

payrolls, or other records, receipts, certificates and declarations as the Chargee may deem necessary to satisfy itself that such Claims have been paid as soon as the same are due.

**14. QUIET POSSESSION**

Until default of payment or default in performance of its obligations under any commitment letter or offer of finance or hereunder, the Chargor shall have quiet possession of the Mortgaged Premises.

**15. COMPLIANCE WITH ENVIRONMENTAL LAWS**

The Chargor covenants, represents and warrants to the Chargee that:

- a) the Chargor shall conduct and maintain its business operations and the Mortgaged Premises so as to comply in all respects with all applicable Environmental Laws including obtaining all necessary licenses, permits, consents and approvals required to own or operate the Mortgaged Premises and the businesses carried on at or from the Mortgaged Premises
- b) except as specifically permitted by the Chargee in writing, the Chargor shall not permit or suffer to exist Contaminants or dangerous or potentially dangerous conditions on or affecting the Mortgaged Premise whether on or below the surface of the Lands or located in any Fixtures including, without limitation, any materials containing gasoline, polychlorinated biphenyls or radio-active substances, underground storage tanks, asbestos or urea formaldehyde insulation
- c) the Chargor has no knowledge of the existence of Contaminants or dangerous or potentially dangerous conditions at, on or under the Mortgaged Premises or any properties in the vicinity of the Lands which could affect the Mortgaged Premises or the market value thereof or in levels that exceed the standards in Environmental Laws
- d) the Chargor has no knowledge of the Mortgaged Premises or any portion thereof having been used for the disposal of waste
- e) the Chargor has not given or received, nor does it have an obligation to give, any notice, claim, communication or information regarding any past, present, planned or threatened treatment, storage, disposal, presence, release or spill of any Contaminant at, on, under or from the Mortgaged Premises or any property adjacent or proximate thereto, including any notice pursuant to any Environmental Laws or any environmental report or audit. The Chargor shall notify the Chargee promptly and in reasonable detail upon receipt of any such claim, notice, communication or information or if the Chargor becomes aware of any violation or potential violation of the Chargor of any Environmental Laws and setting forth the action which the Chargor intends to take with respect to such matter
- f) there is no, and the Chargor has not received notice of and has no knowledge or information of any pending, contemplated or threatened litigation or claim for judicial or administrative action which would adversely affect the Mortgaged Premises or its use or market value including, without limitation, any action pending or threatened by any adjacent or affected land owner relating to the use of the Mortgaged Premises or the existence on the Mortgaged Premises of, or leakage from the Mortgaged Premises of noxious, dangerous, potentially dangerous or toxic substances
- g) the Chargor shall promptly advise the Chargee in writing of any material adverse change in the environmental or other legal requirements affecting the Chargor or the Mortgaged Premises upon the Chargor becoming aware of any such change and the Chargor shall provide the Chargee with a copy of any of the orders, by-laws, agreements or other documents pursuant to which any such change is effected or documented
- h) the Chargor shall, at its own expense, promptly take or cause to be taken any and all necessary remedial or clean-up action in response to the presence, storage, use, disposal, transportation, release or discharge of any Contaminant in, on, under or about any of the Mortgaged Premises, or used by the Chargor, in compliance with all material laws including, without limitation, Environmental Laws, and in accordance with the orders and directions of all applicable federal, state, provincial, municipal and local governmental authorities

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- i) the Chargor shall deliver to the Chargee a true and complete copy of all environmental audits, evaluations, assessments, studies or tests relating to the Mortgaged Premises or the Chargor now in its possession or control or forthwith after the completion thereof, or upon such materials coming into the Chargor's possession or control
- j) the Chargor shall at its expense, if reasonably requested by the Chargee in writing, retain an environmental consultant acceptable to the Chargee, acting reasonably, to undertake environmental tests and to prepare a report or audit with respect to the Mortgaged Premises and deliver same to the Chargee for its review

the Chargor shall indemnify and save harmless the Chargee, its officers, directors, employees, agents and shareholders from and against all losses, liabilities, damages or costs (including legal fees and disbursements on a solicitor and own client basis) suffered including, without limitation, the cost or expense of any environmental investigation, the preparation of any environmental or similar report and the costs of any remediation arising from or relating to any breach of the foregoing covenants of this Section 15, any breach by the Chargor or any other person now or hereafter having an interest in the Mortgaged Premises which is asserted or claimed against the Chargee; the presence, in any form, of any Contaminant on or under the Mortgaged Premises, or the discharge, release, spill or disposal of any Contaminant by the Chargor which is asserted or claimed against any of these indemnified persons. This indemnity shall survive the payment in full of all amounts secured hereunder and the discharge of this Charge. The Charges shall hold the benefit of this indemnity in trust for those indemnified persons who are not parties to this Charge.

## 16. CONDOMINIUM

If the Mortgaged Premises or any part thereof is or becomes a unit or units in a condominium, the provisions of this section shall apply. The Chargor covenants with the Chargee that:

- a) the Chargor will promptly observe and perform all obligations imposed on the Chargor by the Condominium Act and by the Declaration, the By-laws and the Rules, as amended from time to time of the Condominium Corporation by virtue of the Chargor's ownership of the Mortgaged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under this Charge
- b) without limiting or restricting the generality of the foregoing:
  - (i) the Chargor will pay promptly when due any contributions to common expenses required of the Chargor as an owner of the Mortgaged Premises
  - (ii) the Chargor will transmit to the Chargee forthwith upon the demand of the Chargee satisfactory proof that all common expenses assessed against or in respect of the Mortgaged Premises have been paid as assessed
  - (iii) the Chargee may pay out of and deduct from any advance of monies secured hereunder all contributions to the common expenses assessed against or in respect of the Mortgaged Premises which have become due and payable and are unpaid at the date of such advance
  - (iv) whenever and so long as the Chargee so requires, the Chargor shall on or before the date when any sum becomes payable by the Chargor in respect of common expenses pay such sum to the Chargee. The Chargee shall forthwith on receipt thereof remit all such sums to the Condominium Corporation on behalf of the Chargor or as the Condominium Corporation may from time to time direct
- c) the Chargee is hereby irrevocably authorized and empowered to exercise the right of the Chargor as the owner of the Mortgaged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:
  - (i) the Chargee may at any time or from time to time give notice in writing to the Chargor and the Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice, the Chargor may exercise the right to vote or consent. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter
  - (ii) the Chargee shall not by virtue of the assignment to the Chargee of the said right to vote or consent, be under any obligation to vote or consent or to protect the interests of the Chargor

(iii) the exercise of the said right to vote or consent shall not constitute the Chargee as a mortgagee in possession

if the Mortgaged Premises or any part thereof shall become a unit or units in a condominium at any time after the execution and delivery of this Charge, the Chargor shall, whenever requested by the Chargee, execute and deliver any further and other charges, assurances or other instruments as the Chargee shall require in order to preserve, protect or perfect the security provided by this Charge and each of the provisions hereof, including without limitation a further charge covering all of the units in the said condominium and their appurtenant common interest.

