERSION**

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- 18.1. 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:
- (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.
- 18.2. 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.



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

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**19. TRUST AGREEMENT**

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- 19.1.** Prior to any advance, the Approved Lender must confirm that 6525785 Manitoba Ltd. is a trustee holding title to this Property as trustee for the beneficial owners: PGRP Properties Inc. (50%) and 6472240 Manitoba Ltd. (50%). See Schedule "B" – Organizational Chart. A guarantee for 100% of the Housing Loan is required from the beneficial owner(s). 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

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**20. PHYSICAL CONDITION REPORT**

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- 20.1.** 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**

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

---

*M Plunkett*

CMHC Underwriter: Marni Plunkett  
Centre: Prairies  
Date: April 25, 2016

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**ACKNOWLEDGMENT**

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*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:

First National Financial GP

per:

\_\_\_\_\_

Name of Signing Officer:

\_\_\_\_\_

Place and Date of Signature:

\_\_\_\_\_



**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**

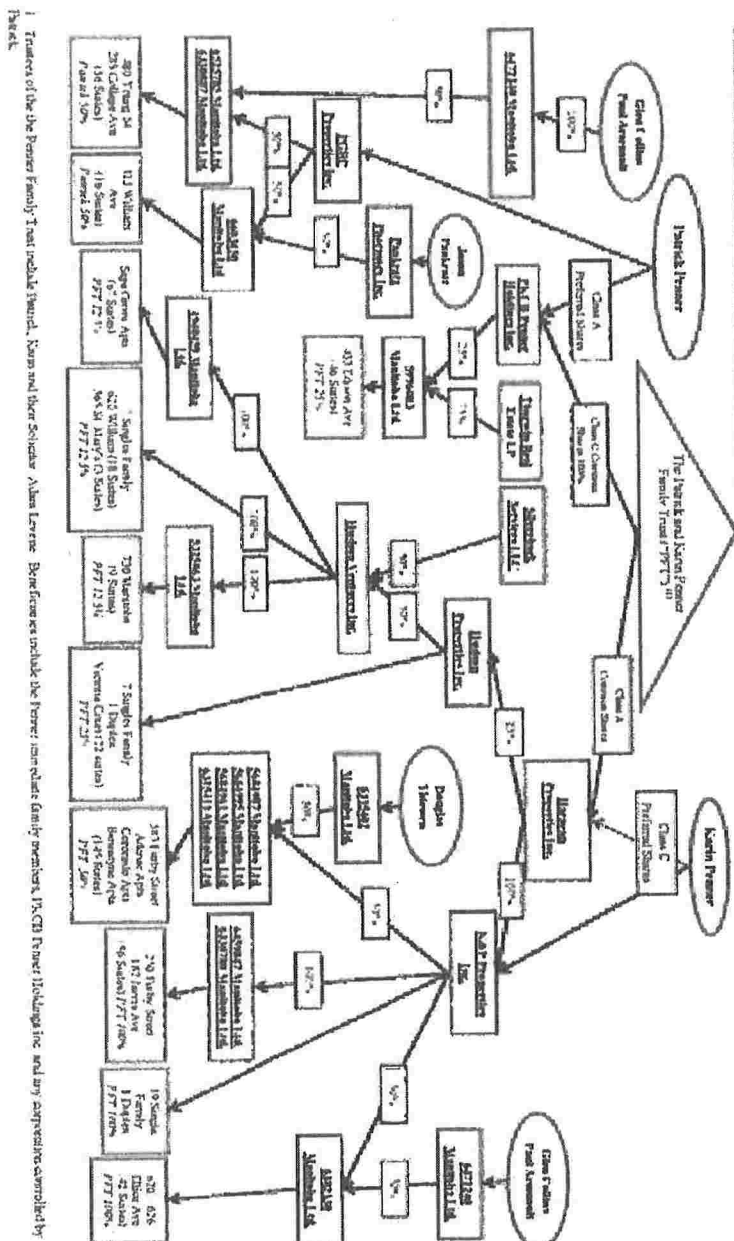
*" The Approved Lender or agent of the Approved Lender or agent of Canada Mortgage and Housing Corporation (Hereinafter called "CMHC") may, at any time, before and after default, and for any purpose deemed necessary by the Approved Lender or CMHC, enter upon the said lands to inspect the said land and 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."*



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

**SCHEDULE "B - Organization Chart**

**ORGANIZATIONAL CHART - PENNER FAMILY**



1. Trustees of the Penner Family Trust include Howard, Karen and their children Adam Leverage. Beneficiaries include the Penner, non-trust family members, PK, CD Trust, Holdings Inc. and any representative appointed by Patrick.

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023

A handwritten signature in blue ink, appearing to be 'M. 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  Mortgage  Encumbrance  Mortgage of Mortgage/Encumbrance  
 ESTATE AFFECTED  Freehold  Leasehold

1. **MORTGAGOR/GRANTOR OF ENCUMBRANCE (Encumbrancee)** include address and postal code  
 6525785 MANITOBA LTD., c/o 6472240 Manitoba Ltd. 1 -534 Stradbrook Avenue, Winnipeg,  
 Manitoba R3L 0J9  
 COVENANTOR (if any) include address and postal code  
 see schedule

2. **LAND DESCRIPTION**  
 SP LOT 84 PLAN 33312 WLTO  
 IN RL 74 TO 77 PARISH OF ST JAMES



DEC 28 2012

TITLE NUMBER(S) 155019  
 MORTGAGE/ENCUMBRANCE NUMBER  
 see schedule

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

4. **NAME AND ADDRESS OF MORTGAGEE/ENCUMBRANCER FOR SERVICE** include postal code  
 SAME AS ABOVE  
 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 otherwise 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 Mortgagors may sign the schedule  
 identified in Box 7 and attached hereto and/or one or more Covenantors 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 \$	2,130,625.00			(b) Interest Rate	25 % per annum			(c) Calculation Period	Semi-annual not in advance		
(d) Interest Adjustment Date	Y	M	D	(e) Payment Date and Period	First	day,	(f) First Payment Date	Y	M	D	
	XXXX	XX	XX		monthly			XXXX	XX	XX	
(g) Last Payment Date	Y	M	D	(h) Amount of Each Payment	Dollars \$42,275.00						
	XXXX	XX	XX								
(i) Balance Due Date	Y	M	D	Guarantee Mortgage <input type="checkbox"/>							
	XXXX	XX	XX								

Additional Provisions  
 see schedule A

**LTO USE ONLY**

<b>FEES CHECKED</b>	<b>REFUND AMOUNT</b>
Certificate of Registration	
Registered this date <u>Dec 12 2012</u>	MORTGAGE LAND TITLES OFFICE WINNIPEG MB DEC 12 2012
as No <u>43069361</u>	
I certify that the within instrument was registered in the	
Title No. <u>URG</u> Land Titles Office and entered on <u>26306521</u>	
For District Registrar	

by this mortgage once every twelve months or as needed for pay off or sale

SIGNATURE OF MORTGAGOR/ENCUMBRANCEE

see schedule

Strike out inappropriate statement(s) and initial

- 1. The Corporation is ~~advertised to be an~~ the owner of the Land/~~Mortgage/Encumbrance of the land.~~
- 2. As security for performance of all its obligations herein, the Corporation hereby mortgages/~~encumber to the Mortgage/Encumbrance~~ its interest in the Land/~~Mortgage/Encumbrance of the land.~~
- 3. The Corporation 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. The Corporation acknowledges 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 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:
- 7. The within land is not homestead property.
- 8. I am an employee of the Corporation and have authority to bind same.

DATE  
Y M D

6525785 MANITOBA LTD

2012 11 14

**NATHAN I WELTMAN**  
 Notary Public and  
 Practising Manitoba Lawyer  
 700 - 330 St. Mary Avenue  
 Winnipeg, MB R3C 3Z5

Name

Signature

Name:

Title:

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

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 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:

12. INSTRUMENT PREPARED BY include address and postal code

Thompson Dorfman Sweatman LLP, 2200-201 Portage Avenue, Winnipeg, Manitoba, R3B 3L3  
Attention: Michael A. Choiselet (204-934-2557)

13. ENCUMBRANCES, LIENS AND INTERESTS - The within document is subject to instrument number(s) Caveat Nos. 3316933/1, 3559177/1, 3566823/1 and 3888155/1

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

**NATHAN I WELTMAN**  
 Notary Public and  
 Practising Manitoba Lawyer  
 700 - 330 St. Mary Avenue  
 Winnipeg, MB R3C 3Z5

757 6415

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 TO BE READ AS INCLUDING ALL (Mortgagor(s) whether individual or corporate)

## SCHEDULE "A"

This Schedule forms part of A REAL PROPERTY MORTGAGE from 6525785 MANITOBA LTD. to FIRST NATIONAL FINANCIAL GP CORPORATION dated the day of November, 2012.

### THE REAL PROPERTY ACT

#### MORTGAGE TERMS

6525785 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 \$2,130,625.00 (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 Mortgagee's Commitment Letter dated October 29, 2012 and accepted November 1, 2012, together with all Schedules and Appendices thereto including, without limitation, the Canada Mortgage and Housing Corporation ("CMHC") Certificate of Insurance attached thereto (as amended from time to time, the "Commitment Letter") 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 the event of any conflict or inconsistency between any provision of this Mortgage and the provision of any other Loan Document (other than the Commitment Letter), the Mortgagee may elect which instrument or provision is to prevail. In the event of any conflict or inconsistency between any provision of this Mortgage and the Commitment Letter, the Commitment Letter is to prevail. This Mortgage is intended to supplement and not derogate from the other Loan Documents. All provisions of the Commitment Letter shall survive the execution and delivery of the Mortgage and any security collateral hereto and the advance of funds hereunder and shall remain in full force and effect. 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.

#### 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 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: \$2,130,625.00;
- (b) Interest Rate: 25% per annum (the "Interest Rate");



- (c) Interest Calculation Period: Semi-annually, not in advance;
- (d) Interest Adjustment Date: First day of the month following the final advance (the "Interest Adjustment Date");
- (e) Instalment Date: First day of each month;
- (f) First Instalment Date: 1st day of the month following Interest Adjustment Date (the "First Instalment Date");
- (g) Maturity Date: Five or ten years from the Interest Adjustment Date, as determined by the Mortgagor (the "Maturity Date");
- (h) Amount of Each Equal Monthly Instalment: \$42,275.00;

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, 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 Interest Adjustment Date or, at the Mortgagee's option, on the first day of each month prior to the Interest Adjustment Date. At the option of the Mortgagee, the 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 monthly instalments of principal and interest of \$42,275.00 each on the first day of each and every month in each and every year from and including the First Instalment Date to and including 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 final advance of 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.

3.7 Notwithstanding anything to the contrary set forth in this Mortgage, if the Mortgagor has not converted this Mortgage to a term loan, in accordance with the provisions of the Commitment Letter, the balance of the Principal Amount, accrued interest and any other indebtedness then outstanding shall be immediately due and payable in full upon the termination of the Construction Period (as that term is defined in the Commitment Letter), together with the pre-payment penalty described in the Commitment Letter.

#### 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.

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

## 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 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;

- (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; and
- (c) Upon 3 business days notice and provided the interest rate has not been fixed in accordance with the Commitment Letter, then the Mortgagor shall have the right to repay at any time during the term of the Mortgage the whole 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 plus three (3) months interest.

**6. INSURANCE**

**6.1 Insurance Requirements**

The Mortgagor will at all times during the Term maintain the insurance required by the Commitment Letter and 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 c/o Montrose Mortgage Corporation Ltd. 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.



Ina

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 written notice 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 Principal Amount 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:

"Any major changes, additions, and/or alterations contemplated to the Mortgaged Premises, including major changes in use of the Mortgaged Premises and/or any proposed use of the Mortgaged Premises as a hotel or similar type of accommodation, must receive the Mortgagee's written consent prior to the commencement of the changes, additions and/or alterations. If the Mortgagor changes and/or alters the Mortgaged Premises or its use without the prior written consent of the Mortgagee 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 Mortgagor 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."

**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 Mortgaged Premises, 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 the its consent thereto.

Notwithstanding the foregoing provisions, with notice to the Mortgagee, the shares of the Mortgagor or beneficial owners of the Mortgaged Premises may be transferred to or among Patrick Penner family interests.

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

## 11. PROPERTY MANAGEMENT

11.1 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 terms and conditions of the management agreement shall be satisfactory to the Mortgagee.

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 terms and conditions of the management agreement. The Mortgagee confirms that Winpark Dorchester Properties is an acceptable property manager.

## 12. DISCLOSURE

The Mortgagor and each Additional Covenantor (as defined herein), if any, acknowledges that the loan secured hereby may be sold or securitized into the secondary market and the Mortgagor and each Additional Covenantor consent to the release by the Lender of all information and materials in the Lender's possession concerning the Mortgagor, each Additional Covenants 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. The Mortgagor and each Additional Covenantor agrees that the Lender may share information concerning the Mortgagor or any Additional Covenantor, as the case may be, with (a) any assignee or proposed assignee of the Commitment Letter 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, and (d) credit rating agencies.

Initials 

13. **FINANCIAL REPORTING**

13.1 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; in the case of an individual Mortgagor or Additional Covenantor, net worth statements may be supplied in lieu of financial statements;
- (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.

13.2 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.

13.3 The Mortgagor and each Additional Covenantor hereby authorizes the Mortgagee to obtain such financial information from third parties respecting it/him/her as the Mortgagee may require from time to time. The Mortgagor covenants to deliver any further financial information requested by the Mortgagee, acting reasonably.

13.4 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 Mortgaged Premises to such separate account and shall not withdraw any monies from such account without the prior written approval of the Mortgagee.

14. **CREDIT MANAGEMENT**

14.1 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.

  
Initials

14.2 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.

14.3 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.

**15. HOTEL CONVERSION**

15.1 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.

**16. NO FURTHER ENCUMBERING**

16.1 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 may be withheld at its sole discretion.

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

**17. SPECIFIC ASSIGNMENT OF LEASES**

17.1 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 Mortgaged Premises.

**18. PARTIAL DISCHARGE**

18.1 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.

18.2 The Mortgagor 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.

Initials 

19. ENVIRONMENTAL PROVISIONS

19.1 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.

19.2 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 the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation or clean-up or any other dealing with or aspect of a Hazardous Substance.

"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 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 (PCBs) 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.

19.3 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;
- (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, there is no existing or threatened Environmental Proceeding against or affecting the Mortgaged Premises; and



- (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.

19.4 Except as disclosed in the Environmental Audit, neither of the Mortgagor nor, to the best of the Mortgagor's knowledge and belief after due inquiry and investigation, 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; (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 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 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.

19.5 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;
- (b) not permit any Hazardous Substance to be located, manufactured, stored, spilled, discharged or disposed of at, on or under the Mortgaged Premises (except in the ordinary course of business of the Mortgagor or any tenant of the Mortgaged Premises 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;
- (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 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.



19.6 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 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.

20. **DEFAULT**

20.1 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;
- (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.

21. **RECEIVER**

21.1 Upon an event of default, the Mortgagee may in its discretion, with or without entering into possession of the Mortgaged Premises 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 Mortgaged Premises 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 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 Mortgaged Premises 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 Mortgaged Premises 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 Mortgaged Premises;
- (g) such Receiver shall have the power from time to time to lease any portion of the Mortgaged Premises 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 Mortgaged Premises;
- (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 Mortgaged Premises, including completing the construction of any incomplete building

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or buildings, structures, services or improvements on the Mortgaged Premises, 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 Mortgaged Premises or any part thereof in the name of the Mortgagor for the purpose of obtaining rental and other income from the Mortgaged Premises 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 Mortgaged Premises 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 Mortgaged Premises 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 Mortgaged Premises from time to time in priority to this Mortgage, including all realty taxes;
  - (iv) to the Mortgagee, all Principal Amount 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 Mortgaged Premises 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.

**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. 90-565-235 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

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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:

c/o 6472240 Manitoba Ltd  
1-534 Stradbroom Avenue  
Winnipeg MB R3L 0J9

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 4:00pm (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.

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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; and
- (c) 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 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 compensate on 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 Mortgaged Premises 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.



28.9 Construction:

- (a) The Mortgagor shall comply with all applicable Federal, Provincial and Municipal laws, regulations and codes in the construction of this project;
- (b) Prior to each advance the Mortgagee must be able to 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; and
- (c) Should the Mortgagor fail to complete the repairs/improvements by April 30, 2014, the Mortgagee shall provide written recommendation to CMHC for its consideration on whether the Mortgagee shall undertake to have the repairs/improvements completed or to close out the loan.

28.10 Project Monitoring:

- (a) The Mortgagor shall not commence construction until the Mortgagee is satisfied that construction of this project will be completed in a timely manner at the stated costs. The Mortgagor acknowledges that prior to the start of construction the Mortgagor 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 Mortgagee, 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 Mortgagee, 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 \$1,377,020.00, is sufficient to complete the project, given the development Schedule and the final project specifications.
- (b) The Mortgagor acknowledges that it 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 Mortgagee have been used for the Mortgaged Premises and that all bills have been paid. The Approved Lender is to review and recommend progress advances.

28.11 The Mortgagor 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.

28.12 In the case of residential leases the Mortgagee shall approve the Mortgagor's standard form of lease and the Mortgagor shall not amend same without the Mortgagee's consent.

28.13 The Mortgagor and each Additional Covenantor, if any, represent and warrant to the Mortgagee that all information and material submitted and all representations made to the Mortgagee by the Mortgagor and/or any Additional Covenantor are true, complete and accurate and each of the foregoing parties acknowledges that the Mortgagee 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 Mortgagee to exercise all its rights and remedies for default in payment thereunder.