17. WAIVERS

The Chargee may waive in writing any breach by the Chargor of any of the provisions contained in this Charge or any default by the Chargor in the observance or performance of any covenant or condition required to be observed or performed by the Chargor hereunder, provided that no such waiver by the Chargee shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

18. PERFORMANCE OF COVENANTS

If the Chargor shall fail to perform any covenant on its part hereunder, the Chargee may in its absolute discretion perform any such covenant capable of being performed by it, but the Chargee shall be under no obligation to do so. If any such covenant requires the payment of money or if the Mortgaged Premises shall become subject to any encumbrance ranking in priority to the lien hereof other than a Permitted Encumbrance, the Chargee may in its absolute discretion make such payment and/or pay or discharge such encumbrance, but shall be under no obligation to do so. All sums so paid by the Chargee shall immediately be payable by the Chargor to the Chargee, shall bear interest at the Interest Rate until paid in full and shall constitute a charge upon the Mortgaged Premises. No such performance or payment shall relieve the Chargor from any default hereunder or any consequences of such default.

19. APPOINTMENT OF MONITOR

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

20. CONTINUING AND ADDITIONAL SECURITY

The security hereby constituted is continuing security for the payment of all Indebtedness and the fulfillment of all of the obligations of the Chargor hereunder and such security is in addition to any other security now or hereafter held by the Chargee. The taking of any action or proceedings or refraining from so doing, or any other dealings with any other security for the moneys secured hereby, shall not release or affect the obligations of the Chargor hereunder.

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21. **DEFAULT**

Subject to the provisions of Section 244 of the Bankruptcy and Insolvency Act, R.S.C. 1985 as amended the security hereby created shall become enforceable in each of the following events (each event being an Event of Default herein):

- a) if the Chargee shall make an authorized and proper written demand for payment of indebtedness and payment in full has not been received by the Chargee forthwith after such demand has been made
- b) if the Chargor defaults in the performance of any of the terms and covenants contained in this Charge or any agreement between the Chargor and the Chargee including the commitment letter and Promissory Note
- c) if there is any material misrepresentation or misstatement contained in any certificate or document delivered by the Chargor or any representative of the Chargor to the Chargee in connection with this Charge
- d) if the Chargor institutes any proceeding or takes any corporate action or executes any agreement or notice of intention to authorize its participation or commencement of any proceeding:
  - (i) seeking to adjudicate it a bankrupt or insolvent, or
  - (ii) seeking liquidation, dissolution, winding up, restructuring, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any Bankruptcy Legislation
- e) if the Chargor becomes bankrupt or insolvent or commits an act of bankruptcy or any proceeding is commenced against the Chargor:
  - (i) seeking to adjudicate it a bankrupt or insolvent
  - (ii) seeking liquidation, dissolution, winding up, restructuring, reorganization, arrangement, protection, relief or composition of it or any of its Mortgaged Premises or debt or making a proposal with respect to it under any Bankruptcy Legislation
  - (iii) seeking appointment of a receiver, receiver and manager, liquidator, trustee, agent, custodian, or other similar official for it or for any part of its properties and assets, including the Mortgaged Premises or any part thereof
- f) any order or judgment is issued by a court granting any of the relief referred to in Section 22(e).
- g) if an encumbrancer or secured creditor shall appoint a receiver or agent with respect to any part of the Mortgaged Premises or take any other similar proceedings over any part of the Mortgaged Premises, or take possession of any part of the Mortgaged Premises or if any execution, distress or other process of any court becomes enforceable against any of the Mortgaged Premises of the Chargor, or a distress or like process is levied upon any of such Mortgaged Premises
- h) if the Chargor takes any corporate proceedings for its dissolution, liquidation or amalgamation with any company or if the corporate existence of the Chargor shall be terminated by expiration, forfeiture or otherwise
- i) if any portion of the Mortgaged Premises is expropriated by any governmental body or authority which the Chargee in its absolute discretion considers material
- j) if any part of the Mortgaged Premises shall be sold, transferred or otherwise alienated or disposed of by the Chargor without the prior written consent of the Chargee, which consent shall not be unreasonably withheld or delayed.

22. **REMEDIES**

Upon the happening of any Event of Default, in addition to any other rights or remedies available to it hereunder or at common law or equity or pursuant to any statute, the Chargee shall have the following rights and powers:

- a) to enter upon and possess all or any part of the Mortgaged Premises

- b) to hold, use, repair, preserve, maintain, complete, construct and build all or any part of the Mortgaged Premises and make such replacements thereof and changes or additions thereto as the Chargee shall deem advisable
- c) in the occurrence of an Event of Default that has continued for at least 15 days, the Chargee or its agents or representatives may, on at least (35) day's notice, sell or lease the Mortgaged Premises. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by giving it in accordance with paragraph 39 hereof; and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability. The Chargee may sell the Mortgaged Premises or any part thereof by public auction or private sale, for such price as can reasonably be obtained therefor, and on such terms as to credit and otherwise, and with such conditions of sale and stipulations as to title or evidence or commencement of title or otherwise, as it shall in its discretion deem proper, and in the event of any sale on credit or for part cash and part credit, the Chargee shall not be accountable for or charged with any moneys until actually received. The Chargee may rescind or vary any contract of sale and may buy in and resell the Mortgaged Premises or any part thereof without being answerable for loss occasioned thereby. No purchaser or lessee shall be bound to enquire into the legality, regularity or propriety of any sale or lease or be affected by notice of any irregularity or with propriety of any kind; and no lack of default or want of notice or other requirement or any irregularity or impropriety of any kind shall invalidate any sale or lease hereunder. The Chargee may sell or lease without entering into actual possession of the Mortgaged Premises and when it desires to take possession it may break locks and bolts and while in possession or upon any sale or lease the Chargee shall be accountable only for moneys which are actually received by it. Sales may be made from time to time of parts of the Mortgaged Premises to satisfy any portion of the Indebtedness or other sums owing hereunder and leaving the Indebtedness or the residue thereof secured hereunder on the remaining Mortgaged Premises. The Chargor hereby appoints the Chargee its true and lawful attorney and agent to make application under the Planning Act and to do all things and execute all documents to effectually complete such sale. The Chargee may lease or take sale proceedings hereunder notwithstanding that other mortgage proceedings have been taken or are then pending.
- d) to appoint by instrument in writing any person or persons to be a Receiver of all or any portion of the undertaking, property and assets of the Chargor forming the Mortgaged Premises and all rents, issues, incomes and profits to be derived therefrom; to fix the Receivers remuneration and from time to time to remove any Receiver so appointed and appoint another or others in this stead
- e) to apply to any court of competent jurisdiction for the appointment of a Receiver of all or any portion of the undertaking, property and assets hereby charged
- f) those rights and powers of the Receiver as described in paragraph 23.

### 23. POWERS OF RECEIVER

- a) Any Receiver shall have all of the powers of the Chargee set forth in this Charge and, in addition, shall have the following powers:
  - (i) to carry on the business of the Chargor and to enter into any compromise or arrangement on behalf of the Chargor
  - (ii) with the prior written consent of the Chargee, to borrow money in his name or in the Chargor's name, for the purpose of carrying on the business of the Chargor and for the preservation and realization of the undertaking, property and assets of the Chargor including, without limitation, the right to pay persons having prior Charges or encumbrances on properties on which the Chargor may hold charges or encumbrances, with any amount so borrowed and any interest thereon to be a charge upon the Mortgaged Premises in priority to this Charge
  - (iii) to make such arrangements, at such time or times as the Receiver may deem necessary without the concurrence of any other persons, for the repairing, finishing, adding to, or putting in order the Mortgaged Premises including without restricting the generality of the foregoing to complete, with such variations,

additions and deletions as the Chargee may approve, the construction of the Mortgaged Premises, or award the same to others to complete, notwithstanding that the resulting cost exceeds the principal amount hereinbefore set forth and in either of such cases, shall have the right to take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances on the Lands) and property of every kind and description

(iv) to sell or lease or concur in the selling or leasing of the whole or any part of the Mortgaged Premises and in exercising the Receiver's foregoing power to sell or lease the Mortgaged Premises the Receiver may in his absolute discretion:

- (1) sell or lease the whole or any part of the Mortgaged Premises by public or private tender or by private contract
- (2) grant options to purchase or lease or both
- (3) grant rights of first refusal to purchase or lease or both
- (4) complete any contract for sale, lease, option or right of first refusal
- (5) enter into open, exclusive and multiple listing contracts for sale or lease, sign and file subdivision, condominium, strata, consolidation or other plans, plats or declarations
- (6) complete and file prospectuses, disclosure statements or affidavits in connection with any proposed disposition of the Mortgaged Premises or any portion or portions thereof
- (7) effect a sale or lease by conveying in the name of or on behalf of the Chargor or otherwise
- (8) make any stipulation as to title or conveyance or commencement of title
- (9) rescind or vary any contract of sale, lease, option or right of first refusal
- (10) resell or release without being answerable for any loss occasioned thereby
- (11) sell on terms as to credit as shall appear to be most advantageous to the Receiver and if a sale is on credit the Receiver shall not be accountable for any moneys until actually received
- (12) make any arrangements or compromises which the Receiver shall think expedient.

b) Any Receiver appointed pursuant to the provisions hereof shall be deemed to be an agent of the Chargor for the purpose of:

- (i) carrying on and managing the business and affairs of the Chargor
- (ii) establishing liability for all of the acts or omissions of the Receiver while acting in any capacity hereunder and the Chargee shall not be liable for such acts or omissions, provided that, without restricting the generality of the foregoing, the Chargor irrevocably authorizes the Chargee to give instructions to the Receiver relating to the performance of its duties as set out herein.

#### 24. ATTORNEY

The Chargor hereby irrevocably nominates, constitutes and appoints the Chargee and any person further designated by the Chargee as the true and lawful attorney of the Chargor for and in the name of the Chargor after an Event of Default has occurred and is continuing and this Charge or any other security held by the Chargee for the Indebtedness or other obligations of the Chargor has become enforceable, to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Chargor 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 Chargor in the exercise of all or any of the powers hereby conferred on the Chargor and on any Receiver appointed hereunder.

#### 25. APPLICATION OF MONEYS

All moneys actually received by the Chargee or the Receiver pursuant to section 22 and 23 of this Charge shall be applied:

- a) first, in payment of claims, if any, of creditors of the Chargor (including any claim of the Receiver) ranking in priority to the charges created by this Charge as directed by the Chargee or the Receiver
- b) second, in or towards payment of all applicable Costs



- c) third, in or towards payment or satisfaction of any remaining indebtedness in such order as the Chargee in its sole discretion may determine
- d) fourth, in or towards the payment of the obligation of the Chargor to persons, if any, with charges or security interests against the Mortgaged Premises ranking subsequent to those in favour of the Chargee
- e) fifth, subject to applicable law, any surplus shall be paid to the Chargor.

26. RELEASE, EXTENSIONS, etc.

The Chargee may in its sole discretion at all times release any part or parts of the Mortgaged Premises either with or without any consideration therefor, without responsibility therefor and without thereby releasing any other part of the Mortgaged Premises or any person from his obligations under this Charge, or from any of the covenants herein contained and without being accountable to the Chargor for the value thereof or for any money except that actually received by the Chargee, it being expressly agreed that every part of the Mortgaged Premises into which it is or may hereafter be divided does and shall stand charged with the whole of the amount hereby secured. The Chargee may grant time, renewals, extensions, indulgences, releases and discharges to, may take additional securities may give any securities up, may abstain from taking securities or from perfecting securities, may accept compositions, and may otherwise deal with the Chargor and all other persons and securities as the Chargee may see fit without prejudicing the rights of the Chargee under this Charge

27. NO CHANGE IN RIGHTS

No sale or other dealing by the Chargor with the Mortgaged Premises or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or the amount or terms of any Indebtedness or of any commitment letter or offer of finance or note.

28. NO MERGER

The taking of any judgment or the exercise of any power of seizure or sale shall not operate to extinguish the liability of the Chargor to perform its obligations hereunder or to pay the moneys hereby secured, shall not operate as a merger of any covenant herein contained or affect the right of the Charge & to interest at the Interest Rate in effect from time to time hereunder, and the acceptance of any payment or other security shall not constitute or create any novation. The execution and delivery of this Charge or of any instruments or documents supplemental hereto shall not operate as a merger of any representation, warranty, term, condition or other provision contained in any other obligation or Indebtedness of the Chargor to the Chargee.

29. ASSIGNMENT OF RENTS

Subject to the proviso for Defeasance, and as additional and separate continuing security for the Chargor's obligations hereunder, the Chargor hereby assigns to the Chargee subject to the rights of the holders of the Permitted Encumbrances all present and future leases of the Mortgaged Premises or any part thereof, and all rents, issues, incomes and profits ("Rents") now or hereafter derived from the leases or the Mortgaged Premises or any part thereof, together with the benefit of all covenants, agreements and provisos contained in such leases. The Chargor will execute and deliver to the Chargee, from time to time, upon the request of the Chargee and at the expense of the Chargor, assignments in registrable form in the Chargee's usual form of all leases and rents relating to the Mortgaged Premises and such other notices or documents as maybe required by the Chargee. Until an Event of Default occurs under the Charge the Chargor may demand, receive, collect and enjoy the rents only as the same fall due and payable and, except for the last month's rental, not in advance, but nothing shall permit or authorize the Chargor to collect or receive rents contrary to the covenants contained herein. Nothing in this Charge shall make the Chargee responsible for the collection of rents payable under any lease of the Mortgaged Premises or any part thereof or for the performance of any covenants, terms or conditions contained in any such lease. The Chargee shall be liable to account only for such rents as actually come into its hands after the deductions of reasonable collection charges in respect thereof and may apply such rents to the repayment of the Indebtedness and Costs. Notice to tenants by the Chargee with respect to the payment to it of Rents or the collection of Rents does not constitute the Chargee as being in possession of the Mortgaged Premises.