A handwritten signature in black ink is written over a circular stamp. The stamp contains the word "Initials" and some illegible text.

29. This Schedule forms part of a Mortgage from 6525785 Manitoba Ltd. as Mortgagor, to First National Financial GP Corporation as Mortgagee dated this 14<sup>th</sup> day of November, 2012.

6525785 MANITOBA LTD.

Per: 

Name: Stephen Glen Collins  
Title: President



**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 93 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 at 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 privilege 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;







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 Mortgagee 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 thereupon 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 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 aforesaid 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 clauses 22(c), (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(c), 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 rectify 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, except 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 award the same to others to complete; and purchase, repair and maintain any personal property including, without limitation, appliances and equipment necessary or desirable to render the 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 purpose 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 Mortgagor'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) Whenever 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) Whenever 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.

AMENDING AGREEMENT Form 9.1

1. REGISTERED OWNER(S) OF MORTGAGE/ENCUMBRANCE  
FIRST NATIONAL FINANCIAL GP CORPORATION  
see schedule

2. REGISTERED OWNER(S) OF LAND  
6525785 MANITOBA LTD.  
see schedule

3. AFFECTED MORTGAGE/ENCUMBRANCE  
 Mortgage     Caveat     Other (Specify) \_\_\_\_\_  
Instrument No. 4306936/1

4. CURRENT AFFECTED TITLE(S)  
2638652/1  
see schedule

5. ADDITIONAL LAND (complete only if additional land is being added)  
The land affected by the above (mortgage/encumbrance) is hereby varied to add the following land:  
  
TITLE NO.(S) see schedule

6. ENCUMBRANCES ON ADDITIONAL LANDS (complete only if additional land is being added)  
The parties acknowledge that the following encumbrances affecting the additional land have priority of registration over the affected (mortgage/encumbrance):  
  
see schedule

7. AMENDED TERMS  
The affected (mortgage/encumbrance) is hereby amended as follows:  
  
By amending Section 1.2 of Schedule "A" to the Mortgage to insert ", as amended from time to time" after each reference to "Commitment Letter".  
  
By amending Section 28.9(c) of Schedule "A" to the Mortgage to change the reference to the date "April 30, 2014" to "March 31, 2015".  
  
see schedule

8. SIGNATURE OF REGISTERED OWNER(S) OF MORTGAGE/ENCUMBRANCE see schedule   
First National Financial GP Corporation:  
1. I am (entitled to be) (an/the) owner of the affected (mortgage/encumbrance).  
2. I am of the age of majority.  
3. I agree to amend the affected (mortgage/encumbrance) as set forth herein.  
4. I am an employee of First National Financial GP Corporation and have the authority to bind same.

FIRST NATIONAL  
FINANCIAL GP  
CORPORATION

Witness signature: \_\_\_\_\_ name: \_\_\_\_\_  
Per: Jean Manoj signature: \_\_\_\_\_ date: 2014/07/28  
Name: JEAN MANOJ date (YYYY/MM/DD)  
Title: MANAGER, COMMERCIAL FUNDING

Witness signature: \_\_\_\_\_ name: \_\_\_\_\_  
signature: Jeremy Wedgbury date: 2014/07/28  
Name: Jeremy Wedgbury date (YYYY/MM/DD)  
Title: Senior Vice President, Commercial Mortgages

*Prior to signing and witnessing this document, the witness must read and understand the notices in Box 10.*

DUGAN EDMISON  
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  
Practicing Ontario Lawyer

If the witness is not a lawyer practicing in the province/territory where this document is signed (or either a notary public or a practicing lawyer if signed in B.C. or Quebec), an Affidavit of Witness will be required. If this document is signed outside of Canada, please review section 72.9 of The Real Property Act.

9. SIGNATURE OF REGISTERED OWNER(S) OF LAND

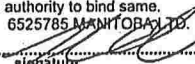
see schedule

1. The Corporation is I-am-(entitled-to-be)-(an/the) owner of the land.
2. I am of the age of majority.
3. The Corporation I agree to amend the affected (mortgage/encumbrance) as set out above.
4. As security for performance of all its my obligations herein, the Corporation I hereby (mortgage/encumbrancer) to the (mortgage/encumbrancer) its my interest in the additional land (if any).
5. 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 Farms 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:

6. The within land is not Homestead property.
7. I am an employee of the Corporation and have the authority to bind same.

6525785 MANITOBA LTD. 2014/07/24

Per:  date (YYYY/MM/DD)

witness signature name signature date (YYYY/MM/DD)

Name: STEPHEN GLEN COLLINS

Title: PRESIDENT

witness signature name signature date (YYYY/MM/DD)

NATHAN I. WELTMAN  
Notary Public and  
Practising Manitoba Lawyer  
700 - 330 St. Mary Avenue  
Winnipeg, MB R3C 3Z5

Prior to signing and witnessing this document, please carefully review the notices in Box 10.

If the witness is not a lawyer practicing in the province/territory where this document is signed (or either a notary public or a practicing lawyer if signed in B.C. or Quebec), an Affidavit of Witness will be required. If this document is signed outside of Canada, please review section 72.9 of *The Real Property Act*.

10. IMPORTANT NOTICES

NOTICE TO WITNESSES: By signing as witness you confirm that the person whose signature you witnessed:

1. Is either personally known to you, or that their identity has been proven to you.
- AND
2. That they have acknowledged to you that they:
    - (a) are the person named in this instrument;
    - (b) have attained the age of majority in Manitoba; and
    - (c) are authorized to execute this instrument.

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*.

*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 12 months, or as needed for pay off or sale.

SINGULAR INCLUDES PLURAL AND VICE VERSA WHERE APPLICABLE. In this document "I" or "me" is to be read as including all parties signing this document whether individual or corporate.

11. SIGNATURE OF COVENANTOR(S)

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.

witness signature name signature date (YYYY/MM/DD)

witness signature name signature date (YYYY/MM/DD)

12. 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.

name of spouse or common-law partner signature of spouse or common-law partner date (YYYY/MM/DD)

name of spouse or common-law partner signature of spouse or common-law partner date (YYYY/MM/DD)

A Notary Public in and for the Province of Manitoba  
A Commission 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): \_\_\_\_\_

13. CONSENT OF SUBSEQUENT ENCUMBRANCER(S) see schedule

\_\_\_\_\_ as holder of \_\_\_\_\_ No. \_\_\_\_\_

hereby consent(s) to the registration of this agreement and agree that the affected (mortgage/encumbrance) as amended shall have priority over my claim or interest.

.....  
witness signature      name      signature      date <sup>/</sup> <sup>/</sup>  
(YYYY/MM/DD)

.....  
witness signature      name      signature      date <sup>/</sup> <sup>/</sup>  
(YYYY/MM/DD)

\_\_\_\_\_ as holder of \_\_\_\_\_ No. \_\_\_\_\_

hereby consent(s) to the registration of this agreement and agree that the affected (mortgage/encumbrance) as amended shall have priority over my claim or interest.

.....  
witness signature      name      signature      date <sup>/</sup> <sup>/</sup>  
(YYYY/MM/DD)

.....  
witness signature      name      signature      date <sup>/</sup> <sup>/</sup>  
(YYYY/MM/DD)

\_\_\_\_\_ as holder of \_\_\_\_\_ No. \_\_\_\_\_

hereby consent(s) to the registration of this agreement and agree that the affected (mortgage/encumbrance) as amended shall have priority over my claim or interest.

.....  
witness signature      name      signature      date <sup>/</sup> <sup>/</sup>  
(YYYY/MM/DD)

.....  
witness signature      name      signature      date <sup>/</sup> <sup>/</sup>  
(YYYY/MM/DD)

*Prior to signing and witnessing this document, please carefully review the notices in Box 10.*  
If the witness is not a lawyer practicing in the province/territory where this document is signed (or either a notary public or a practicing lawyer if signed in B.C. or Quebec), an Affidavit of Witness will be required. If this document is signed outside of Canada, please review section 72.9 of *The Real Property Act*.

14. INSTRUMENT PRESENTED FOR REGISTRATION BY *(include address, postal code, contact person and phone number)*  
Thompson Dorfman Sweatman LLP, 2200-201 Portage Avenue, Winnipeg, Manitoba, R3B 3L3  
Attention: Stéphanie M. Tétreault (204-934-2342)



LAND TITLES OFFICE USE ONLY

SEE ATTACHED LETTER/FAX/ADDITIONAL EVIDENCE FOR BOX(ES)

Set for acceptance	<input checked="" type="checkbox"/>		Fee	382-	
Examined by:	<input checked="" type="checkbox"/>	LAND TITLES OFFICE	Fee adjustment		AA
Fees checked	<input checked="" type="checkbox"/>	AUG 01 2014	<input type="checkbox"/> Extra Fee	<input type="checkbox"/> Refund	
		WINNIPEG, MB	Registration No.	4512401	11

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023

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

---

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

**GENERAL SECURITY AGREEMENT**  
**(SITE SPECIFIC)**

THIS AGREEMENT made as of the 14<sup>th</sup> day of November, 2012 (the "Agreement")

BETWEEN:

**FIRST NATIONAL FINANCIAL GP CORPORATION, as general  
partner of FIRST NATIONAL FINANCIAL LP  
(hereinafter, the "Secured Party")**

**OF THE FIRST PART**

- and -

**6525785 MANITOBA LTD.  
(hereinafter, the "Debtor")**

**OF THE SECOND PART**

WITNESSES THAT:

WHEREAS the Secured Party has agreed to make a loan (the "Loan") to the Debtor pursuant to a commitment letter dated October 29, 2012 and accepted November 1, 2012 as amended (the "Commitment Letter") and secured by a first mortgage and charge (the "Mortgage") of certain lands and premises known as 480 Young Street, Winnipeg, Manitoba (the "Property");

AND WHEREAS the Debtor has agreed to grant to the Secured Party a security interest in and an assignment, mortgage and charge of the Collateral (as defined in Section 2.01) to secure all indebtedness of the Debtor in relation to the Loan to the Secured Party (the "Indebtedness");

NOW THEREFORE in consideration of the Secured Party making the Loan to the Debtor and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree as follows.

**ARTICLE 1**  
**INTERPRETATION**

1.01 **Interpretation and Construction.** In this Agreement, unless something in the subject matter or context is inconsistent therewith, "PPSA" means *The Personal Property Security Act* (Manitoba) as now enacted, or as the same may from time to time be amended, re-enacted or replaced, and the terms "accessions", "accounts", "chattel paper", "documents of title", "equipment", "goods", "instrument(s)", "intangible(s)", "inventory", "money", "proceeds" and "security(s)" whenever used herein have the meanings given to those terms in the PPSA.

**ARTICLE 2**  
**GRANT OF SECURITY INTEREST**

2.01 **Security Interest.** As general and continuing security for the payment and performance of the Indebtedness by the Debtor to the Secured Party, the Debtor hereby grants to the Secured Party a security interest in all the present and future undertaking and property, both real and personal, of the Debtor, or any party comprising the Debtor, located at, arising from, or otherwise relating to the Property (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Indebtedness, the Debtor hereby assigns the Collateral to the Secured Party and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to the Secured Party. Without limiting the generality of the foregoing, the Collateral will include all right, title and interest that the Debtor,

or any party comprising the Debtor, now has or may hereafter have, in all property of the following kinds comprising, located at, arising from or otherwise relating to the Property:

- (a) **Accounts Receivable:** all debts, accounts, claims and choses in action for monetary amounts which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
- (b) **Equipment:** all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which are not inventory (collectively, the "Equipment");
- (c) **Money:** all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
- (d) **Books, Records etc.:** all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in this Section 2.01 and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (e) **Agreements:** all material agreements relating to the Property or the management or operation thereof and all rights and benefits in respect thereof;
- (f) **Licenses:** all permits, consents, licenses, authorizations and other approvals granted by any governmental authority or public utility in respect of the Property (a "License") and all rights and benefits in respect thereof;
- (g) **Substitutions:** all replacements of, substitutions for and increases, additions and accessions to any of the property described in this Section 2.01; and
- (h) **Proceeds:** and all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral.

Provided that the said security interest, assignment, mortgage and charge will not (i) extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Debtor, but should the Secured Party enforce the said security interest, assignment, mortgage or charge, the Debtor will thereafter stand possessed of such last day and shall hold it in trust to assign the same to any Person acquiring such term in the course of the enforcement of the said assignment and mortgage and charge, or (ii) render the Secured Party liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Debtor is a party or by which it is bound. Without limiting the foregoing, the Collateral shall include, and the security interest granted hereby shall attach to, all present and future right, title, estate and interest of any beneficial owner of the Property in the Collateral.

2.02 **Attachment of Security Interest.** The Debtor acknowledges that value has been given and agrees that the security interest granted hereby will attach when the Debtor signs this Agreement and the Debtor has any rights in the Collateral. There is no agreement between the parties hereto, express or implied, to postpone the attachment of the assignment and security interest granted hereby.

2.03 **No Need for Consent.** The Debtor represents to the Secured Party that none of the Collateral in existence on the date hereof (i) is incapable of being assigned or otherwise secured in favour of the Secured Party in accordance with the provisions of this Agreement, (ii) is incapable of further assignment by the Secured Party after default under the Loan or otherwise, or (iii) requires the consent of any third party to the security interest, assignment, mortgage and charge granted hereby, except for any consent that has already been obtained.

**ARTICLE 3**  
**COVENANTS OF THE DEBTOR**

3.01 **Covenants.** Without limiting other covenants, obligations and liabilities of the Debtor under the Mortgage and ancillary documents, the Debtor covenants with the Secured Party that the Debtor shall:

- (a) defend the Collateral against all actions, proceedings and claims made by all persons at any time;
- (b) not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession, other than to the Property;
- (c) pay all rents, taxes, 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 become due and payable, and deliver to the Secured Party, when required, the receipts and vouchers establishing such payment;
- (d) observe and perform all the obligations imposed upon the Debtor by the Collateral (including performance of its obligations under any material agreement, permit or license);
- (e) maintain the Collateral in good standing and not do or permit to be done anything that would impair the validity or enforceability thereof, and promptly deliver to the Secured Party notice of any default by the Debtor pursuant to any of the Collateral upon becoming aware of the occurrence of such default;
- (f) not amend, modify or terminate any material agreement or License without the prior written consent of the Secured Party;
- (g) obtain and maintain, at its own expense, insurance against loss or damage to the Collateral as required by the Mortgage;
- (h) except as otherwise permitted by the Mortgage, not transfer all or any part of the Collateral or create, incur or permit to exist (by operation of law or otherwise) any lien on the Collateral or any part thereof (except for the mortgage security and any liens expressly permitted by the Mortgage);
- (i) not change its name or the location of its chief executive office or the location of the office where it keeps its records respecting the Receivables without prior written notice to the Secured Party;
- (j) not move any of the Collateral from the Property, except for any Equipment which has served its useful life and which the Debtor is replacing with a similar item of equal or greater value;
- (k) pay to the Secured Party forthwith upon demand all costs incurred by or on behalf of the Secured Party in connection with preparing, executing and delivering this Agreement, protecting and preserving the security interest, assignment and mortgage and charge granted hereby and enforcing by legal process or otherwise any of its rights and remedies provided herein, (all such costs will be added to and form part of the indebtedness under the Mortgage and shall be secured by the Mortgage);
- (l) from time to time at the request of the Secured Party execute and deliver all such financing statements, schedules, assignments and documents, and do all such further acts and things as may be reasonably required by the Secured Party to effectively carry out the full intent and meaning of this Agreement or to better evidence and perfect the security interest, assignment and mortgage and charge granted hereby, and the Debtor hereby irrevocably constitutes and appoints the Secured Party as the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever the Secured Party may consider it to be necessary or expedient; and

- (m) make its representations and comply with its covenants as to environmental matters, as set out in Schedule "A" hereto.

**ARTICLE 4**  
**DEALING WITH COLLATERAL**

4.01 **No Liability for Loss.** The Secured Party may perform any of its rights and duties hereunder by or through agents and is entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its rights and duties hereunder. In the holding or dealing with any of the Collateral or in the exercise of any right or remedy granted herein, the Secured Party and any nominee on its behalf shall have no liability for, and the Debtor hereby agrees to indemnify and save harmless the Secured Party from and against, any loss, damage, liability, cost or expense of any nature or kind incurred by the Debtor or any other person excluding only any loss or damage arising directly from the Secured Party's gross negligence or wilful misconduct.

4.02 **Notification of Account Debtors.** Prior to a default, the Secured Party may give notice of this Agreement and the security granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and, after a default under the Mortgage occurs, may give notice to any such account debtors or other persons to make all further payments to the Secured Party. Whether or not any such notice is given by the Secured Party, the Collateral and all payments or other proceeds thereof received by the Debtor from account debtors or from any other persons liable to the Debtor (whether before or after any notice is given by the Secured Party) shall be and remain subject to the security granted hereby and shall be held by the Debtor in trust for the Secured Party and paid over to the Secured Party on request. Nothing herein shall release, discharge, postpone, reassign, amend or otherwise affect the security of the Secured Party in and to the Collateral and the immediate attachment thereof.

4.03 **Application of Funds.** All money collected or received by the Secured Party in respect of the Collateral may be applied on account of such parts of the Indebtedness as the Secured Party in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Secured Party may be released to the Debtor, all without prejudice to the Secured Party's rights against the Debtor.