**30. THREE MONTHS INTEREST ON DEFAULT**

In the Event of Default in any of the agreements with the Chargee including security agreements and the terms and conditions of these Additional Provisions, regardless of the Chargee making a demand for payment of the entire amount of the Indebtedness owed to the Chargee or a portion thereof, and regardless of the Chargee having taken any steps or proceedings to realize on its security with respect to such Indebtedness including notice having been delivered pursuant to Section 244 of the Bankruptcy and Insolvency Act or Notice of Sale Under Charge/Mortgage having been issued, the Chargee shall be entitled to the greater of:

- a) three (3) months interest on the principal amount owing with respect to such Indebtedness, or
- b) the amount, if any, by which interest calculated at the Interest Rate on the outstanding principal amount of the Indebtedness exceeds the interest calculated at the "Prevailing Rate" as hereinafter defined on the outstanding principal amount of the Indebtedness for a term commencing when the Chargee receives payment of the outstanding principal amount of the Indebtedness to the date that the Indebtedness would be due and payable but for the Chargor's default (the "Indebtedness Due Date"). The Prevailing Rate means the rate at which the Chargee would then lend to the Chargor on the security of the Property for a term commencing on the date when the Chargor receives payment of the then outstanding principal amount of the Indebtedness to the Indebtedness Due Date

whether payment shall have been received through the redemption of the Charge or other security or payment having been obtained by the Chargee by realization upon this Charge or other security.

**31. SUCCESSORS AND ASSIGNS**

The Charge including these Additional Provisions and the benefits thereof are binding upon the Chargor and Chargee and their successors and assigns. Not to limit the Chargee's rights and entitlements at law, the Chargor acknowledges and agrees that the Indebtedness, Charge including these Additional Provisions are assignable by the Chargee.

**32. INTERPRETATION**

Unless the context otherwise requires, words reporting the singular include the plural and vice-versa and words importing gender include all genders; all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargee shall be equally seemed to and exercisable by its successors and assigns; all covenants and liabilities entered into or imposed hereunder upon the Chargor shall be equally binding upon his heirs, executors, administrators and assigns or successors and assigns as the case may be; all such covenants, liabilities and obligations shall be joint and several; time shall be of the essence hereof; and all provisions hereof shall have effect notwithstanding any statute to the contrary.

**33. HEADINGS**

The division of this Charge into separate sections, paragraphs and clauses and the insertion of headings are included for convenience of reference only and are not intended to affect the construction or interpretation of the Charge nor are they intended to be full or accurate descriptions of the contents.

**34. NO OBLIGATION TO ADVANCE**

Neither the execution nor registration of this Charge, nor the advance of any moneys of any amounts secured hereby shall bind the Chargee to advance any of the Principal Amount secured hereby or any part thereof; but nevertheless the charges created hereby shall take effect upon execution hereof.

**35. DISCLOSURE OF INFORMATION**

The Chargor acknowledges that pursuant to the provisions of applicable construction lien legislation, the Personal Property Security Act and other similar legislation, the Chargee may be obliged to release information relating to this Charge and the Indebtedness and any amounts advanced thereunder or secured hereby. The Chargor hereby acknowledges that the Chargee may sell, assign or securitize the subject mortgage and with respect to same may be obliged or wish to release information relating to this Charge, the Indebtedness, amounts advanced

hereunder or secured hereby or incidental to the foregoing. The Chargor hereby authorizes the Chargee to release all such information and any other information it may, from time to time, be required to release by law or wish to release as aforesaid.

36. **SPOUSAL STATUS**

The Chargor shall forthwith notify the Chargee in writing of any change in the Chargor's spousal status and provide the Chargee with such further particulars as the Chargee may request.

37. **DATE OF CHARGE**

The Chargor and Chargee agree that the date of the Charge shall be deemed to be dated as of the date of delivery for registration of the Charge.

38. **PROPER LAW**

This Charge shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable herein.

39. **NOTICE AND PAYMENTS**

Any payments not received by the Chargee by two o'clock p.m. on a Business Day shall be deemed to have been received on the next Business Day. Any notice required or desired to be given hereunder or under any instrument supplemental or collateral hereto shall be in writing and may be given by personal delivery, by facsimile or other means of electronic communication or by sending the same by registered mail, postage prepaid, to the Chargor or the Chargee at their addresses indicated in the Computer Fields of the Charge entitled Address for Service or to such other address or addresses or email or facsimile number or numbers as the Chargor or Chargee hereto may from time to time designate to the other in accordance with this provision. Any notice so delivered shall be conclusively deemed given when personally delivered, any notice sent by facsimile or other means or electronic transmission shall be deemed to have been delivered on the Business Day following the sending of the notice and any notice so mailed shall be conclusively deemed given on the third Business Day following the day of mailing, provided that in the event of a known disruption of postal service, notice shall not be given by mail. Any address for notice or payments may be changed by notice given pursuant hereto.

40. **CONFLICT**

If there is conflict between the terms and conditions of the Commitment Letter or Promissory Note and the terms and conditions of these Additional Provisions then the terms and conditions of the Commitment Letter or Promissory Note shall govern.

41. **SEVERABILITY**

Any provisions of these Additional Provisions or a portion thereof which is determined to be void, prohibited or unenforceable, shall be severable to the extent of such avoidance, prohibition or unenforceability without invalidating or otherwise limiting or impairing the other provisions of these Additional Provisions.

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## **GENERAL SECURITY AGREEMENT**

THIS Agreement made in duplicate as of the 4<sup>th</sup> day of October, 2021.

**B E T W E E N:**

**9259929 CANADA INC.**

hereinafter called the "**DEBTOR**"

- and -

**TANDIA FINANCIAL CREDIT UNION LIMITED**

hereinafter called the "**CREDITOR**"

### **1. SECURITY INTEREST**

(a) For value received, the Debtor hereby grants to the Creditor by way of mortgage, charge, assignment and transfer, a continuing security interest (the "Security Interest") in all the property, assets and undertakings of the Debtor and in all Goods (including all parts, Accessories, Attachments, Special Tools, Additions and Accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles and Securities now owned or hereafter owned or acquired by or on behalf of the Debtor (including such as may be returned to or repossessed by Debtor) and in all Proceeds and renewal thereof, accretions thereto and substitutions therefor (hereinafter collectively called "Collateral"), including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of the Debtor:

- (i) all inventory of whatever kind and wherever situate ("Inventory");
- (ii) all equipment (other than Inventory) or whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures, boats, motors, vehicles and other tangible personal property of whatsoever nature or kind (all of the foregoing being herein collectively called "Equipment");
- (iii) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including without limitation claims against the Crown and claims under insurance policies, letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may

hereafter become due, owing or accruing or growing due to or owned by Debtor (all of the foregoing being herein collectively called the "Debts");

- (iv) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (v) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other industrial and intellectual property;
- (vi) all monies other than trust monies lawfully belonging to others;
- (vii) all statutory licenses, quotas and other transferrable rights, including an equitable right in the Collateral assigned or charged under this Agreement which might otherwise at law be incapable of being Collateral creating a security interest;
- (viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and collateral shall not include the last day of the term of any lease or agreement therefor, but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Documents of Title", "Equipment", "Consumer Goods", "Instruments", "Intangibles", "Securities", "Proceeds", "Inventory", and "Accession" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of Ontario (the "Act"), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., and the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof". The term "Proceeds" whenever used herein and interpreted as above shall by way of example include trade-ins, equipment, cash, bank accounts, notes, chattel paper, goods, contract rights, accounts and any other personal property or obligation received when such collateral or proceeds are sold, exchanged, collected or otherwise disposed of.

## **2. INDEBTEDNESS SECURED**

As general and continuing security the Security Interest granted hereby secures payment, performance and satisfaction of any and all obligations, indebtedness and liability of Debtor to the Creditor (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any indebtedness remaining outstanding and the Creditor shall be entitled to pursue full payment thereof.

## **3. REPRESENTATIONS AND WARRANTIES OF DEBTOR**

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges or other encumbrances (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by the Creditor, prior to their creation or assumption;

(b) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to Creditor from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defense, set off, claim or counterclaim against Debtor which can be asserted against the Creditor, whether in any proceeding to enforce Collateral or otherwise; and

(c) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete sale for Goods in transit to such locations and inventory on lease or consignment; and all fixtures or Goods about to become fixtures

and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations.

#### **4. COVENANTS OF THE DEBTOR**

So long as this Security Agreement remains in effect Debtor covenants and agrees:

- (a) To defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to keep the Collateral free from all Encumbrances, except for the Security Interest and those shown on Schedule "A" or hereafter approved in writing by the Creditor prior to their creation or assumption and not to sell, exchange, transfer, assign, lease or otherwise dispose of Collateral or any interest therein without the prior written consent of the Creditor; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease inventory, and subject to Clause 7 hereof, use monies available to Debtor.
- (b) to notify the Creditor promptly of:
  - (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral including, without limitation, any address change or establishment of an additional place of business;
  - (ii) the details of any significant acquisition of Collateral;
  - (iii) the details of any claims or litigation affecting Debtor or Collateral;
  - (iv) any loss or damage to Collateral;
  - (v) any default by any Account Debtor in payment or other performance of his obligations with respect to Collateral; and,
  - (vi) the return to or repossession by Debtor of Collateral.
- (c) to keep the Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
- (d) to do, execute, acknowledge and deliver such financing statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by the Creditor of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;
- (e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Creditor shall reasonably direct with loss payable to the Creditor and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an Accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such record and Collateral at the Creditor's request so as to indicate the Security Interest;

(i) to deliver to the Creditor from time to time promptly upon request:

- (i) any Documents of title, Instrument, Securities and Chattel Paper constituting, representing or relating to Collateral;
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;
- (iii) all financial statements prepared by or for Debtor regarding Debtor's business;
- (iv) all policies and certificates of insurance relating to Collateral; and
- (v) such information concerning Collateral, the Debtor and Debtor's business and Affairs as Creditor may reasonably request.

## **5. USE AND VERIFICATION OF COLLATERAL**

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with the Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that Creditor shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner Creditor may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as the Creditor may reasonably request in connection therewith, and for such purpose to grant to the Creditor or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

## **6. SECURITIES**

If Collateral at any time includes Securities, Debtor authorizes the Creditor to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Creditor or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, the Creditor shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by the Creditor or its nominee(s) as such registered owner and agrees that no proxy issued by the Creditor to Debtor or its order as aforesaid shall thereafter be effective.

## **7. COLLECTION OF DEBTS**

Before and after default under this Security Agreement, the Creditor may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on collateral to the Creditor. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for Creditor and shall be turned over to Creditor upon request.

## **8. INCOME FROM AND INTEREST ON COLLATERAL**

(a) Until default, Debtor reserves the right to receive any monies constituting income from or interest on Collateral and if the Creditor receives any such monies prior to default, the Creditor shall either credit same to the account of Debtor or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any monies constituting income from or interest on Collateral and if Debtor receives any such monies without any request by it, Debtor will pay the same promptly to the Creditor.

## **9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS**

(a) Whether or not default has occurred, Debtor authorizes Creditor:

- (i) to receive any increase in or profits of Collateral (other than money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause B hereof and dealt with accordingly.
- (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than money) or payments or distributions, Debtor will deliver the same promptly to the Creditor to be held by Creditor as herein provided.

## **10. DISPOSITION OF MONIES**

Subject to any applicable requirements of the P.P.S.A., all monies collected or received by the Creditor pursuant to or in exercise of any rights it possesses with respect to Collateral shall be applied on account of indebtedness in such manner as the Creditor deems best or, at the option of the Creditor, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of the Creditor hereunder, and any surplus shall be accounted for as required by law.

## **11. EVENTS OF DEFAULT**

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

- (a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and Creditor;
- (b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;
- (c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an authorized assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee by Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up or affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if a distress or analogous process is levied upon the assets of Debtor or any part thereof;

(h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including without limitation, the representations and warranties contained herein) or as an inducement to Creditor to extend any credit to or to enter into this or any other Agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Creditor at or prior to the time of such execution.

## **12. ACCELERATION**

The Creditor, in its sole discretion, may declare all or any part of indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or, if the Creditor considers or deems itself insecure. The provisions of this clause are not intended in any way to affect any rights of the creditor with respect to any indebtedness which may now or hereafter be payable on demand.

## **13. REMEDIES**

(a) Upon default, the Creditor may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Creditor or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver

shall, so far as concerns responsibility for his acts, be deemed the agent of Debtor and not the Creditor and the Creditor shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his servants, agents or employees. Subject to the provisions of the instrument appointment him, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by the Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable him to carry on Debtor's business or otherwise, as such Receiver shall, in his discretion, determine. Except as may be otherwise, directed by the Creditor, all monies received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to the Creditor. Every such Receiver may, in the discretion of the Creditor, be vested with all or any of the rights and powers of the Creditor.

(b) Upon default, the Creditor may, either directly or indirectly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) The Creditor may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, the Creditor may sell, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to the Creditor may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and Creditor and in addition to any other rights the Creditor may have at law or in equity, the Creditor shall have both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that the Creditor shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, the Creditor shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or Proceeds and whether or not in the Creditor's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that the Creditor or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from the Creditor or any such Receiver to assemble and deliver possessions of Collateral at such place or places as directed.

(f) Debtor agrees to pay all costs, charges and expenses reasonably incurred by the Creditor or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration) in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting indebtedness and all such costs, charges and expenses, together with any monies owing as a result of any borrowing by the Creditor or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) The Creditor will give debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of collateral is to be made, as may be required by the P.P.S.A.