**ARTICLE 5**  
**REMEDIES**

5.01 **Remedies.** Upon and after default under the Mortgage, (i) all monies owing under the Mortgage will, at the option of the Secured Party, become immediately due and payable or be subject to immediate performance, as the case may be, (ii) any or all security granted hereby will, at the option of the Secured Party, become immediately enforceable, and (iii) in addition to any other right or remedy, which the Secured Party may have at law or under the Mortgage or any other security document, the Secured Party will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently or both:

- (a) the Secured Party may appoint, by written instrument, a receiver or receiver and manager (each herein referred to as the "Receiver") of the Collateral (which term when used in this Section will include the whole or any part of the Collateral) and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral; and the term "Secured Party" when used in this Section will include any Receiver so appointed and the agents, officers and employees of such Receiver; the Secured Party will not be in any way responsible for any misconduct or negligence of any such Receiver;
- (b) the Secured Party may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;
- (c) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral;

- (d) the Secured Party may enforce any right of the Debtor in respect of the Collateral in any manner permitted by law;
- (e) the Secured Party may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to the Debtor unless required by law;
- (f) the Secured Party may accept the Collateral in satisfaction of the Indebtedness upon written notice to the Debtor of its intention to do so in the manner required by law;
- (g) the Secured Party may, for any purpose specified herein, borrow money on the security of the Collateral in priority to the security interest, assignment and mortgage and charge granted by this Agreement;
- (h) the Secured Party may enter upon, occupy and use all or any of the Property and use all or any of the Equipment and other personal property of the Debtor for such time as the Secured Party requires to facilitate the realization of the Collateral, free of charge, and the Secured Party will not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions except for any damages incurred by the Debtor arising from the Secured Party's gross negligence or wilful misconduct;
- (i) the Secured Party may charge on its own behalf and pay to others all reasonable amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Secured Party hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith, including interest thereon at the interest rate payable under the Mortgage will be added to and form part of the Indebtedness and shall be secured by the Mortgage;
- (j) the Secured Party may discharge, settle any lien or any action, proceeding or other claim that may exist or be threatened against the Collateral, and in every such case the reasonable amounts so paid together with reasonable costs, charges and expenses incurred in connection therewith will be added to the Indebtedness and will be secured by the Mortgage; and
- (k) if the Property requires any License to operate the Debtor's business thereon, the Secured Party may use, surrender or arrange the revocation, transfer, assignment or reissuance of any such License or Licenses, as permitted by law, to such person or persons as the Secured Party may designate.

The Secured Party may grant extensions of time, take and perfect or abstain from taking and perfecting security, give up securities, accept compositions or compromises, grant releases and discharges, and release any part of the Collateral or otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party sees fit without prejudice to the liability of the Debtor to the Secured Party or the Secured Party's rights hereunder. The Secured Party will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, in respect of the Collateral. The Secured Party may apply any proceeds of realization of the Collateral to payment of expenses in connection with the preservation and realization of the Collateral as above described and the Secured Party may apply any balance of such proceeds to payment of the Indebtedness in such order as the Secured Party may determine in its sole discretion.

**ARTICLE 6**  
**GENERAL**

6.01 **Entire Agreement.** There are no understandings and agreements between the parties concerning the subject matter of this Agreement, except as set forth in this Agreement and the other documents related to the Loan. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Secured Party and the Debtor concerning the subject matter hereof except as expressly set forth in this Agreement or in the other documents related to the Loan.

6.02 **Amendments and Waivers.** No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. No delay or failure by the Secured Party in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

6.03 **Power of Attorney.** The Debtor hereby irrevocably constitutes and appoints any officer for the time being of the Secured Party or of any assignee of the Secured Party the true and lawful attorney of the Debtor, with full power of substitution, upon the occurrence of a default in respect of the Loan and/or Mortgage that is continuing, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever the officer may deem reasonably necessary or expedient and from time to time to exercise all rights and powers and to perform all acts of ownership in respect to the Collateral in accordance with this Agreement.

6.04 **Additional Continuing Security and Discharge.** This Agreement and the security granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party and this Agreement is a continuing agreement and security that will remain in full force and effect until discharged of the Mortgage. A discharge of the Mortgage shall operate automatically as a discharge of this Agreement without need for further documentation.

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

6.06 **Severability.** If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

6.07 **Successors and Assigns.** This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns. The rights of the Secured Party under this Agreement may be assigned by the Secured Party in conjunction with an assignment of the Mortgage without prior notice to or consent of the Debtor. The Debtor may not assign its obligations under this Agreement.

6.08 **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the Province in which the Property is situate and the laws of Canada applicable therein.

6.09 **Executed Copy.** The Debtor acknowledges receipt of a fully executed copy of this Agreement.



6.10 Waiver of Right to Receive Copy of Registration. To the extent permitted by law, the Debtor waives any right to receive a copy of any financing statement, financing change statement or other registration in connection with this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement.

13 Nov 2012  
Date of Execution

6525785 MANITOBA LTD.

Per: 

Name: Stephen Glen Collins  
Title: President

I have authority to bind the corporation

Address of Debtor:

c/o 6472240 Manitoba Ltd.  
1-534 Stradbrook Avenue  
Winnipeg, MB R3L 0J9

Location of Chief Executive Office:

c/o 6472240 Manitoba Ltd.  
1-534 Stradbrook Avenue  
Winnipeg, MB R3L 0J9

Location of Business Records:

c/o 6472240 Manitoba Ltd.  
1-534 Stradbrook Avenue  
Winnipeg, MB R3L 0J9

### SCHEDULE "A"

In this Schedule 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 Agreement.

"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 Lender prior to the advance of funds under this Agreement (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 Debtor. To the best of the Debtor'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 Lender nor, to the best of the Debtor'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 Debtor shall: (i) ensure that the Property and the Debtor 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 Debtor 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, Debtor or Lender; (iii) notify the Lender promptly of any threatened or actual Environmental Proceedings; (iv) remediate and cure in a timely manner any non-compliance by the Property or the Debtor 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 Lender 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 Debtor's expense) as may be required by the Lender to confirm and/or ensure compliance by the Property and the Debtor with Environmental Laws, and (vii) execute all consents, authorizations and directions necessary to permit any inspect of the Property by any governmental authority and to permit the release to the Lender or its representatives, of any information relating to the Property and the Debtor.

#### Environmental Indemnity

Without limiting any other provision of this Agreement or any document collateral hereto, the Debtor shall indemnify and pay, protect, defend and save the Lender 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 Lender arising from or relating to, directly or indirectly, and whether or not disclosed by the Environmental Audit and whether or not caused by the Debtor 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 Debtor 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 Agreement and any other extinguishing of the obligations of the Debtor under this Agreement and any other exercise by the Lender of any remedies available to it against the Debtor.

#### CMHC Environmental Clause

The Lender or agent of the 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 Lender or CMHC, enter upon the Property to inspect the Property and building thereon. Without in any way limiting the generality of the foregoing, the Lender 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 Lender 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 the Mortgage, shall be a charge upon the Property. The exercise of any of the powers enumerated in this clause shall not result in the Lender, CMHC or their respective agents being deemed to be in possession, management, or control of the Property and buildings.

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023

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

---

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

GENERAL ASSIGNMENT OF RENTS

THIS AGREEMENT made as of the 14<sup>th</sup> day November, 2012

BETWEEN:

6525785 MANITOBA LTD.  
hereinafter called the "Assignor"

OF THE FIRST PART

- and -

FIRST NATIONAL FINANCIAL GP CORPORATION  
hereinafter called the "Mortgagee"

OF THE SECOND PART

WITNESSES THAT WHEREAS:

the Assignor is the owner of the Lands subject to the Mortgage and has agreed to enter into this agreement with the Mortgagee as collateral security for the due payment of the Mortgage;

NOW THEREFORE it is hereby covenanted, agreed and declared as follows.

1. In this agreement, unless there is something in the subject matter or context inconsistent therewith,

- (a) "Mortgage" means a mortgage and charge of the Lands from the Assignor to the Mortgagee securing the principal sum of \$2,130,625.00 and interest thereon registered as Instrument Number \_\_\_\_\_;
- (b) "Lands" means the lands and premises legally described as:  
  
SP LOT 84 PLAN 33312 WLTO  
IN RL 74 TO 77 PARISH OF ST JAMES
- (c) "Leases" includes
  - (i) every existing and future lease and agreement to lease in respect of the whole or any portion of the Lands;
  - (ii) every existing and future tenancy, agreement as to use or occupation and licence in respect of the whole or any portion of the Lands, whether or not pursuant to any written lease, agreement or licence;
  - (iii) every existing and future guarantee of all or any of the obligations of any existing or future tenant, user, occupier or licensee of the whole or any portion of the Lands; and
  - (iv) every existing and future assignment of, and agreement to assume, the obligations of tenants of the whole or any portion of the Lands;
- (d) "Rents" means all revenues, receipts, income, credits, deposits, rents, additional rents, tenant recoveries and other receivables of any nature and kind whatsoever arising from, payable under or related to the Leases, whether past due, now due or hereafter to become due and the benefit of all covenants of tenants, users, occupiers, licensees and guarantors under or in respect of the Leases.

2. The Assignor hereby assigns to the Mortgagee, its successors and assigns (as security for the principal, interest, and other amounts secured by the Mortgage and until the monies due

under and by virtue of the Mortgage have been fully paid and satisfied), (i) the Leases and all benefits and advantages to be derived therefrom with full power and authority to use the name of the Assignor or the owner from time to time of the Lands or the name of the Mortgagee, as the Mortgagee may elect in its sole discretion, for enforcing the covenants and agreements on the parts of the tenants contained therein, and (ii) the Rents, with full power and authority to demand, collect, sue for, recover, receive and give receipts for the Rents and to enforce payment thereof in the name of the Assignor or the owner from time to time of the Lands or in the name of the Mortgagee, as the Mortgagee may elect in its sole discretion.

3. The Assignor hereby represents, warrants, covenants and agrees that:
  - (a) complete and true copies of all of the presently existing non-residential Leases have been delivered to the Mortgagee;
  - (b) the Assignor will not without the prior written consent of the Mortgagee perform, or omit to perform, any act having the effect of terminating, cancelling or accepting surrender of any of the non-residential Leases or of waiving, releasing, reducing or abating any rights or remedies of the Assignor or any obligations of any other party thereunder or in connection therewith;
  - (c) none of the non-residential Leases or the Assignor's rights thereunder, including the right to receive the Rents, will be altered, varied or amended;
  - (d) none of the Rents has been or will be paid more than one month in advance (except, if so provided in the lease or agreement, for payment of rent for the last month of the term) nor have they been discounted, released, waived, compromised or otherwise discharged;
  - (e) there has been no default of a material nature which has not been remedied under any of the Leases by any of the parties thereto;
  - (f) there is no outstanding dispute under any of the Leases by any party thereto; and
  - (g) the Assignor will observe and perform all of the Assignor's obligations under each of the Leases.
4. Subject to the provisions of paragraph 3(d) above, the Assignor shall be permitted to collect and receive the Rents as and when they shall become due and payable according to the terms of each of the Leases unless and until the Mortgagee shall give notice to the tenant, user, occupier, licensee or guarantor thereunder requiring payment to the Mortgagee.
5. Nothing contained herein or in any statute shall have the effect of making the Mortgagee, its successors or assigns, responsible for the collection of Rents or any of them or for the performance of the covenants, obligations or conditions under or in respect of the Leases or any of them to be observed or performed by the Assignor, and the Mortgagee shall not, by virtue of this agreement or its receipt of the Rents or any of them, become or be deemed a mortgagee in possession of the Lands or the charged premises and the Mortgagee shall not be under any obligation to take any action or exercise any remedy in the collection or recovery of the Rents or any of them or to see to or enforce the performance of the obligations and liabilities of any person under or in respect of the Leases or any of them; and the Mortgagee shall be liable to account only for such monies as shall actually come into its hands, less all costs and expenses and other proper deductions.
6. The Assignor hereby agrees to execute such further assurances as may be reasonably required by the Mortgagee from time to time to perfect this agreement and assignment. The Assignor will from time to time at the reasonable request of the Mortgagee furnish to the Mortgagee a copy of the current rent roll of the building on the Lands showing the basic terms of all Leases and, if requested by the Mortgagee, give the Mortgagee a specific assignment of the Rents thereunder in form satisfactory to the Mortgagee.
7. The Assignor further agrees that the Assignor will not lease or agree to lease any part of the Lands except at a rent, on terms and conditions, and to tenants, which are not less

favourable or desirable than those which a prudent landlord would expect in respect of the premises to be leased.

8. The Assignor hereby agrees to indemnify at all times and from time to time and save the Mortgagee harmless from any and all demands, claims, damages, actions, proceedings, lawsuits, costs, expenses, or payments incurred which the Mortgagee may sustain or incur by reason of the Assignor's failure to charge legal rents or by reason of successful rebate claims by any tenant under any lease in the building on the Lands or by any former tenant of the building and agrees that all rents charged with respect to the Lands or any part thereof will be lawful rents pursuant to any applicable legislation from time to time respecting residential housing and further agrees that he will file all items required to be filed by such legislation in a timely, accurate and complete way.

9. It is understood and agreed that this agreement and assignment is being taken as collateral security only for the due payment of any sum due under the Mortgage; and that none of the rights or remedies of the Mortgagee under the Mortgage shall be delayed or in any way prejudiced by these presents; and that following registration of a discharge of the Mortgage this agreement and assignment shall be of no further force or effect, and such discharge shall act as a release and reassignment of the assignments herein.

10. This agreement will be governed by and construed in accordance with the laws of the Province in which the Lands are situate and the laws of Canada applicable therein.

11. To the extent permitted by law, the Assignor waives any right to receive a copy of any financing statement, financing change statement or other registration in connection with this agreement.

12. In this agreement words denoting the singular include the plural where appropriate and vice-versa and words denoting any gender include all genders.


13. This agreement and everything herein contained shall extend to, bind and enure to the benefit of the respective heirs, executors, administrators, successors and assigns of each of the parties hereto.

14. The Assignor acknowledges receipt of a fully executed copy of this agreement.

IN WITNESS WHEREOF the Assignor has executed this Agreement.

6525785 MANITOBA LTD

Per:

  
Name: Stephen Glen Collins  
Title: President

I have authority to bind the corporation

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023

A handwritten signature in blue ink, appearing to be 'MRK', 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 6525785 Manitoba Ltd. AND FIRST NATIONAL FINANCIAL LP DATED October 29, 2012 (the "Commitment")

PROPERTY ADDRESS: 480 Young Street, Winnipeg MB  
MORTGAGE NUMBER: 514571

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.

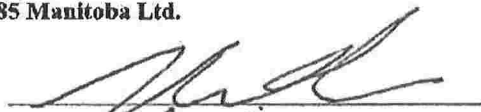
The undersigned acknowledges that the Lender's agreement to fix the Interest Rate for a 10 Year Term, such that the maturity date of the loan is September 1, 2026, at a spread of 120 basis points over the 10 Year Canada Mortgage Bond, as set out under Schedule 3 of the Commitment (attached hereto for 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 27th day of April, 2016

6525785 Manitoba Ltd.

Per:

  
President  
I/We have the authority to bind the Corporation

Per:

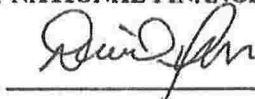


CONFIRMATION

Pursuant to the above request, we hereby advise that the rate of interest has been fixed at 3.27%.

FIRST NATIONAL FINANCIAL LP

Per:

  
FOR: JAMIE McCALLUM  
AVP, COMMERCIAL MORTGAGES.

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023

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

---

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

## STATUS OF TITLE

Title Number      **2638652/1**  
Title Status       **Accepted**  
Client File         0114232 APM



### 1. REGISTERED OWNERS, TENANCY AND LAND DESCRIPTION

6525785 MANITOBA LTD.

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

SP LOT 84 PLAN 33312 WLTO  
IN RL 74 TO 77 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:       **Caveat**  
Registration Number:   **3316933/1**  
Instrument Status:     **Accepted**

Registration Date:     2006-07-10  
From/By:               COINAMATIC CANADA INC.  
To:                      DAVID A. KOCHAN AS AGENT

Amount:  
Notes:                 No notes  
Description:            10 YEAR LEASE FROM 2006-07-01

Instrument Type:       **Caveat**  
Registration Number:   **3559177/1**  
Instrument Status:     **Accepted**

Registration Date:     2008-01-03  
From/By:               COINAMATIC CANADA INC.  
To:                      DAVID A. KOCHAN AS AGENT

Amount:  
Notes:                 No notes  
Description:            LEASE FOR 10 YEARS, COMMENCING DECEMBER 1, 2007

Instrument Type: **Caveat**  
Registration Number: **3566823/1**  
Instrument Status: **Accepted**

Registration Date: 2008-01-22  
From/By: COINAMATIC CANADA INC.  
To: DAVID A. KOCHAN AS SOLICITOR AND AGENT

Amount:  
Notes: No notes  
Description: LEASE AGREEMENT

---

Instrument Type: **Caveat**  
Registration Number: **3888155/1**  
Instrument Status: **Accepted**

Registration Date: 2010-02-04  
From/By: COINAMATIC CANADA INC.  
To: DAVID A. KOCHAN, SOLICITOR & AGENT

Amount:  
Notes: No notes  
Description: LEASE AGREEMENT FOR 13 YEARS COMMENCING 2009/12/01

---

Instrument Type: **Mortgage**  
Registration Number: **4306936/1**  
Instrument Status: **Accepted**

Registration Date: 2012-12-12  
From/By: 6525785 MANITOBA LTD.  
To: FIRST NATIONAL FINANCIAL GP CORPORATION

Amount: \$2,130,625.00  
Notes: No notes  
Description: No description

**INSTRUMENTS THAT AFFECT THIS INSTRUMENT**

<u>Registration Number</u>	<u>Instrument Type</u>	<u>Status</u>
4512401/1	Amending Agreement	Accepted
4721451/1	Transfer Of Mortgage	Accepted
5511567/1	Transfer Of Mortgage	Accepted

Instrument Type: **Caveat**  
Registration Number: **4306937/1**  
Instrument Status: **Accepted**

Registration Date: 2012-12-12  
From/By: FIRST NATIONAL FINANCIAL GP CORPORATION  
To: STEPHANIE M. TETREAUULT 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>
4721452/1	Assignment Of Caveat	Accepted
5511568/1	Assignment Of Caveat	Accepted

---

Instrument Type: **Personal Property Security Notice**  
Registration Number: **4306938/1**  
Instrument Status: **Accepted**

Registration Date: 2012-12-12  
From/By: FIRST NATIONAL FINANCIAL GP CORPORATION  
To: STEPHANIE M. TETREAUULT AS AGENT

Amount:  
Notes: No notes  
Description: EXPIRES ON 2042/11/27

**INSTRUMENTS THAT AFFECT THIS INSTRUMENT**

<u>Registration Number</u>	<u>Instrument Type</u>	<u>Status</u>
4721453/1	Miscellaneous	Accepted
5511569/1	Personal Property Security Notice	Accepted

Instrument Type: **Amending Agreement**  
Registration Number: **4512401/1**  
Instrument Status: **Accepted**

Registration Date: 2014-08-01  
From/By: FIRST NATIONAL FINANCIAL GP CORPORATION  
To: 6525785 MANITOBA LTD.