#### **14. MISCELLANEOUS**

(a) Debtor hereby authorizes the Creditor to file such financing statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as the Creditor may deem appropriate to perfect and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the above mentioned branch of the Creditor the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of the Creditor, whenever indebtedness is immediately due and payable or the Creditor has the right to declare indebtedness to be immediately due and payable (whether or not it has so declared), the Creditor may, in its sole discretion, set off against indebtedness any and all monies then owed to Debtor by the Creditor in any capacity, whether or not due, and the Creditor shall be deemed to have exercised such right to set off immediately at the time

of making its decision to do so even though any charge therefor is made or entered on the Creditor's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, the Creditor may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to the Creditor, forthwith upon written demand therefor, an amount equal to the expenses incurred by the Creditor in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 8% per annum.

(d) The Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as the Creditor may see fit without prejudice to the liability of Debtor or the Creditor's right to hold and realize the Security Interest. Furthermore, the Creditor may demand, collect and sue on Collateral in either Debtor's or Creditor's name, at the Creditor's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting Collateral.

(e) No delay or omission by the Creditor in exercising any right or remedy hereunder or with respect to any indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, the Creditor may remedy any default by Debtor hereunder or with respect to any indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of the Creditor granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any instrument constituting Collateral at any time held by the Creditor on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by the Creditor.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns, in any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder. Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against the Creditor. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written Agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(i) Subject to the requirements of Clauses 13(g) and 14(j) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given only if delivered to the party for whom it is intended at the principal address of such party herein set forth or as changed pursuant hereto or if sent by prepaid registered mail addressed to the party for whom it is intended at the principal address of such party herein set forth or as changed pursuant hereto. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(j) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by the Creditor and is, and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Creditor shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all indebtedness contracted for or created before the receipt of such notice by the Creditor or any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(k) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(l) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependant upon the person referred to being a male, female, firm or corporation.

(m) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court or competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(n) Nothing herein contained shall in any way obligate the Creditor to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness.

(o) The Security Interest created hereby is intended to attach when this Security Interest is signed by Debtor and delivered to the Creditor.

(p) In the event that the debtor is a body corporate it is hereby agreed that the limitation of Civil Rights of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement.

(q) This Security Agreement and the transaction evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may from time to time be in effect, including, where applicable, the P.P.S.A.

**15. COPY OF AGREEMENT**

Debtor hereby acknowledges receipt of a copy of this Security Agreement.

IN WITNESS WHEREOF Debtor has executed this Security Agreement, as of the date first set out above.

**9259929 CANADA INC.**

Per  DocuSigned by:  
Rahim Thawer, President

“I have authority to bind the Corporation”

**SCHEDULE "A"**

**Permitted Prior Encumbrances**

Nil

**SCHEDULE "B"**

**Location of Business Operations and Records**

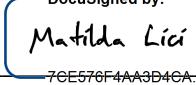
32 Barton St E, Hamilton, Ontario

PIN: 17161-0044 (LT)

DESCRIPTION: PT LT 11-12 PL 181 AS IN VM150755, T/W VM277618, T/W INTEREST IN VM277618; CITY OF HAMILTON

**SCHEDULE "C"**

This is Exhibit "E" of  
the Affidavit of Dawood Khan  
Sworn before me this 4<sup>th</sup> day of June 2025

DocuSigned by:  
  
Matilda Lici  
76E576F4AA3D4CA...  
A Commissioner, etc.  
Matilda Lici

**Properties**

*PIN* 17246 - 0356 LT *Interest/Estate* Fee Simple  
*Description* PT LTS 113 AND 114 PL 297, PART 2 ON 62R14146; CITY OF HAMILTON  
*Address* 1201 CANNON STREET EAST  
HAMILTON

**Chargor(s)**

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

*Name* 9259929 CANADA INC.  
*Address for Service* 570 Chaplin Crescent  
Toronto, Ontario  
M5N 1E5

I, Rahim Thawer, President, have the authority to bind the corporation.

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

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

*Name* TANDIA FINANCIAL CREDIT UNION LIMITED  
*Address for Service* 3455 North Service Road, Unit 100,  
Burlington, Ontario  
L7N 3G2

**Statements**

Schedule: See Schedules

**Provisions**

*Principal* \$1,825,000.00 *Currency* CDN  
*Calculation Period*  
*Balance Due Date* ON DEMAND  
*Interest Rate* SEE SCHEDULE  
*Payments*  
*Interest Adjustment Date*  
*Payment Date* ON DEMAND  
*First Payment Date*  
*Last Payment Date*  
*Standard Charge Terms*  
*Insurance Amount* Full insurable value  
*Guarantor*

**Signed By**

Denise Patricia Kocsis 1 James Street South, 14 th floor, acting for  
PO Box 926 Depo Chargor(s)  
Hamilton  
L8N 3P9

Signed 2021 10 05

Tel 905-523-1333

Fax 905-523-5878

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

**Submitted By**

SCARFONE HAWKINS LLP 1 James Street South, 14 th floor, PO  
Box 926 Depo  
Hamilton  
L8N 3P9

2021 10 05

Tel 905-523-1333

Fax 905-523-5878

**Fees/Taxes/Payment**

Statutory Registration Fee	\$65.30
Total Paid	\$65.30

**File Number**

Chargee Client File Number : 21R1672

## ADDITIONAL PROVISIONS

### 1. COLLATERAL SECURITY

The Charge/Mortgage of Land (the "Charge") is continuing collateral security for and shall secure all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed at any time owing by the Chargor to the Chargee or remaining unpaid by the Chargor to the Chargee heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Chargee and the Chargor including by reason of the terms and conditions of this Charge, or from any agreement or dealings with any third party by which the Chargee may be or become in any manner whatsoever a creditor of the Chargor or however otherwise incurred or arising anywhere within or outside Canada and whether the Chargor be bound alone or with another or with others and whether as principal or surety and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again (such obligations, debts and liabilities being hereinafter called the "Liabilities") but it being agreed that this Charge at any one time will secure only that portion of the aggregate principal component of the Liabilities outstanding at such time which does not exceed the sum of ONE MILLION, EIGHT HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$1,825,000.00) together with any interest or compounded interest accrued on the principal at the Interest Rate together with any other charges provided for herein or other amounts payable hereunder.

Without limiting the foregoing, the Chargor acknowledges that this Charge shall secure the payment of the Liabilities and shall include all sums advanced by the Chargee pursuant to a Commitment Letter dated September 20, 2021 executed by the Chargee and the Chargor as may be amended, restated and renewed from time to time (the "Commitment Letter").

Without limiting the foregoing, the Chargor acknowledges that this Charge shall secure the Liabilities which shall include all sums advanced by the Chargee pursuant to a Promissory Note issued by the Chargor in favour of the Chargee in the principal sum of ONE MILLION, EIGHT HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$1,825,000.00) including interest at the rate provided for in the promissory note (the "Promissory Note").