Amount:  
Notes: No notes  
Description: No description

---

Instrument Type: **Notice**  
Registration Number: **4611050/1**  
Instrument Status: **Accepted**

Registration Date: 2015-06-08  
From/By: DIRECTOR OF RESIDENTIAL TENANCIES, PROVINCE OF MANITOBA  
To:

Amount:  
Notes: No notes  
Description: REHABILITATION SCHEME NOTICE

---

Instrument Type: **Transfer Of Mortgage**  
Registration Number: **4721451/1**  
Instrument Status: **Accepted**

Registration Date: 2016-05-16  
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: **4721452/1**  
Instrument Status: **Accepted**

Registration Date: 2016-05-16  
From/By: FIRST NATIONAL FINANCIAL GP CORPORATION  
To: COMPUTERSHARE TRUST COMPANY OF CANADA

Amount:  
Notes: No notes  
Description: No description

---

Instrument Type: **Miscellaneous**  
Registration Number: **4721453/1**  
Instrument Status: **Accepted**

Registration Date: 2016-05-16  
From/By: FIRST NATIONAL FINANCIAL GP CORPORATION  
To: COMPUTERSHARE TRUST COMPANY OF CANADA

Amount:  
Notes: No notes  
Description: TRANSFER OF A SECURITY INTEREST

---

Instrument Type: **Transfer Of Mortgage**  
Registration Number: **5511567/1**  
Instrument Status: **Accepted**

Registration Date: 2023-02-06  
From/By: Computershare Trust Company of Canada  
To: First National Financial GP Corporation

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

Instrument Type: **Assignment Of Caveat**  
Registration Number: **5511568/1**  
Instrument Status: **Accepted**

Registration Date: 2023-02-06  
From/By: Computershare Trust Company of Canada  
To: First National Financial GP Corporation

Amount:  
Notes: No notes  
Description: No description

---

Instrument Type: **Personal Property Security Notice**  
Registration Number: **5511569/1**  
Instrument Status: **Accepted**

Registration Date: 2023-02-06  
From/By: Computershare Trust Company of Canada  
To: First National Financial GP Corporation

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

**3. ADDRESSES FOR SERVICE**

6525785 MANITOBA LTD.  
565 ST. MARY'S ROAD  
WINNIPEG MB  
R2M 3L6

**4. TITLE NOTES**

No title notes

**5. LAND TITLES DISTRICT**

Winnipeg

**6. DUPLICATE TITLE INFORMATION**

Duplicate not produced

**7. FROM TITLE NUMBERS**

2638648/1 All

**8. REAL PROPERTY APPLICATION / CROWN GRANT NUMBERS**

No real property application or grant information



**9. ORIGINATING INSTRUMENTS**

Instrument Type: **Transfer Of Land**  
Registration Number: **4306935/1**

Registration Date: 2012-12-12  
From/By: SARA POTASH & GAIL MARCUS & REUBEN Z. POTASH AS EXECS  
To: 6525785 MANITOBA LTD.  
Consideration: \$800,000.00

**10. LAND INDEX**

Lot 84 Plan 33312

CERTIFIED TRUE EXTRACT PRODUCED FROM THE LAND TITLES DATA STORAGE  
SYSTEM OF TITLE NUMBER 2638652/1

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023

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

---

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



Melanie May LaBossiere (tds1mlab)



**Business Debtor**

- Search Results
- Print Requests
- Mailing Information
- Payment

Help

**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 by Business Debtor**

Date: 2023-01-26  
 Time: 1:15:46 PM  
 Transaction Number: 10267494331  
 User ID: Melanie May LaBossiere  
 Account Balance: \$14,989.00

Business Name: 6525785 Manitoba Ltd.

**1 exact match was found.**  
**0 similar matches were found.**

**EXACT MATCHES**

Business Debtor Name	No. of Registrations
1. 6525785 Manitoba Ltd.	2

**1. 6525785 Manitoba Ltd.**

<b>1.1 6525785 Manitoba Ltd.: Registration 201220942908 (2012-11-27 1:57:28 PM)</b>	
<b>Registered under</b>	The Personal Property Security Act
<b>Expiry Date (YYYY-MM-DD)</b>	2042-11-27
<b>Debtor Address</b>	565 St. Mary s Road Winnipeg, Manitoba Canada R2M 3I6
<b>Secured Parties (party code, name, address)</b>	First National Financial GP Corporation c/o Montrose Mortgage Corporation Ltd. Suite 1110 - 200 Graham Avenue Winnipeg, Manitoba Canada R3C 4L5
<b>General Collateral Description</b>	All revenues, receipts, income, credits, deposits, rents, additional rents, tenant recoveries and other receivables of any nature and kind whatsoever arising from, payable under or related to the Leases (defined below), whether past due, now due or hereafter to become due and the benefit of all covenants of tenants, users, occupiers, licensees and guarantors under or in respect of the Leases (defined below).  Leases includes:  (a) every existing and future lease and agreement to lease in respect of the whole or any portion of the Lands (defined below);  (b) every existing and future tenancy, agreement as to use or occupation and licence in respect of the whole or any portion of the Lands (defined below), whether or not pursuant to any written lease, agreement or licence;  (c) every existing and future guarantee of all or any of the obligations of any existing or future tenant, user, occupier or licensee of the whole or any portion of the Lands (defined below); and  (d) every existing and future assignment of, and agreement to assume, the obligations of tenants of the whole or any portion of the Lands (defined below).  Lands means the lands and premises legally described as:  SP LOT 84 PLAN 33312 WLTO IN RL 74 TO 77 PARISH OF ST JAMES

<b>1.2 6525785 Manitoba Ltd.: Registration 201220942401 (2012-11-27 1:54:35 PM)</b>	
<b>Registered under</b>	The Personal Property Security Act
<b>Expiry Date (YYYY-MM-DD)</b>	2042-11-27
<b>Debtor Address</b>	565 St. Mary s Road Winnipeg, Manitoba Canada R2M 3I6

<b>Secured Parties (party code, name, address)</b>	COMPUTERSHARE TRUST COMPANY OF CANADA C/O First National Financial GP Corporation 100 University Avenue, Suite 700, North Tower Toronto, ON Canada M5J 1V6
<b>General Collateral Description</b>	A security interest is taken in all of the Debtor's present and future undertaking and property of any kind, and all accretions, additions and accessions thereto and replacements or substitutions thereof from time to time, comprising, located at, arising from, or otherwise related to the lands municipally known as 480 Young Street, Winnipeg, Manitoba, and legally described as:  SP LOT 84 PLAN 33312 WLTO IN RL 74 TO 77 PARISH OF ST JAMES  all pursuant to a Security Agreement made between the Debtor and the Secured Party dated November 14, 2012.
<b>Change History</b>	Registration Number: 201608502314 (2016-05-09 2:42:01 PM) Sections Changed: Secured Parties

[Back to Top](#)

**END OF EXACT MATCHES**

**Additional Options:**

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](#)

<a href="#">Search Results</a>	<a href="#">Print Requests</a>	<a href="#">Mailing Information</a>	<a href="#">Payment</a>
--------------------------------	--------------------------------	-------------------------------------	-------------------------

[Printer Friendly Version](#)

[Privacy](#)

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023



---

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



Sedgwick Claims  
300 - 207 Donald St.  
Winnipeg, MB  
R3C 1M5

Project No.: 21-318-01

Date: Sept 17, 2021

Page: 1 of 30

Attention: Dave Lavergne

Dear Sir:

Re: **480 Young Street, Winnipeg - Fire and Water Damage Electrical Scope Report**

---

We attended 480 Young Street, Winnipeg on September 15, 2021 to assess fire and water damage to electrical systems. 480 Young Street is a multi-tenant apartment comprising 24 suites.

A fire which occurred in a suite on Level 2 (Unit 206). The fire was completely contained to this suite and at the time of the site visit, the suite was in its post fire condition, and was only viewed from the suite entry door. A visual review did not note some soot damage outside of the fire damage suite.

Water damage (from fire-fighting) had occurred to suites and public areas adjacent and below the fire damaged suite. The water damage had followed a traditional cone pattern. As such, Level 2 exhibited some damage to adjacent suites and minor smoke damage was noted on Level 3. The basement and main floor were more extensively water damaged with the area of damage extending further on the north side of the building.

At the time of the visit, most of the drywall walls and ceilings and ceiling tiles had been removed where water damaged. Some baseboard and lower level drywall work (due to water seepage) had not occurred, but was discussed on site with the restoration contractor. As such, using these surfaces to trace water damage was not possible. It is therefore assumed that water damage was confined to the areas where drywall/ceiling tiles had been removed, unless otherwise noted.

It is important to note that water damage result in complex damage patterns. It appears that since the flood occurred in the basement, the damage was contained to this area. Humidity levels would have been elevated above the water line, and as a result, condensation may have formed in some equipment with potentially damaging effects. The full scope of condensation damage is difficult to ascertain, but where noted, it has been recorded in the scope schedule appended to this letter.

Damage is assessed using three means:

1. By noting water marks or damage on building components such as ceilings and walls, and aligning this damage with suitable recommendations with respect to mechanical and electrical devices and systems.
2. By working with limited people on site.
3. By looking for water marks on or in electrical devices or equipment.

In general, equipment, raceways and devices mounted in drywalled areas, where the drywall has been (or is scheduled to be) removed and replaced need attention, and the scope is defined in the schedule at the end of this letter.

Some measures were in place to reduce humidity.

The purpose of this document is to define the general scope of work for a restoration contractor. It is important to note that this document will not capture all the damage, in part due to the multi-layered construction, and also due to the extent of the area of damage. Return site visits may be required, which will result in updates to the scope of work.

It is imperative that the contractor informs the Engineer when they see areas of damage which are not covered in the scope of work. Reports and photographs should be prepared if the Engineer cannot respond in time.

#### DESCRIPTION OF DAMAGE AND SCOPE OF WORK

The review of the building was carried out by Chris Hewitt, P.Eng (Electrical) of SMS Engineering Ltd on September 15, 2021. The review was a one-time visual review. No building components such as walls were opened. Most electrical panels were unlocked, and therefore they were opened, but covers were not removed as some equipment was live (temporary power). No electrical testing was carried out. Only those spaces noted in the schedule below were accessed and observed.

A general scope of work has been prepared and is enclosed in this letter in the schedule in the preceding pages.

#### General Notes and recommendation:

1. Much of the wiring is in the form of AC90 (BX) which is not a waterproof cable. Any such cable exposed to water has been used in a circumstance outside of the manufacturer's recommendations. Any such cables in areas damaged by water require replacement.
2. Conduits below the water line require cleaning which requires the wires to be removed, and a cloth to be pulled through conduits. Experience shows that it is unlikely that the wiring can be salvaged, and as such the wiring shall be replaced.
3. Where reference is made in the scope schedule below to service an item of electrical distribution, the following minimum scope of work, to be undertaken by a distribution service company (original distribution manufacturer or Strong Electric) is recommended:

- Clean the interior and all component parts (bus, insulators) of distribution with a non-tracking cleaning product, such as isopropyl alcohol.
- Re-torque all connections.
- After cleaning, megger the distribution (L/N, L/G etc..) and ensure megger reading exceeds the values per Table 100.1 of the NETA Standard for Acceptance Testing Specifications for Electrical Power Equipment and Systems.
- Infrared scan the distribution to create a new baseline.

It is understood that the building is current subject to a potential change of ownership. As such, it is further understood that some of the recommendations in the letter may be deferred. It is important that as a minimum, those items indicated as Urgent in the below schedule be resolved as soon as possible. It is imperative that building ventilation be re-established by the means that was in place in the existing building.

Finally, we have only considered the electrical impacts of the fire and associated water damage. We did note the presence of heat recovery ventilators in suites. In fire/smoke damaged suites, these should be removed and replaced. The associated ductwork should be replaced or cleaned. The following was not reviewed:

1. Certain suites exit directly into stairs. While outside the scope of our expertise, on past projects, this was noted as a code issue. It is recommended that this issue be referred to an Architect for discussion with the City of Winnipeg. Consideration could be given to relocating the suite doors to the corridors.
2. Fire code issues (separation, fire stopping etc..) has not been reviewed. This should be reviewed by an Architect.

In the meantime, if you require additional information, please do not hesitate to contact the undersigned.

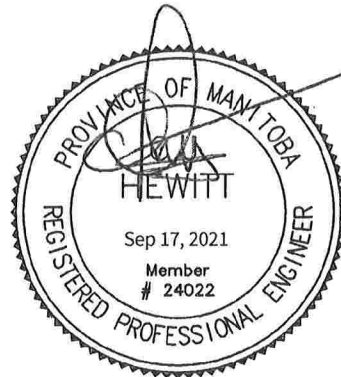
Yours truly,

**SMS Engineering Ltd.**

Per:



Chris Hewitt, C.Eng(UK), MIET, P.Eng, LEED BD+C  
Principal





Item #	Location/Equipment Description	Action	Damage Noted, and Recommendation
G-1	Main Floor (General): - Fire alarm panel	Replace	<p>The existing conventional fire alarm panel was installed on the main floor at the front of the building. The fire alarm panel appeared undamaged. No water marks were noted on or in the panel. A trouble signal (associated with a ground fault) was noted. Devices were wired with AC90 (BX) and LVT cables and devices were installed on ceilings and in walls where drywall had been removed. It is recommended that the fire alarm system be replaced as follows in areas where walls/ceilings were noted to be wet:</p> <ol style="list-style-type: none"> <li>New pull stations at each stair and exits to grade (north side only).</li> <li>New horn/strobes in water/fire damaged suites and north corridors.</li> <li>New heat detector in fire/water damaged suites.</li> <li>New smoke detectors in water/smoke damaged corridors (3 per floor each half of building, basement, level 1 and 2)</li> <li>New fire alarm wiring (in water damaged areas of ceilings)</li> <li>Verification of the new fire alarm system.</li> <li>New smoke alarm (hardwired) in each fire/water damaged suite bedroom and hallway.</li> </ol> <p><b>Note: Engineered drawings may be required.</b></p>
G-2	Corridors (basement, Level 1) - Combination exit/emergency lighting	Replace	<p>The existing exit signs (2 per corridors) in the basement and main floor should be replaced due to possible water damage (life safety device).</p>

Item #	Location/Equipment Description	Action	Damage Noted, and Recommendation
G-3	Corridors: - Lighting - Receptacles	Replace	Surface lighting (glass clip style), receptacles and associated branch wiring in corridors were installed in ceilings/walls which had been stripped (basement and level 1). The following is recommended: 1. Remove and replace receptacles and associated branch circuits (AC90 (BX)). 2. Remove and replace existing lighting with new
G-4	Corridors - Base board heaters	Replace	Replace baseboard heaters in basement and level 1 corridors. Review level 2 and if water damaged, replace.
G-5	Corridors (basement to Level 2) - CCTV - DVR	Replace	Existing cameras were noted to exhibit pre-existing damage (spray paint on lenses). Cameras mounted in water damaged ceiling. The following is recommended: 1. Basement – replace 2 cameras 2. Level 1 – replace 2 cameras 3. Level 2 – replace 1 camera 4. No cameras on Level 3. 5. Test and re-use wiring.  Owner noted system incorporated a DVR. Its condition could not be assessed.
B-1	Basement Electrical Room: - Meter centre	Replace	Discussion on site. Electrician instructed to install a temporary CCTV system for security (including DVR).  Water marks was noted on the surface of the meter centre. This was corroborated by noting the water marks on the surrounding ceiling and walls, above and to the right of the meter centre and above the public panel. Feeders from the

Item #	Location/Equipment Description	Action	Damage Noted, and Recommendation
B-2	Basement Electrical Room - Service conductors and disconnect	Service	<p><b>Note: local drywall removal, patching and painting will be required to accommodate AC90(BX) feeders routing to all panels in undamaged suite walls/ceilings. Local splicing is permitted to retain and re-use dry sections of cable.</b></p> <p>The main disconnect was Nema 3R and was undamaged. It should be serviced as an abundance of caution.</p> <p>The existing service conductors were heat damaged on the exterior of the building and should be replaced (3 runs of 3C#350MCM copper Teck).</p> <p>Coordinate with Manitoba Hydro for removal and replacement of utility connectors.</p>
B-3	Basement Electrical Room	Replace	Public panel installed below area of water damage. Water

Item #	Location/Equipment Description	Action	Damage Noted, and Recommendation
	<ul style="list-style-type: none"> <li>- Public Panel</li> </ul>		<p>marks noted on AC90(BX) on left side of panel and water marks noted on inside face of panel. The following is recommended:</p> <ol style="list-style-type: none"> <li>1. Replace existing 200A 120/208V panelboard with new 42 circuit comprising the following:               <ol style="list-style-type: none"> <li>a. 13 – 15A 1-pole breakers</li> <li>b. 3 – 20A 2-pole breakers</li> <li>c. 3 – 30A 2 pole breakers</li> <li>d. 1 – 20A 1 pole breaker</li> <li>e. 1 – 15A 2-pole breakers.</li> </ol> </li> <li>2. Replace existing branch circuit AC90 (BX) wiring.</li> <li>3. Test and re-use feeder</li> </ol>
B-4	<p>Basement Electrical Room:</p> <ul style="list-style-type: none"> <li>- Hot water tank branch wiring</li> </ul>	Replace	<p>The hot water tank was noted to be unremarkable (open electrical sections to confirm insulation dry and connections tight). The branch wiring to the hot water was noted to be AC90 (BX) fed from the public panel and was exposed to water from above. Replace branch wiring to water tank.</p>
B-5	<p>Basement Electrical Room:</p> <ul style="list-style-type: none"> <li>- Lighting and light switch</li> <li>- Emergency lighting/battery pack</li> </ul>	Replace	<p>The existing lighting appeared to have been damaged by pre-existing water damage. However, water from the fire fighting efforts was noted in the area. The existing lighting, AC90 (BX) branch circuit and switch should be removed and replaced. Lighting to be LED strip.</p> <p>Replace emergency lighting batter pack.</p>
B-6	<p>Basement Electrical Room</p> <ul style="list-style-type: none"> <li>- Shaw/MTS</li> </ul>	Review	<p>Coordinate with Shaw/MTS to review their equipment.</p>
B-7	Laundry Room	Replace	<p>Existing lighting and washer/dryer branch circuit wiring</p>

Item #	Location/Equipment Description	Action	Damage Noted, and Recommendation
U-006	Unit 006	Replace	<p>Unit 006 exhibited extensive water damage. The unit should be re-wired per the Canadian Electrical Code (new lighting, receptacles).</p> <p>Replace fire alarm as follows:</p> <ol style="list-style-type: none"> <li>1. New heat detector at entry door.</li> <li>2. New horn strobe (one per room).</li> <li>3. New smoke alarm (hard-wired) in bedroom and outside bedroom.</li> </ol> <p>Supply and install new 100A load centre panel as required.</p> <p>Supply and install new electric hot water tank, HRV (Constructo 1.0) and duct heater (1kW).</p> <p>Replace baseboard heaters throughout.</p>
U-004	Unit 004	Partial replacement	<p>Replace baseboard heaters due to water on floor.</p> <p>Note: HRV missing (pre-existing condition). Replace to match other units. Check duct heater present.</p>
U-005	Unit 005	Partial replacement	<p>Replace baseboard heaters due to water on floor.</p>

Item #	Location/Equipment Description	Action	Damage Noted, and Recommendation
U-105	Unit 105	Further Review	<p>Note: HRV missing (pre-existing condition). Replace to match other units. Check duct heater present.</p> <p>Unit 105 appeared undamaged. Review ceiling for moisture.</p>
U-106	Unit 106	Replace	<p>Unit 106 exhibited extensive water damage. The suit should be re-wired per the Canadian Electrical Code (new lighting, receptacles).</p> <ol style="list-style-type: none"> <li>1. Replace all surface devices (receptacles and light fixtures).</li> <li>2. Replace fire alarm as follows:               <ol style="list-style-type: none"> <li>a. New heat detector at entry door.</li> <li>b. New horn strobe (one per room).</li> <li>c. New smoke alarm (hard-wired) in bedroom and outside bedroom.</li> <li>d. New pull station at rear door (fire escape)</li> </ol> </li> <li>3. New HRV (Constructo 1.0) and duct heater (1kW).</li> <li>4. Replace hot water tank.</li> <li>5. Replace baseboard heaters throughout.</li> <li>6. Replace load centre panel.</li> </ol>
U-204	Unit 204	Partial replacement	<p>Suit smoke damaged from smoke entering from adjacent Unit 206. The following is recommended:</p> <ol style="list-style-type: none"> <li>1. Replace all surface devices (receptacles and light fixtures).</li> <li>2. Replace fire alarm as follows:               <ol style="list-style-type: none"> <li>a. New heat detector at entry door.</li> <li>b. New horn strobe (one per room).</li> <li>c. New smoke alarm (hard-wired) in bedroom</li> </ol> </li> </ol>

Item #	Location/Equipment Description	Action	Damage Noted, and Recommendation
U-206	Unit 206 (fire damaged suite)	Replace	<p>The common wall and other walls where soot was noted should be reviewed internally. If walls charged with soot, replace all wiring (AC90(BX)).</p> <p>Unit 206 exhibited extensive water damage. The suit should be re-wired per the Canadian Electrical Code (new lighting, receptacles).</p> <ol style="list-style-type: none"> <li>1. Replace all surface devices (receptacles and light fixtures).</li> <li>2. Replace fire alarm as follows:               <ol style="list-style-type: none"> <li>e. New heat detector at entry door.</li> <li>f. New horn strobe (one per room).</li> <li>g. New smoke alarm (hard-wired) in bedroom and outside bedroom.</li> <li>h. New pull station at rear door (fire escape)</li> </ol> </li> <li>3. New HRV (Constructo 1.0) and duct heater (1kW).</li> <li>4. Replace hot water tank.</li> <li>5. Replace baseboard heaters throughout.</li> <li>6. Replace load centre panel.</li> </ol>
U-306	Unit 306	Partial replacement	<p>Suit smoke damaged from smoke entering from Unit 206 below. The following is recommended:</p> <ol style="list-style-type: none"> <li>1. Replace all surface devices (receptacles and light</li> </ol>

Item #	Location/Equipment Description	Action	Damage Noted, and Recommendation
			<p>2. Replace fire alarm as follows:            fixtures).</p> <ol style="list-style-type: none"> <li>a. New heat detector at entry door.</li> <li>b. New horn strobe (one per room).</li> <li>c. New smoke alarm (hard-wired) in bedroom and outside bedroom.</li> <li>d. New pull station at rear door (fire escape)</li> </ol> <ol style="list-style-type: none"> <li>3. New HRV (Constructo 1.0) and duct heater (1KW).</li> <li>4. Replace hot water tank.</li> <li>5. Replace baseboard heaters throughout.</li> <li>6. Replace load centre panel.</li> </ol> <p>The common wall and other walls where soot was noted should be reviewed internally. If walls charged with soot, replace all wiring (AC90(BX)).</p>



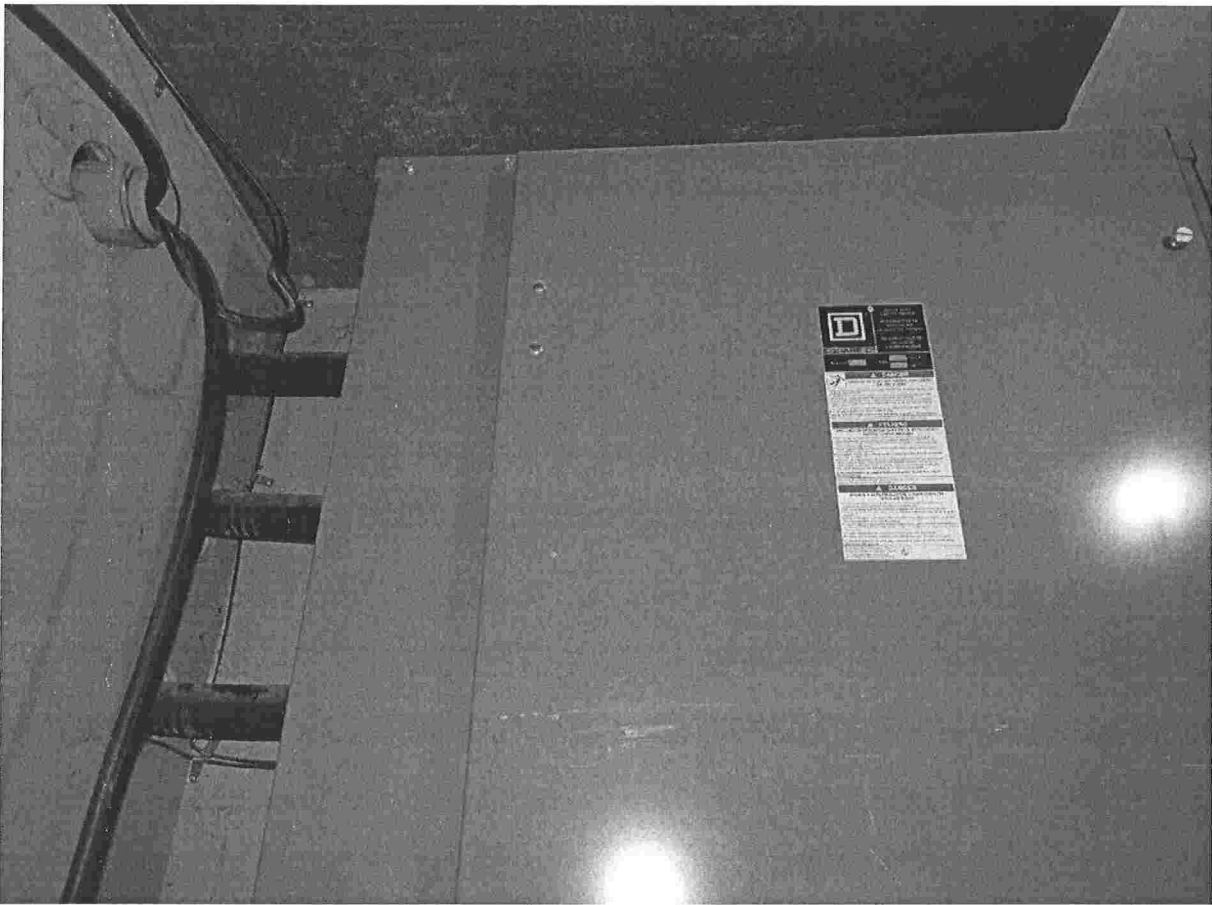


Photo 1 – Service entrance cables and main disconnect (800A)

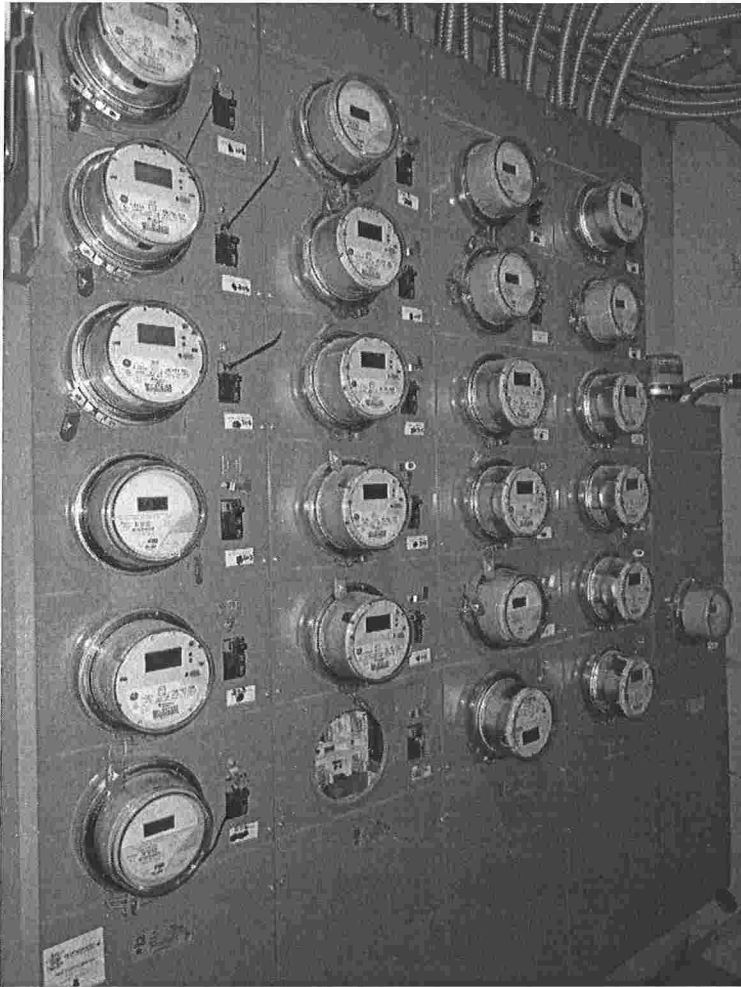


Photo 2 – Meter centre

Notes:

1. Water marks noted on front.



Photo 3 – Close up of water damage to meter centre .

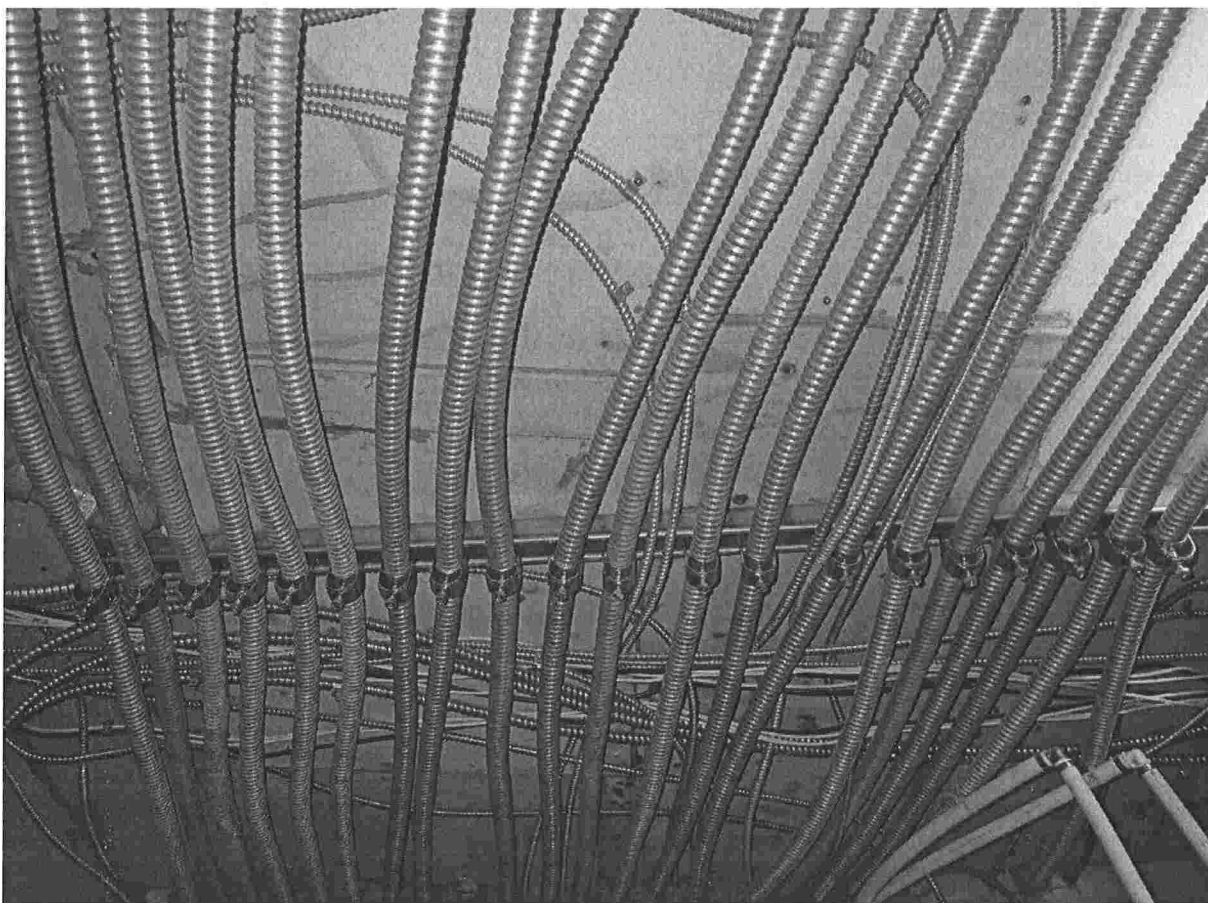


Photo 4 – AC90(BX) cables above meter centre

Notes:

1. AC90 is not a wet rated cable.
2. Water damaged noted on drywall above.
3. Drywall has to be replaced

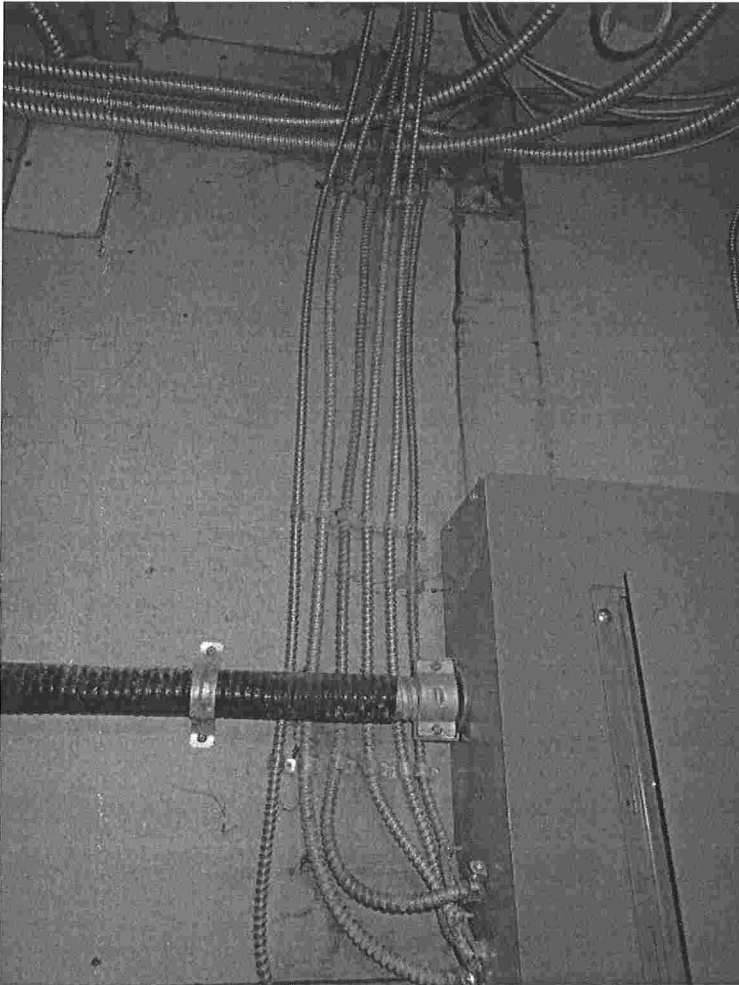


Photo 5 – Public panel

Notes:

1. Water damage noted to left side.

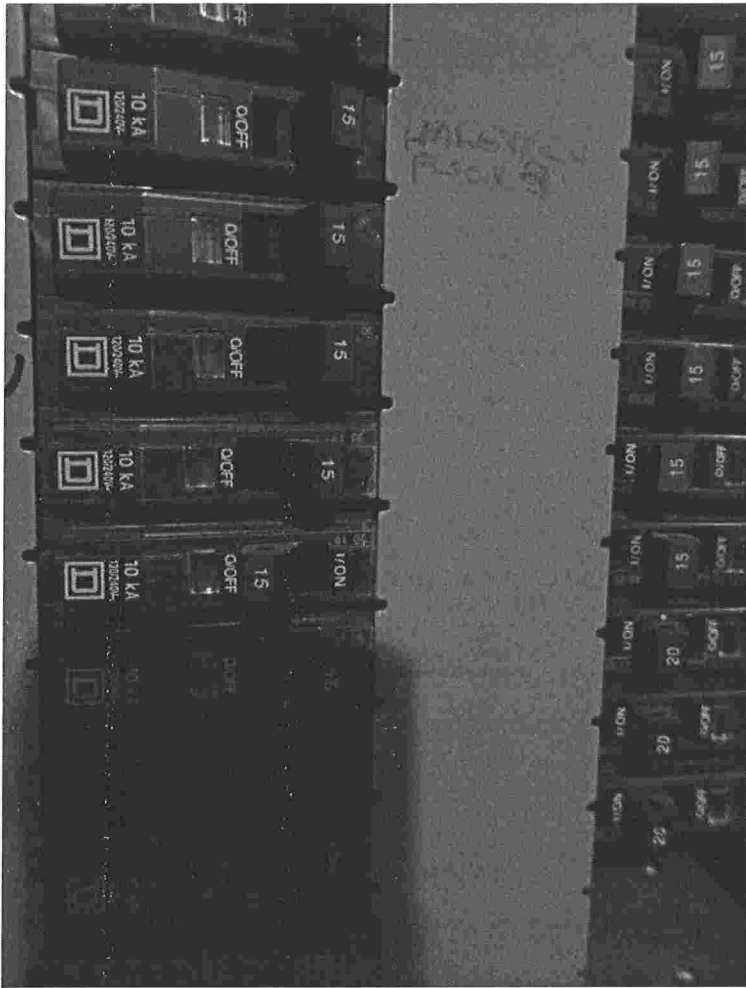


Photo 6 – Water damage on surfaces of Public Panel

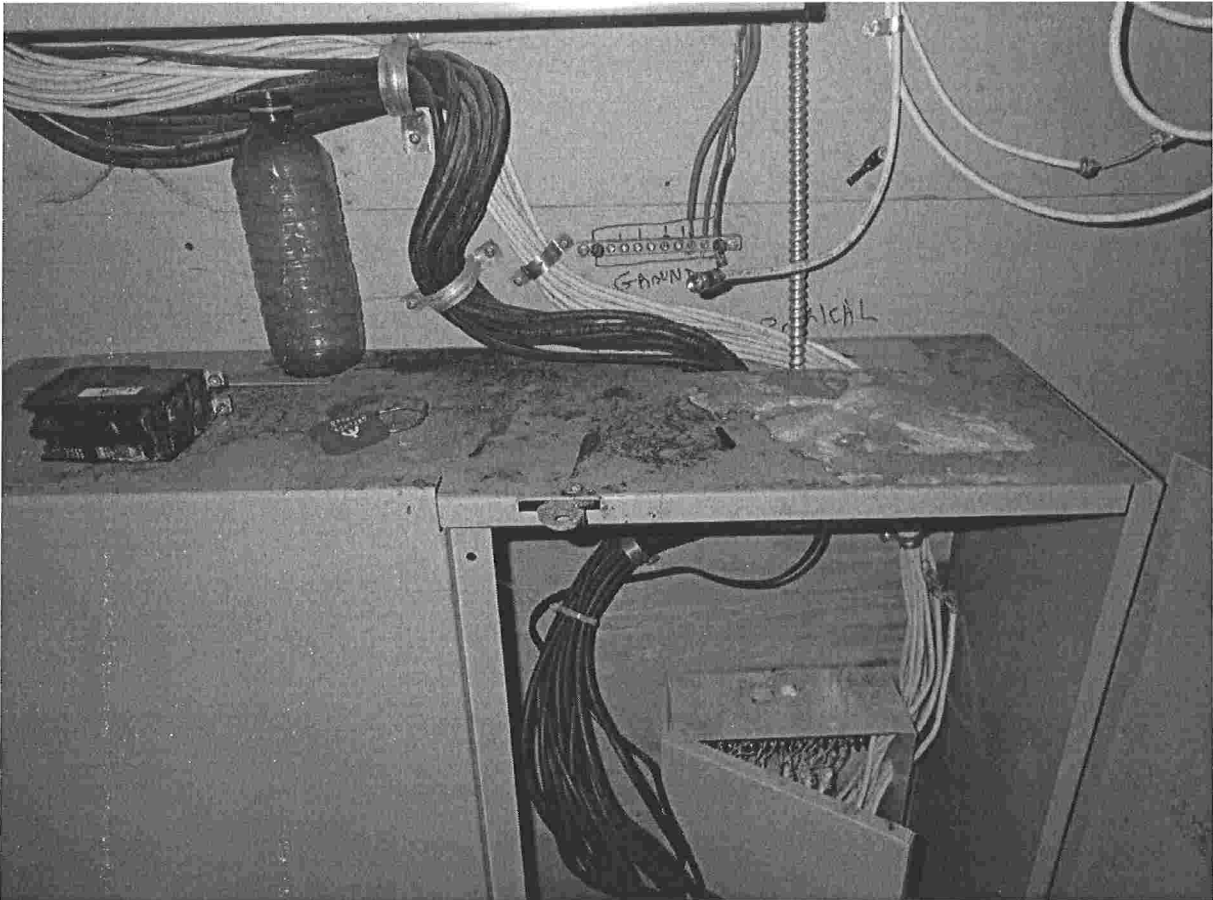


Photo 7 – Cabinet in which CCTV DVR was installed (according to owner)

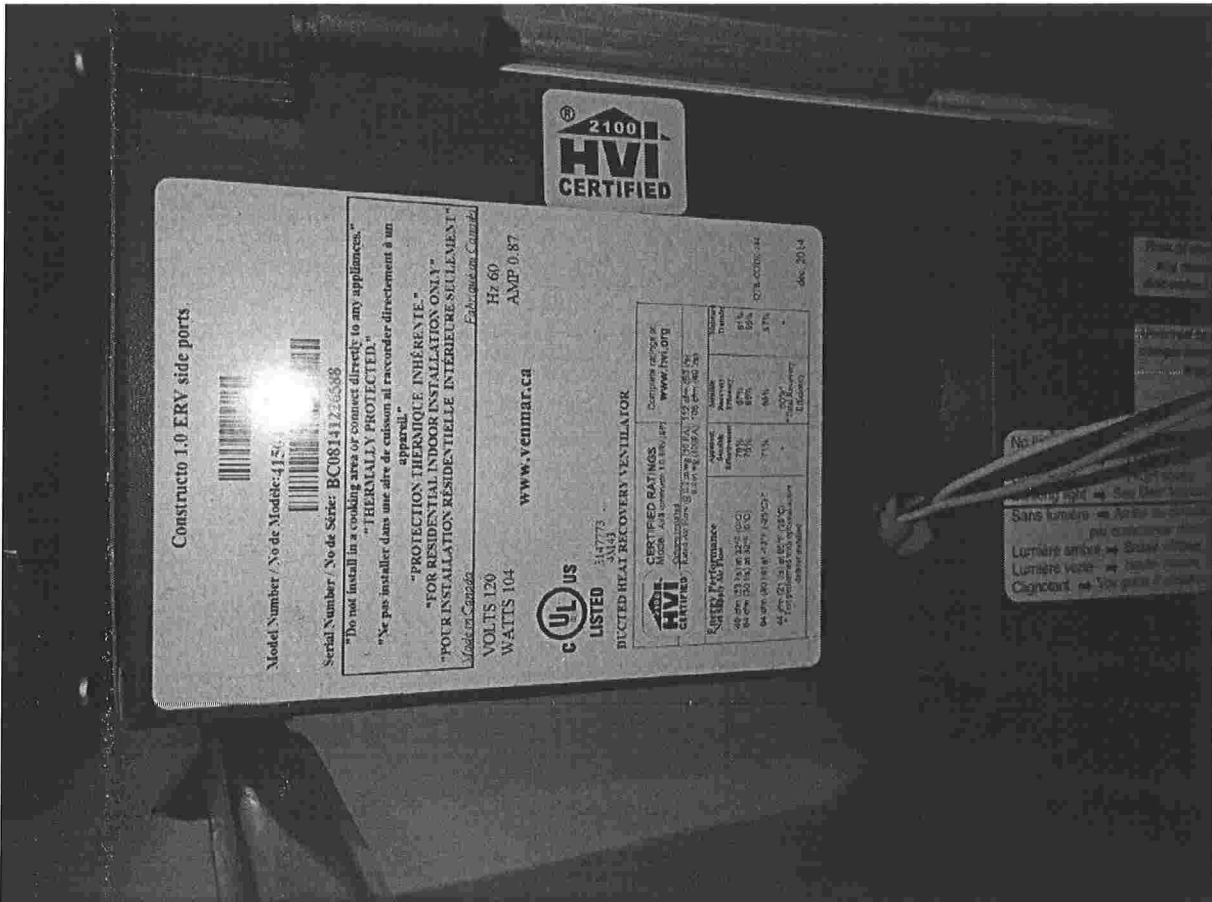


Photo 8 – Typical HRV nameplate details





Photo 9 - Unit 106

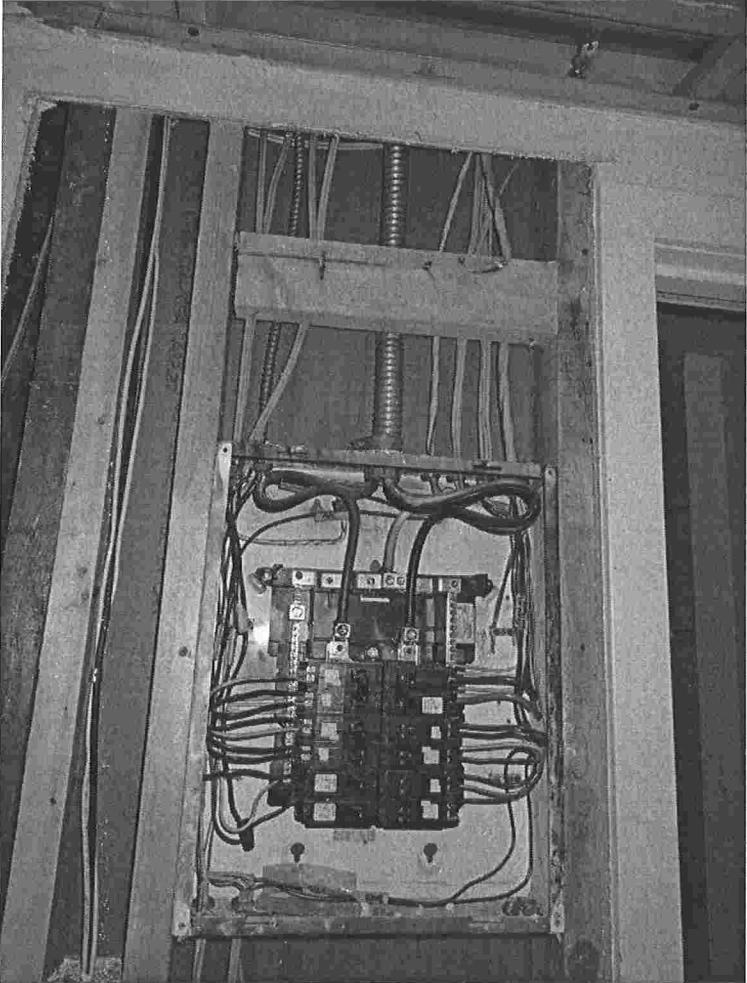


Photo 10 – Unit 106



Phot 11 - Unit 106



Photo 12 – Level 1 typical combination exit/emergency lighting



Photo 13 – Fire damaged suite (Unit 206)



Photo 14 – Some soot exiting Unit 206



Photo 15 – Unit 204 – soot

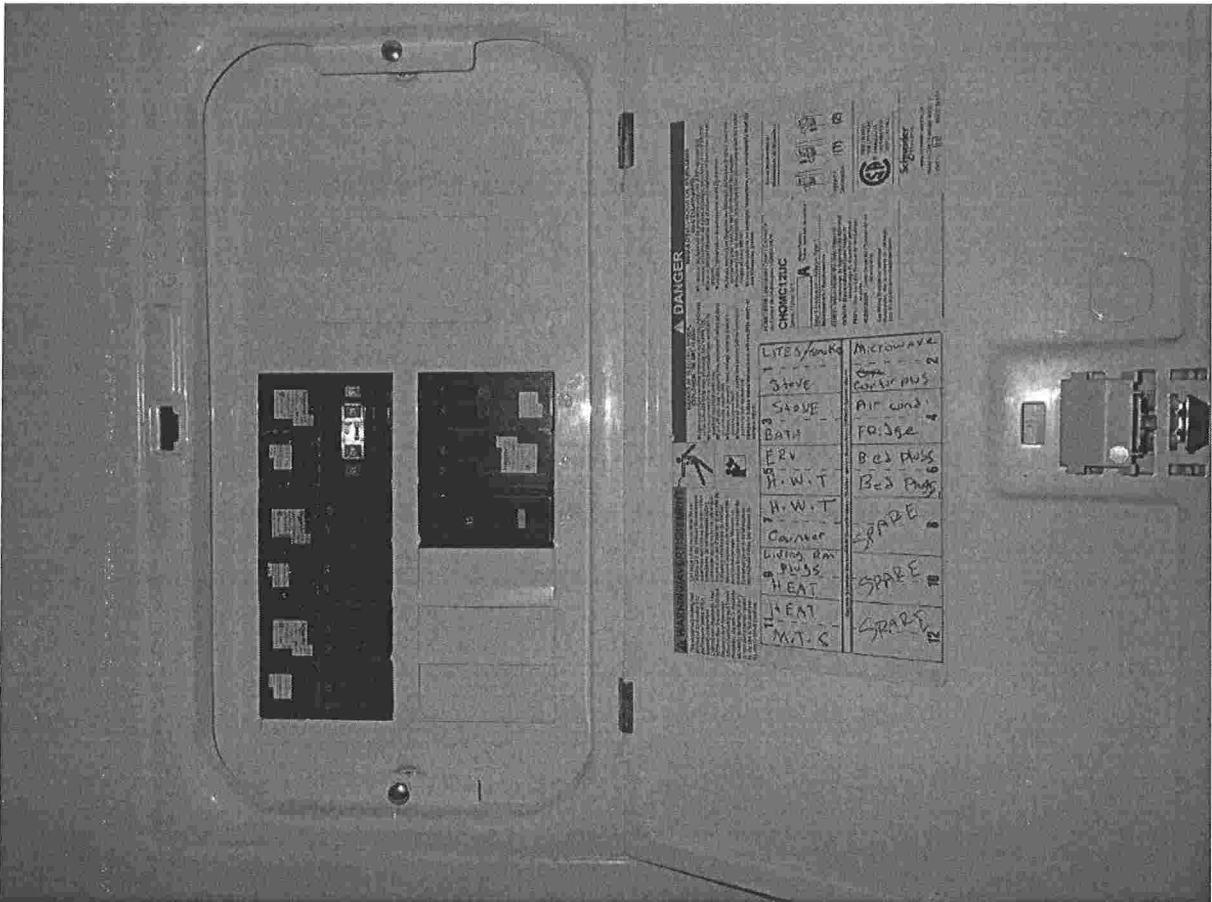


Photo 16 – Unit 204 electrical panel (soot)





Photo 17 - Unit 306 – Soot from fire damaged Unit 206 below.