### 2. SALE/TRANSFER

The Chargor shall not sell, transfer or encumber the Mortgaged Premises without the Chargee's prior written consent. If the Chargor does sell, transfer or encumber the Mortgaged Premises without such consent, then at the Chargee's option this Charge shall be in default and the full amount then owing hereunder shall become due and owing.

### 3. FINANCIAL STATEMENTS

Subject to any lengthier reporting requirement timeframes contained in the Commitment Letter, financial statements of the Chargor are to be delivered to the Chargee annually within 90 days of the Chargor's fiscal year end.

### 4. REALTY TAXES

Municipal property taxes with respect to the Mortgaged Premises shall be paid by the Chargor on or before the due date for payment with proof of such payment to be provided to the Chargee within 30 days of the due date. Not to derogate from the Chargor's obligation to provide the aforesaid proof, the Chargor hereby authorizes and directs any municipality in which the Mortgaged Premises is located to provide to the Chargee all and any information that it has in its possession respecting the Mortgaged Premises including the status of municipal property taxes.

### 5. DISCHARGE

The Chargee shall provide a discharge of this Charge once all Liabilities owing to the Chargee have been paid in full and any other liabilities or obligations provided herein. The Chargor shall be responsible for the reasonable administrative and legal costs of the Chargee in connection with such discharge.

Provided the Chargor makes a written request to the Chargee for discharge of the Charge, the Chargee will discharge the Charge by electronic registration when the Liabilities and all other



indebtedness and obligations provided herein have been paid in full. The Chargor will pay to the Chargee in advance, its current administration fee and disbursements for the preparation and registration of the discharge. The Chargor will provide the Chargee with a reasonable time after payment to register the discharge.

In the event that the property is not located in a Land Registry Office where electronic registration (Ereg) is operative, then the Chargor will prepare a discharge of Charge and deliver it to the Chargee for execution. The Chargor will give the Chargee a reasonable time to execute the discharge and to return it to the Chargor for registration. The Chargor will pay to the Chargee in advance, its current administration fee with respect to the discharge of the Charge.

6. **INSPECTIONS**

The Chargor will permit the Chargee and persons authorized by the Chargee at all reasonable times to inspect the Mortgaged Premises from time to time.

7. **DEFINITIONS**

The following terms shall have the following meaning and be deemed to be included in the Charge.

- a) "Bankruptcy Legislation" means any present or future laws relating to bankruptcy or insolvency, reorganization or compromise of debts or other similar laws, including without limitation the Companies Creditors Arrangement Act.
- b) "Business Day" means any date except Saturday, Sunday or a statutory holiday.
- c) "Charge" means this Charge/Mortgage of the Lands made pursuant to the Land Registration Reform Act to which the Chargor and the Chargee are parties, which Charge consists of the electronic charge and any amendments contained therein and Schedule of Additional Provisions and any amendments from time to time made hereafter by the Chargor and Chargee in writing in accordance with the provisions hereof.
- d) "Chattel" has the meaning ascribed to it in clause (y) of Section 14 of this Charge.
- e) "Chargee" means TANDIA FINANCIAL CREDIT UNION LIMITED, its successors and assigns and where applicable, includes those from whom it acts as nominee or agent.
- f) "Chargor" means the person (including corporation) indicated in the Computer Field of the Charge entitled "Chargor" and each person for whom it executes as agent or attorney.
- g) "Computer Field" means a computer data entry field in a charge registered pursuant to Part III of the Land Registration Reform Act into which the terms and conditions of the Charge may be inserted.
- h) "Contaminant" means any solid, liquid, gas, odour, heat, sound, smoke, waste, vibration, radiation or combination of any of them resulting directly or indirectly from human activities that may cause:
  - i) impairment of the quality of the natural environment for any use that can be made of it
  - ii) injury or damage to Mortgaged Premises or to plant or animal life
  - iii) harm or material discomfort to any person
  - iv) an adverse affect on the health of any person
  - v) impairment of the safety of any person
  - vi) rendering any Mortgaged Premises or plant or animal life unfit for use by man
  - vii) loss of enjoyment of normal use of Mortgaged Premises, or
  - viii) interference with the normal conduct of business and includes any pollutant or contaminant as defined in any Environmental Laws and any biological chemical or physical agent which is regulated, prohibited, restricted or controlled.
- i) "Costs" means all reasonable fees, costs, charges and expenses of the Chargee of and incidental to:

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- (i) the negotiation, preparation, execution, subordination, postponement and registration of the Charge and any other instruments connected herewith and every renewal or discharge thereof;
- (ii) the collection of any amounts payable hereunder, enforcement of any covenants contained herein and the realization of the security herein contained;
- (iii) procuring or attempting to procure payment of any indebtedness or any other amounts due and payable hereunder, including foreclosure, power of sale or execution proceedings commenced by the Chargee or any other party;
- (iv) any inspection required to be made of the Mortgaged Premises, or review of plans, specifications and other documentation which may require the approval or consent of the Chargee;
- (v) all repairs and replacements required to be made to the Mortgaged Premises;
- (vi) the Chargee having to go into possession of the Mortgaged Premises and secure, complete and equip the building or Improvements in any way in connection herewith;
- (vii) the Chargee's renewal of any leasehold interest;
- (viii) the exercise of any of the powers of a Receiver contained herein;
- (ix) any necessary examination of title to the Mortgaged Premises; and
- (x) the failure of the Chargor to comply with or fulfil any of the terms and conditions of this Charge or any agreement that the Chargor has with the Chargee including an Event of Default.

For greater certainty, Costs shall:

- (xi) extend to and include all reasonable legal expense incurred by the Chargee on a full indemnity basis;
- (xii) the Chargee's standard administrative charges or fees and late charges;
- (xiii) be payable forthwith by the Chargor;
- (xiv) bear interest at the Interest Rate; and
- (xv) be a charge on the Mortgaged Premises.

j) "Environmental Laws" means the common law and all applicable federal, provincial, local, municipal, governmental or quasi-governmental laws, rules regulations, licenses, orders, permits, decisions or requirements concerning Contaminants, occupations or public health and safety or the environmental and any other order, injunction, judgment, declaration, notice or demand issued thereunder.

k) "Event of Default" has the meaning ascribed to it in Section 21 of this Charge.

l) "Fixtures" includes all attires, buildings, erections, appurtenances, plants and Improvements, fixed or otherwise, now or hereafter put on the Lands including without limitation all fences, elevators, furnaces, boilers, oil burners, water heaters, electric light fixtures, window blinds, screen and storm doors and windows and all air-conditioning, plumbing, cooling, ventilating, cooking, refrigeration and heating equipment and all other apparatus and equipment appurtenant to the Mortgaged Premises.

m) "Improvement" includes any construction, installation, alteration, addition, repair or demolition to any part of the Mortgaged Premises now existing or hereafter constructed or to be constructed on the Lands.

n) "Indebtedness" means all Liabilities.

o) "Interest Rate" means the applicable rate of interest that is set out respectively in any agreement between the Chargor and the Chargee including, if applicable, the Commitment Letter and Promissory Note.

p) "Lands" means the lands and premises indicated in the Computer Field of the Charge entitled "Properties".

q) "Mortgaged Premises" means the Lands and all Fixtures.

r) "Permitted Encumbrances" means:

- i) liens for Taxes not at the time due
- ii) any other liens or encumbrances specifically consented to by the Chargee in writing providing the same are maintained in good standing.