Photo 18 – Main fire alarm panel at main entrance

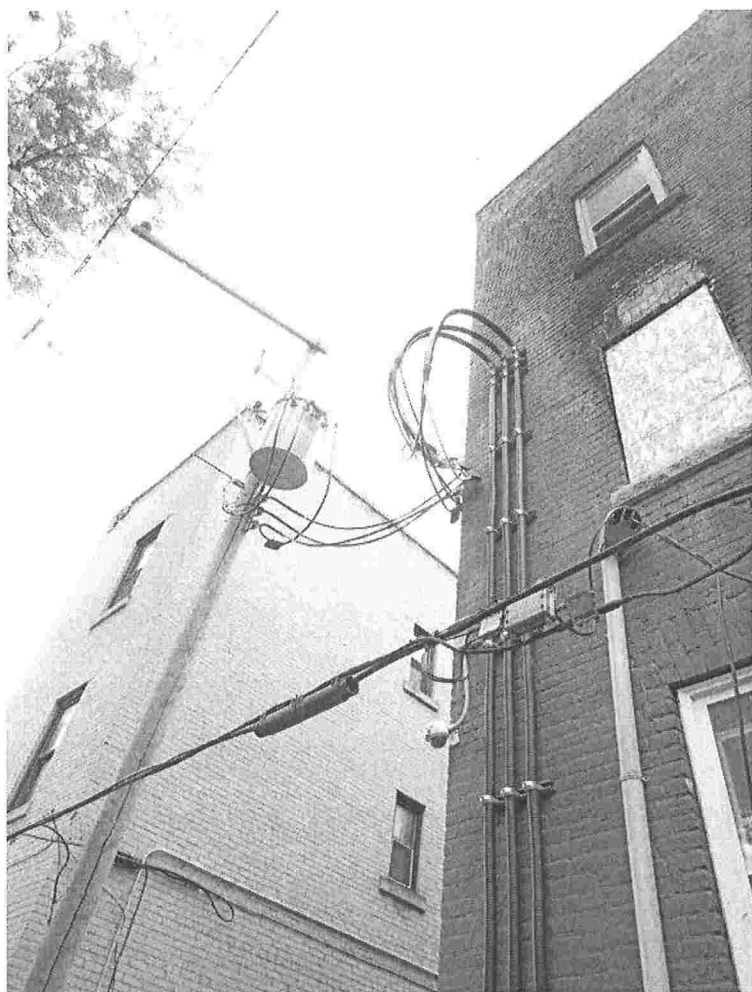


Photo 19 – Heat damage to service conductors

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023

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

---

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



DEC 06 2022

In reply please refer to / Référence à rappeler :

Commercial Building Inspections Branch  
204-986-5190  
ppd-commbldg@winnipeg.ca

November 30, 2022

6525785 Manitoba Ltd.  
PO BOX 285 RPO CORYDON  
Winnipeg MB R3M 3S7

Dear Property Owner:

**RE: FIRE DAMAGES AT 480 YOUNG ST  
FOLDER 22 229533 000 00 FI**

---

A fire on November 6th, 2022 caused damages to the building at the above address. The building inspector completed an inspection of the damages on November 30th, 2022.

A Building Permit is required prior to carrying out any repairs. A Structural Engineer's Report and Plans outlining the remedial measures are to be submitted with the Building Permit application. Please see [winnipeg.ca/ppd/permits/Commercial/Resources](http://winnipeg.ca/ppd/permits/Commercial/Resources) for permit application information and forms.

For assistance regarding a new permit application please contact Zoning & Permits at either 204-986-5140 or [ppd-permit@winnipeg.ca](mailto:ppd-permit@winnipeg.ca). If you require further information regarding the fire inspection, please contact the Commercial Inspections Intake Centre by calling 204-986-5190 or by email to [ppd-commbldg@winnipeg.ca](mailto:ppd-commbldg@winnipeg.ca) between the hours of 8:30 a.m. to 4:30 p.m., Monday to Friday.

Please be advised that you are required to keep the building secured and in a safe condition at all times.

Yours truly,

Commercial Building Inspections Branch

**Development & Inspections Division**

Unit 31 - 30 Fort Street, Winnipeg, MB, R3C 4X7  
Division de l'aménagement et des inspections

30, rue Fort, porte 31, Winnipeg (Manitoba) R3C 4X7

T. | Tél. : 204-986-5140

[winnipeg.ca](http://winnipeg.ca)

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023



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



# Search for Issued Construction-Related Permits

## Permits for 480 Young Street

For information on permit search results and terminology, see [Frequently Asked Questions](#).

Number	Address	Description	Status	Issued Date
22-231856 EC	480 Young Street	Repair. Re-energize main service after balcony fire (Hydro de-energized entire building). No repairs required to main service.	Issued	2022-11-18
22-135407 EC	480 Young Street	Repair. Replace 800 amp overhead service feeders after heat damage on outer jacket. 120/240 volt service 3x3c500 (acwu cables)	Closed	2022-04-12
22-129463 MU	480 Young ST	Interior Alteration. Landlord work- Interior alterations to include the restoration of fire rating in 3 units, electrical room, and laundry room. Mechanical and electrical work being done.	Issued	2022-03-30
15-111922 EC	480 Young ST	Additional Wiring. Installation of Shaw Services	Closed	2015-02-19
14-123416 MC	480 Young ST	M1 - HVAC. Related Building Permit Number/Year: 13-172242. Ashrae 62, intakes/outlets.	Closed	2014-04-30
14-106332 EC	480 Young ST	New Multi-family Dwelling. Related Permit 13 172242 MU	Closed	2014-03-03
13-179398 PC	480 Young ST	Plumb Building Alteration. Related Building Application # MU 172242 / 13.	Closed	2013-12-27
13-172242 MU	480 Young ST	Interior Alteration. Interior alterations to an existing multi-tenant residential building and to convert existing basement laundry/storage/utility spaces into 3 suites. Building will have a total of 24 dwelling units. Alterations to include partition walls, cosmetic work, electrical and mechanical work as per plans.	Closed	2014-02-25
12-176285 PC	480 Young ST	Additional Plumbing. Installation of Backflow device on Boiler feed line	Closed	2012-11-20

[New Search](#)

*In the case of all closed permits, the City retains the authority to engage with the current property owner regarding issues of non-compliance with building and electrical codes, and other building or zoning by-law requirements. However, in terms of the requirements associated with the permit process itself, the City considers these requirements to have been met at the time of the closure. That is, while the City could engage with subsequent enforcement action in a situation where a clear building code violation continues to exist, the City would not engage in enforcement action for 'work without a permit', for example, when that work was clearly performed under the permissions of a permit that was subsequently closed.*

### More Information

Questions about permit searches? Read our [Frequently Asked Questions](#).

Don't see your building or trade permit? For this and other general inquiries call Permits Direct Line at [204-986-5140](tel:204-986-5140) or email [ppd-permit@winnipeg.ca](mailto:ppd-permit@winnipeg.ca).

Don't see your development permit? For this and other general inquiries call Permits Direct Line at [204-986-5140](tel:204-986-5140) or email [ppd-zoningapplications@winnipeg.ca](mailto:ppd-zoningapplications@winnipeg.ca).

To access copies of Planning, Property & Development records, such as development, building, demolition and trade permits, or building plans, contact Central Files at [PPD-CentralFiles@winnipeg.ca](mailto:PPD-CentralFiles@winnipeg.ca) or [204-986-7395](tel:204-986-7395).

If you have questions about building occupancy permits, email [occupancy@winnipeg.ca](mailto:occupancy@winnipeg.ca) or call [204-986-5136](tel:204-986-5136).

For a file-based search of existing records to determine if any orders, violations, active permits, etc. are present on an existing structure, email [centralizedpropertyfilesearch@winnipeg.ca](mailto:centralizedpropertyfilesearch@winnipeg.ca).

Use of this site signifies your agreement to the [Conditions of Use](#).



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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023



---

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

Writer's Name           Albina P. Moran  
Direct Telephone       204-934-2503  
E-mail Address         apm@tdslaw.com  
Direct Fax               204-934-0503

November 15, 2022

6525785 Manitoba Ltd.  
P.O. Box 285  
971 Corydon Avenue  
Winnipeg, Manitoba R3M 3S7

**BY REGISTERED & REGULAR MAIL**

Dear Sirs:

Re:     Computershare Trust Company of Canada  
       (aka "First National")  
       Mortgage No. 4306936/1 (the "Mortgage")  
       480 Young Street, Winnipeg (the "Property")  
       Our Matter No. 0114232 APM

---

We are the solicitors for First National and have been instructed to demand payment of certain sums due and payable by you pursuant to the Mortgage and require you to provide certain information related to the above noted property.

Under the terms of your mortgage, you are responsible for payment of the costs related to these proceedings including legal fees, disbursements and applicable taxes. Our legal fees and disbursements to date relative to this matter are estimated to be **\$929.12** inclusive of Goods and Services Tax, and Retail Sales Tax. If time is spent discussing this matter with you or a proposed settlement we reserve the right to charge further legal fees at an hourly rate prescribed by *The Real Property Act Tariff*.

You will be allowed ten (10) calendar days from the date of this letter to:

1. pay **at our office** the sum of **\$115,727.12 by certified cheque payable to Thompson Dorfman Sweatman LLP**. This amount represents the following: mortgage arrears for Aug. to Oct. 2022 (\$24,700.37), taxes paid by First National (\$19,119.66), estimated tax arrears outstanding with the City of Winnipeg as of Nov. 10, 2022 (\$63,269.54), and insurance costs incurred by First National (\$7,708.43), plus our said legal fees and disbursements set out in the paragraph above; and

2. Provide us with copies of all documents relating to:
  - a. current insurance coverage for the Property with loss payable firstly to First National;
  - b. any insurance claims made by you for the Property;
  - c. an accounting of any insurance payments received by you and the application of such payments to repairs to the Property;
3. Provide us with an update on the status of the repairs to the Property;

Please note that if you do not comply with the terms of the foregoing conditions within the time specified, we are instructed to commence mortgage sale proceedings as well as an action against you on your covenant under the Mortgage and an action against those guarantors of the mortgage loan, all of which will substantially increase the costs payable by you.

Please contact us prior to tendering payment so that we may provide you with current figures owing under the Mortgage.

Yours truly,

THOMPSON DORFMAN SWEATMAN LLP

Per:

Albina P. Moran\*

APM/lb

**cc:** Sonia Pacheco, Montrose Mortgage (by email)

\*Services provided through Albina Moran Law Corporation

This is **Exhibit “Q”** referred  
to in the Affidavit of

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> day of February,  
2023



---

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	<a href="mailto:ram@tdslaw.com">ram@tdslaw.com</a>
Direct Fax	204-934-0538

January 16, 2023

**VIA REGISTERED MAIL and  
EMAIL ([pkharpenn@shaw.ca](mailto:pkharpenn@shaw.ca))**

6525785 Manitoba Ltd., Stephen Glen Collins and 6472240 Manitoba Ltd.  
1-534 Stradbrook Avenue  
Winnipeg MB R3L 0J9

6525785 Manitoba Ltd.  
565 St. Mary's Road  
Winnipeg MB R2M 3L6

6525785 Manitoba Ltd., PGRP Properties Inc., Patrick Penner and The Patrick  
and Karin Penner Family Trust  
P.O. Box 285  
971 Corydon Avenue  
Winnipeg MB R3M 3S7

6472240 Manitoba Ltd.  
c/o Levene Tadman Golub Law Corporation  
700 – 330 St. Mary Avenue  
Winnipeg MB R3C 3Z5

Re: Computershare Trust Company of Canada /  
First National Financial GP Corporation  
Mortgage of Property at 480 Young Street  
Our Matter No. 0114232 APM

---

As you are aware, our firm acts as legal counsel for Computershare Trust Company of Canada in its capacity as agent for First National Financial GP Corporation ("First National"), the beneficial holder of a mortgage (the "Mortgage") with respect to the property located at 480 Young Street in Winnipeg, Manitoba (the "Property").

The borrower under the Mortgage is 6525785 Manitoba Ltd. (the "Borrower"). The Borrower holds title to the Property as bare trustee for PGRP Properties Inc. ("PGRP").



THOMPSON  
DORFMAN  
SWEATMAN

and 6472240 Manitoba Ltd. ("647"). Patrick Penner ("Penner") is a principal of PGRP. Stephen Collins ("Collins") is a principal of 647. The Patrick and Karin Penner Family Trust (the "Trust") is a shareholder of PGRP. Each of PGRP, 647, Penner, Collins and the Trust entered in guarantees in or about November of 2012 guaranteeing, as principal debtors and not as sureties, the payment of all amounts owing by the Borrower under the Mortgage, and the full performance and discharge by the Borrower of all obligations under the Mortgage.

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 that regard, a demand was previously issued by our office in November of 2022. Despite that demand, the arrears owing pursuant to the Mortgage have not been paid.

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 \$1,726,176.23. Interest and costs continue 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.

Given the guarantees that have been provided, we have also been instructed to make demand for payment from each of PGRP, 647, Penner, Collins and the Trust in accordance with their guarantee obligations.

To the extent the Borrower and/or any of the guarantors intend to make voluntary arrangements for payment of the amount due under the Mortgage in accordance with this demand, we would 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:



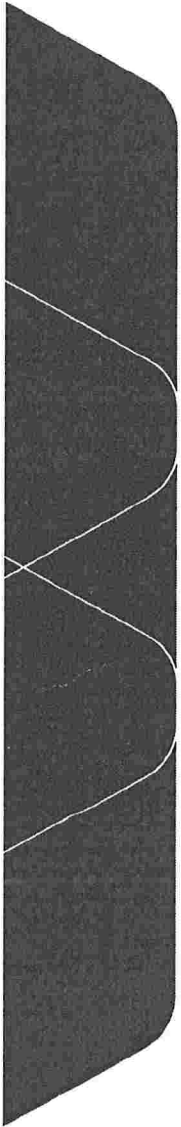
Ross A. McFadyen



THOMPSON  
DORFMAN  
SWEATMAN

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: 6525785 MANITOBA LTD.  
1-534 Stradbrook Avenue  
Winnipeg MB R3L 0J9

- and -

565 St. Mary's Road  
Winnipeg MB R2M 3L6

- and -

P.O. Box 285  
971 Corydon Avenue  
Winnipeg MB R3M 3S7

an insolvent person.

TAKE NOTICE THAT:

1. COMPUTERSHARE TRUST COMPANY OF CANADA, on behalf of 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 480 Young 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 November 14, 2012 and registered in the Winnipeg Land Titles Office



on December 12, 2012 as No. 4306936/1 (as amended by agreement) in which the insolvent person mortgaged its entire right, title and interest in the Property.

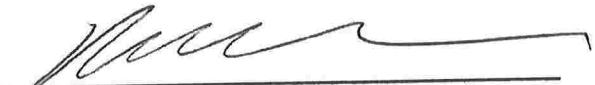
- (b) A General Assignment of Rents granted by the insolvent person on November 14, 2012, registered in the Winnipeg Land Titles Office on December 12, 2012 as Caveat No. 4306937/1, and further perfected by way of registration of a financing statement in the Personal Property Registry for Manitoba (the "PPR") as of November 27, 2012 as Registration No. 201220942908.
  - (c) A site specific General Security Agreement dated November 14, 2012, registered in the Winnipeg Land Titles Office on December 12, 2012 as Personal Property Security Notice No. 4306938/1, and further perfected by way of registration of a financing statement in the PPR as of November 27, 2012 as Registration No. 201220942401.
3. The total amount of indebtedness secured by the security as at January 6, 2023 is \$1,726,176.23, 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 16<sup>th</sup> day of January, 2023.

COMPUTERSHARE TRUST COMPANY OF  
CANADA on behalf of FIRST NATIONAL  
FINANCIAL GP CORPORATION  
by its solicitors and agents  
Thompson Dorfman Sweatman LLP

Per:

  
\_\_\_\_\_  
Ross A. McFadyen

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> 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

**480 Young – Plan January 22<sup>nd</sup>, 2023**

- **Mortgage payments** outstanding \$29 800 (3 months)
  - Insurance outstanding on Rents \$29000
  - John will bring in the amount owing if Insurance cheques not available in January so this is cleared up in January.
  - February will have enough rents in to make the payment, just would ask NOT the 15<sup>th</sup>, we can make a payment what was collected to the 15<sup>th</sup> and cover the balance once we receive the rents for the tenants moving in on the 15<sup>th</sup> in February. Then moving forward all payments will be on time.
- **Rent Rolls** attached for February, will have 17 units rented for March 1<sup>st</sup> and one units 006 that will need an occupancy permit before renting so in March but not sure on timing.
- **Insurance renovation** – 6 units will not be available until we receive our building permit on the fire escape, we will work on the units which are on the old permit so can get those ready so that they are finished on the schedule of the fire escape.
- **Property Taxes** - \$64000 owing, \$35000 was water added to property tax with an empty building, and some board up charges that insurance will clear up. Have been working hard to get this resolved and will continue.
  - Montrose has collected property taxes, can we get that amount paid to city once \$29800 cheque is delivered?
    - Then from February to June the monthly allocation for property taxes sent to the city once received
  - For 2023 property taxes we will sign up for TIPP's so will cover July 1<sup>st</sup> to December 1<sup>st</sup> so we can reduce our interest and penalties.
  - July 1<sup>st</sup> we would still pay the tax portion to Montrose with mortgage payments for 2024 property taxes.
  - Would expect the last 6 units to be rentable that would cover the extra cash flow needed for plan.
  - John will provide a letter of direction that whatever the balance of these taxes are in June he will cover it.
- Rents below include Rents, we will be getting \$125 a unit additionally for Hydro.

	February 1st	February 15th	March 1st	April
	4 units	4 units	10 Units	18 Units rented
Rents	\$ 3,773.00	\$ 3,889.00	\$ 8,951.00	\$ 16,613.00
DD	\$ 1,886.50	\$ 1,944.50	\$ 4,475.50	
	\$ 5,659.50	\$ 5,833.50	\$ 13,426.50	
			\$ 21,088.50	
February 15th Mortgage	\$ 9,936.00			
Insurance - do not have	\$ 1,500.00			
Water	\$ 630.00			
Hydro	\$ 500.00			
	\$ 12,566.00		Cash Flow \$ 8,522.50	\$ 4,047.00

All additional cash flows will be going to property taxes, waiting for actual cost of the insurance.

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

**SONIA PACHECO**

Sworn (or affirmed) before me this 13<sup>th</sup> 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

## Melanie LaBossiere

---

**From:** Melanie LaBossiere  
**Sent:** Friday, February 10, 2023 8:40 AM  
**To:** Melanie LaBossiere  
**Subject:** FW: 480 Young - Permit 22 129463 000 00MU

---

**From:** Ross McFadyen <[RAM@tdslaw.com](mailto:RAM@tdslaw.com)>  
**Sent:** Tuesday, January 31, 2023 3:47 PM  
**To:** Patrick Penner <[pkharpenn@shaw.ca](mailto:pkharpenn@shaw.ca)>  
**Subject:** RE: 480 Young - Permit 22 129463 000 00MU

Patrick –

If the \$29,000 you are referencing is from insurance monies (as you indicate in the email below), those monies are payable in any event to First National pursuant to the terms of the mortgage and ought to be forward to First National promptly to be applied towards the amount owing under the mortgage. Please arrange for that to occur promptly.

First National has demanded payment in full of all amounts due pursuant to the mortgages for the properties at 480 Young Street and 485 Furby Street. It is entitled to so based on the previous and continuing defaults. That remain First National's position.

Regards,



**THOMPSON  
DORFMAN  
SWEATMAN**

Thompson Dorfman Sweatman LLP  
1700 – 242 Hargrave Street  
Winnipeg MB R3C 0V1

**Ross A. McFadyen** *he/him*

Partner

P: 204-934-2378

E: [ram@tdslaw.com](mailto:ram@tdslaw.com)

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---

**From:** Patrick Penner <[pkharpenn@shaw.ca](mailto:pkharpenn@shaw.ca)>  
**Sent:** Tuesday, January 31, 2023 12:45 PM  
**To:** Ross McFadyen <[RAM@tdslaw.com](mailto:RAM@tdslaw.com)>  
**Subject:** RE: 480 Young - Permit 22 129463 000 00MU

do you have an update on this one?

We can get you the \$29k today.

Patrick Penner  
Harpenn Construction Inc.  
P.O. Box 285-971 Corydon Avenue  
Winnipeg, MB R3M 3S7  
Phone (204) 797-6742  
[www.harpenn.ca](http://www.harpenn.ca)



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---

**From:** Patrick Penner [<mailto:pkharpenn@shaw.ca>]  
**Sent:** January 26, 2023 7:34 AM  
**To:** 'Ross McFadyen' <[RAM@tdslaw.com](mailto:RAM@tdslaw.com)>  
**Subject:** RE: 480 Young - Permit 22 129463 000 00MU

Meeting Michelle today to sign the leases

Will have the funds short on the mortgage \$29k available in January

Property Taxes:

- Montrose has \$13630 in trust for property taxes and collects \$2760 a month on mortgage payments, we request all those funds go to the city
- We will deposit the \$29k in insurance money that was to go to mortgage to property taxes
- Insurance has some other items that were added to property taxes that cheques should be coming like board up fees, inspections..
- We are working with the city as they have charged us \$35k for water on a vacant building. whether we get this done or not we will cover in June whatever the balance is so that property taxes are paid.
- Then Montrose continues to collect property taxes July for 2024 property taxes and we will sign up for TIPP's for 2023 to avoid all penalties/interest and pay them over 6 months.

Patrick Penner  
P.O. Box 285-971 Corydon Avenue  
Winnipeg, MB R3M 3S7  
Phone (204) 797-6742  
[www.harpenn.ca](http://www.harpenn.ca)



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---

**From:** Ross McFadyen [<mailto:RAM@tdslaw.com>]  
**Sent:** January 18, 2023 2:06 PM

**To:** Patrick Penner <pkharpenn@shaw.ca>  
**Subject:** RE: 480 Young - Permit 22 129463 000 00MU

Patrick,

Do you have copies of the lease agreements that you say have been signed with the February 1 move in dates?

Regards,



**THOMPSON  
DORFMAN  
SWEATMAN**

Thompson Dorfman Sweatman LLP  
1700 – 242 Hargrave Street  
Winnipeg MB R3C 0V1

**Ross A. McFadyen** *he/him*

Partner

P: 204-934-2378

E: [ram@tdslaw.com](mailto:ram@tdslaw.com)

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---

**From:** Patrick Penner <pkharpenn@shaw.ca>  
**Sent:** Wednesday, January 18, 2023 11:33 AM  
**To:** Ross McFadyen <[RAM@tdslaw.com](mailto:RAM@tdslaw.com)>  
**Subject:** FW: 480 Young - Permit 22 129463 000 00MU

According to this email we can rent out all units except for 306/305/206/205/106/105/006 – 7 units, the 17 units can be rented once rentable according to me.

we have the front 8 ready to go, the next 6 were are cleaning/painting.

Then the next ones in the basement needed the fire escape removed which was done yesterday, and we can rent out 2 more quickly 003 & 004, 005 will be a bit more work just waiting for the electrical to be inspected and can board and finish on previous permit and the last one in the basement 006 we need occupancy on.

That will leave the back of the building 6 units (3 of which we can continue to use existing permit) and have to apply for a new permit to include repairs on 305/205 and 105 and the building of the back fire escape.

All other units have fire escapes on the side so they are good.

we have 4 units rented with February 1<sup>st</sup> move in, then 4 with February 15<sup>th</sup> move in and will have 10 more rented by March 1<sup>st</sup> so we can cover the mortgage payment from the building.

We will make arrangements for the 3 months short on Mortgage (hopefully with insurance) and will get February 15<sup>th</sup> payment made on time, and will be on time moving forward.



Patrick Penner  
Harpenn Construction Inc.  
P.O. Box 285-971 Corydon Avenue  
Winnipeg, MB R3M 3S7  
Phone (204) 797-6742  
[www.harpenn.ca](http://www.harpenn.ca)



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---

**From:** Yimesgen, Efrem [<mailto:EYimesgen@winnipeg.ca>]  
**Sent:** January 3, 2023 4:42 PM  
**To:** 'pkharpenn@shaw.ca' <[pkharpenn@shaw.ca](mailto:pkharpenn@shaw.ca)>  
**Subject:** FW: 480 Young - Permit 22 129463 000 00MU

Good day,

Please apply for a new Building permit, to remedy the impact of the 2<sup>nd</sup> fire incident. We will then include Occupancy permit to this application. Please see e-mail trails below, regarding Occupying the units, affected by the 1<sup>st</sup> fire incident.

Regards,

**Efrem Yimesgen**  
Permit Technician  
**Zoning and Permit Branch**  
**Planning, Property and Development**  
City of Winnipeg

T. 204-986-3647

E. [EYimesgen@winnipeg.ca](mailto:EYimesgen@winnipeg.ca)

[winnipeg.ca](http://winnipeg.ca)

---

**From:** Momtchilov, Deyan <[dMomtchilov@winnipeg.ca](mailto:dMomtchilov@winnipeg.ca)>  
**Sent:** Tuesday, January 3, 2023 4:11 PM  
**To:** PPD-Occupancy <[Occupancy@winnipeg.ca](mailto:Occupancy@winnipeg.ca)>; Yimesgen, Efrem <[EYimesgen@winnipeg.ca](mailto:EYimesgen@winnipeg.ca)>  
**Subject:** RE: 480 Young - Permit 22 129463 000 00MU

Hi Efrem,

The highlighted sentence holds true.

When there is no requirement for occupancy, it is up to the owner and their contractor to manage the dynamics on site.

Deyan

**Deyan Momtchilov, B.Env.D**

Development Projects Liason & Occupancy Coordinator  
Development And Inspections Division  
Planning, Property And Development Department  
City of Winnipeg

T. 204-986-2268

E. dmomtchilov@winnipeg.ca

winnipeg.ca

---

**From:** PPD-Occupancy <Occupancy@winnipeg.ca>  
**Sent:** Tuesday, January 3, 2023 4:07 PM  
**To:** Momtchilov, Deyan <dMomtchilov@winnipeg.ca>  
**Cc:** PPD-Occupancy <Occupancy@winnipeg.ca>  
**Subject:** FW: 480 Young - Permit 22 129463 000 00MU

Hello Deyan,

Could you please confirm this to Efrem? Thank you in advance.



**Anel Dominguez (She/Her)**  
Occupancy Clerk B

Development and Inspections Division  
Planning, Property and Development Department

**Telephone:** 204-986-5136

**Email:** [adominguez@winnipeg.ca](mailto:adominguez@winnipeg.ca)

**Website:** [winnipeg.ca](http://winnipeg.ca)

**Address:** 4th Floor, 65 Garry St, Winnipeg, MB R3C 4K4

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**We will continue to answer your calls and return voicemails left at 204-986-5136 for Occupancy Inspections, and 204-986-5190 for Commercial Inspections.**

---

**From:** Yimesgen, Efrem <[EYimesgen@winnipeg.ca](mailto:EYimesgen@winnipeg.ca)>  
**Sent:** Tuesday, January 3, 2023 4:05 PM  
**To:** PPD-Occupancy <[Occupancy@winnipeg.ca](mailto:Occupancy@winnipeg.ca)>  
**Subject:** RE: 480 Young - Permit 22 129463 000 00MU

Hi Anel,

I have noted that, and we will include the OC, when a new Building permit is applied for. What I would like to be clarified is, the advice Deyan provided "As we do not require occupancy permits for individual residential suites, and the entire building, floor or wing would not have had to be vacated in order to facilitate the repairs to the three suites, I do not think that a new occupancy is needed in conjunction with 22-129463 MU. He can occupy when the suites are ready in the owner's opinion." Is this statement still applicable? or no more? Particularly the highlighted one.

Regards,

**Efrem Yimesgen**  
Permit Technician  
Zoning and Permit Branch  
Planning, Property and Development  
City of Winnipeg

T. 204-986-3647

E. [EYimesgen@winnipeg.ca](mailto:EYimesgen@winnipeg.ca)

[winnipeg.ca](http://winnipeg.ca)

---

**From:** PPD-Occupancy <[Occupancy@winnipeg.ca](mailto:Occupancy@winnipeg.ca)>  
**Sent:** Tuesday, January 3, 2023 3:35 PM  
**To:** PPD-Permit <[ppd-permit@winnipeg.ca](mailto:ppd-permit@winnipeg.ca)>  
**Cc:** PPD-Occupancy <[Occupancy@winnipeg.ca](mailto:Occupancy@winnipeg.ca)>  
**Subject:** FW: 480 Young - Permit 22 129463 000 00MU

Hello,

A new permit is require for the structural repairs. As Deyan confirmed: The second fire, seems to have caused structural damage. When they apply for the required building permit, I would expect to see an occupancy permit accompanying it.

Regards,

**Anel Dominguez (She/Her)**  
Occupancy Clerk B

Development and Inspections Division  
Planning, Property and Development Department



Telephone: 204-986-5136

Email: [adominguez@winnipeg.ca](mailto:adominguez@winnipeg.ca)

Website: [winnipeg.ca](http://winnipeg.ca)

Address: 4th Floor, 65 Garry St, Winnipeg, MB R3C 4K4

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**We will continue to answer your calls and return voicemails left at 204-986-5136 for Occupancy Inspections, and 204-986-5190 for Commercial Inspections.**

---

**From:** PPD-Permit <[ppd-permit@winnipeg.ca](mailto:ppd-permit@winnipeg.ca)>  
**Sent:** Tuesday, January 3, 2023 3:27 PM  
**To:** PPD-Occupancy <[Occupancy@winnipeg.ca](mailto:Occupancy@winnipeg.ca)>  
**Subject:** RE: 480 Young - Permit 22 129463 000 00MU

Good day Anel,

I read the e-mail attachment you have sent, and Deyan is advising "no Occupancy will be required under Building Permit 22-129463 MU". What is required from the Permit desk? Can you clarify?

Regards,

**Efrem Yimesgen**  
Permit Technician  
Zoning and Permit Branch  
Planning, Property and Development  
City of Winnipeg

---

**From:** PPD-Occupancy <[Occupancy@winnipeg.ca](mailto:Occupancy@winnipeg.ca)>  
**Sent:** Tuesday, January 3, 2023 2:17 PM  
**To:** PPD-Permit <[ppd-permit@winnipeg.ca](mailto:ppd-permit@winnipeg.ca)>  
**Cc:** PPD-Occupancy <[Occupancy@winnipeg.ca](mailto:Occupancy@winnipeg.ca)>  
**Subject:** FW: 480 Young - Permit 22 129463 000 00MU

Hello Z & P,

Please see email chain below and attachment. The client is being sent back to occupancy, when they are applying for a new occupancy permit. Please see email attached from Deyan, this is a new request. Your assistance on this matter is greatly appreciated.

Thank you,



**Anel Dominguez (She/Her)**  
Occupancy Clerk B

Development and Inspections Division  
Planning, Property and Development Department

Telephone: 204-986-5136

Email: [adominguez@winnipeg.ca](mailto:adominguez@winnipeg.ca)

Website: [winnipeg.ca](http://winnipeg.ca)

Address: 4th Floor, 65 Garry St, Winnipeg, MB R3C 4K4

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---

**From:** Momtchilov, Deyan <[dMomtchilov@winnipeg.ca](mailto:dMomtchilov@winnipeg.ca)>

**Sent:** Tuesday, January 3, 2023 11:09 AM

**To:** PPD-Occupancy <[Occupancy@winnipeg.ca](mailto:Occupancy@winnipeg.ca)>

**Subject:** RE: 480 Young - Permit 22 129463 000 00MU

Anel,

I had weighed in on this in correspondence with Tyler on December 22. I am attaching the email string.

Deyan

**Deyan Momtchilov, B.Env.D**

Development Projects Liason & Occupancy Coordinator  
Development And Inspections Division  
Planning, Property And Development Department  
City of Winnipeg

T. 204-986-2268

E. dmomtchilov@winnipeg.ca

winnipeg.ca

---

**From:** PPD-Occupancy <Occupancy@winnipeg.ca>

**Sent:** Friday, December 30, 2022 3:21 PM

**To:** pkharpenn@shaw.ca

**Cc:** PPD-Occupancy <Occupancy@winnipeg.ca>; Momtchilov, Deyan <dMomtchilov@winnipeg.ca>

**Subject:** FW: 480 Young - Permit 22 129463 000 00MU

Hello Patrick,

Thank you for your email. I do apologize for the miscommunication, I have CC on this email Deyan Momtchilov he is the Development Projects Liaison. Deyan, please see email below, on this BP there is no fees paid yet for an occupancy permit. Does this landlord work permit requires an occupancy permit? Your assistance on this matter is greatly appreciated.

Thank you,



**Anel Dominguez (She/Her)**

Occupancy Clerk B

Development and Inspections Division  
Planning, Property and Development Department

**Telephone:** 204-986-5136

**Email:** [adominguez@winnipeg.ca](mailto:adominguez@winnipeg.ca)

**Website:** [winnipeg.ca](http://winnipeg.ca)

**Address:** 4th Floor, 65 Garry St, Winnipeg, MB R3C 4K4

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Our offices on the 4th floor of 65 Garry St. are currently closed to in-person visits at 65 Garry St. We are asking customers to make use of our online services and request forms. We will continue to answer your calls and return voicemails left at 204-986-5136 for Occupancy Inspections, and 204-986-5190 for Commercial Inspections.

---

**From:** Patrick PENNER <pkharpenn@shaw.ca>  
**Sent:** Friday, December 30, 2022 3:09 PM  
**To:** PPD-Occupancy <Occupancy@winnipeg.ca>  
**Subject:** Re: 480 Young - Permit 22 129463 000 00MU

**\*\* EXTERNAL EMAIL: USE CAUTION \*\***

i called them, they told me to email you.

Please tell me what the fees are, send invoice.

Patrick

---

**From:** "PPD-Occupancy" <Occupancy@winnipeg.ca>  
**To:** "Karin Harper Penner" <pkharpenn@shaw.ca>  
**Cc:** "PPD-Occupancy" <Occupancy@winnipeg.ca>  
**Sent:** Friday, December 30, 2022 3:02:33 PM  
**Subject:** FW: 480 Young - Permit 22 129463 000 00MU

Good Afternoon,

Thank you for your email regarding 480 Young St under Building Permit 22-129463 MU.

On review, this permit no Occupancy Fees were charged/collected. Should you require an Occupancy Permit, please arrange to contact the Zoning & Permits Office at 204-986-5140. You can do so Monday-Friday between 8:30-4:30pm. Please ask to speak with a Permit Technician. Once the application has been completed, Occupancy Inspections will be required.

Regards,



**Anel Dominguez**  
Occupancy Clerk B  
  
Inspections Branch  
Planning, Property and Development Department

Telephone: 204-986-5136

Email: adomingu@winnipeg.ca

Website: winnipeg.ca

Address: 4th Floor, 65 Garry St, Winnipeg, MB R3C 4K4

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---

**From:** Patrick PENNER <[pkharpenn@shaw.ca](mailto:pkharpenn@shaw.ca)>  
**Sent:** Friday, December 30, 2022 2:48 PM  
**To:** PPD-Occupancy <[Occupancy@winnipeg.ca](mailto:Occupancy@winnipeg.ca)>  
**Subject:** 480 YOung - Permit 22 129463 000 00mu

**\*\* EXTERNAL EMAIL: USE CAUTION \*\***

We need temporary occupancy on the front 8 units, and the middle 6 units.

Please open an occupancy permit and let me know when an inspection can happen.

Thanks

Patrick Penner  
Harpenn Construction Inc  
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