- s) "Prime Rate" shall mean the annual rate of interest which the Chargee establishes as the reference rate of interest to determine interest rates it will charge at such time for demand loans in Canadian dollars and which it refers to as its special rate of interest, such rate to be adjusted automatically and without the necessity of any notice to the Chargor upon each change to such rate.
- t) "Principal Amount" means the principal amount in lawful money of Canada indicated in the Computer Field of the Charge entitled "Principal".
- u) "Receiver" shall include one or more of a Receiver and a Receiver and Manager of all or any portion of the Mortgaged Premises appointed by the Chargee pursuant to the Charge.
- v) "Taxes" means all taxes, rates and other impositions whatsoever which are now or may hereafter be imposed, charged or levied by any authority creating a lien or charge on the Mortgaged Premises or any part thereof.

#### 8. IMPLIED COVENANTS

The implied covenants deemed to be included in the Charge by clauses 7(1) 1 iii, and 7 (1) 2 of the Land Registration Reform Act are hereby varied by deleting therefrom the words "except as the records of the land registry office disclose" and substituting therefore "except Permitted Encumbrances". The implied covenant deemed to be included in the Charge by clause 7(1) 1.vii of the Land Registration Reform Act is hereby varied to provide that the Chargor or the Chargor's successors will, before and after default, execute and deliver such further assurances of the Mortgaged Premises and do such other acts, at the Chargor's expense, as may be required by the Chargee. The implied covenants deemed to be included in a charge under subsection 7(1) of the Land Registration Reform Act, as amended hereby are in addition to and shall not be interpreted to supersede or replace any of the covenants contained in this Charge which are covenants by the Chargor, for the Chargor and the Chargor's successors and assigns with the Chargee and the Chargee's successors and assigns. If any of the forms or words contained herein or any variation thereof are also contained in Column One of Schedule B of the Short Forms of Mortgages Act, R.S.O. 1980 c.474 and distinguished by a number therein, this Charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of the said Act distinguished by the same number together with such variation, if any, and this Charge shall be interpreted in the same manner and to the same effect as if the said Act were applicable to this Charge. In the event of any conflict between any of the covenants implied by the Land Registration Reform Act and any other covenant or provision contained herein, such covenant or provision contained herein shall prevail.

#### 9. SUCCESSORS

Notwithstanding the definition of the word "successor" in the Land Registration Reform Act, the word successor as used in this Charge shall include an heir, executor, administrator, personal representative or successor.

#### 10. CHARGE

In consideration of the Principal Amount and other good and valuable consideration (the receipt and sufficiency whereof are hereby acknowledged by the Chargor) and as continuing security for the payment to the Chargee of the Indebtedness and to secure the performance of all of the obligations of the Chargor under this Charge or any other instrument given, issued or executed pursuant to it, the Chargor hereby charges the Mortgaged Premises with payment to the Chargee of any ultimate outstanding balance of the Indebtedness due and remaining unpaid and the performance of the Chargor's obligation hereunder, provided that such security shall be limited to the aggregate of the Principal Amount, Costs and any other charges provided for herein other amounts payable hereunder, together with interest thereon at the Interest Rate payable upon demand as herein provided and with the powers of sale hereinafter expressed.

#### 11. DEFEASANCE

Provided this Charge to be void upon payment in full on demand of all Indebtedness and the performance in full of all obligations of the Chargor hereunder up to a maximum amount of the aggregate of the Principal Amount, Costs and any other amounts payable hereunder, together with interest at the Interest Rate, which interest shall be payable, not in advance, both before

and after maturity, default and judgment, from the date of demand by the Chargee for payment and Taxes and performance of statute labour and observance and performance of all covenants, provisos and conditions herein contained.

12. DEMAND

In the event that the Chargor is called upon to pay any Indebtedness in accordance with the terms under which the same is or becomes payable or in the event of the default which is continuing by the Chargor in the performance of any of the covenants of the Chargor under this Charge or any other instrument given, issued or executed pursuant to it the Chargor shall be obligated to pay and the Chargee shall be entitled to forthwith make demand for payment of all such Indebtedness and any other monies secured hereby.

13. COVENANTS OF CHARGOR

The Chargor hereby covenants, agrees and declares as follows:

- a) the Chargor shall pay to the Chargee the Indebtedness at the time or times and in the manner provided in any agreement or dealings between the Chargee and the Chargor including in this Charge, or any other instrument given, issued or executed pursuant hereto
- b) the Chargor is the sole legal and beneficial owner of and has good title in fee simple to the Mortgaged Premises free of all encumbrances other than the Permitted Encumbrances
- c) the Chargor has the right to charge the Mortgaged Premises to the Chargee and to give this Charge to the Chargee upon the covenants contained herein
- d) on default, the Chargee shall have quiet possession of the Mortgaged Premises free from all encumbrances other than the Permitted Encumbrances
- e) the Chargor will execute at the Chargor's expense such further assurances of the Mortgaged Premises as may be requisite
- f) the Chargor has done no act to encumber the Mortgaged Premises except the Permitted Encumbrances
- g) the Chargor shall pay as they fall due all Permitted Encumbrances and Taxes and shall not suffer any construction, statutory or other liens or rights of retention, other than Permitted Encumbrances, to remain outstanding upon any of the Mortgaged Premises
- h) the Chargor shall not remove, destroy, lease, sell or otherwise dispose of any of the Mortgaged Premises or portion thereof or any interest therein. In the event the Mortgaged Premises or any part thereof is sold or disposed of prior to the full discharge of this Charge in any manner not authorized by this Charge, then all proceeds of such sale or disposition received by the Chargor shall be held by the Chargor as trustee for the Chargee until the Chargor has been fully released from this Charge by the Chargee
- i) without limiting the requirement to place and keep in force insurance pursuant to the provisions of a commitment letter or loan agreement between the Chargor and the Chargee, the Chargor shall place or cause to be placed and keep in force the following insurance in respect of the said Lands, Improvements and Fixtures with a company or companies satisfactory to the Chargee and the Chargee shall receive the original policies signed by the insurer or insurers and such policies are to be in form and content satisfactory to the Chargee.
  - (i) All risk insurance policy covering the Mortgaged Premises for its full insurable value including replacement cost, stated amount, earthquake and flood coverages. The loss payable clause must be in favour of the Chargee subject to I.B.C. standard mortgage clause.
  - (ii) Boiler insurance coverage for an amount satisfactory to the Chargee with a loss payable clause in favour of the Chargee, if applicable.
  - (iii) Comprehensive general liability insurance in an amount satisfactory to the Chargee. The named insured must include the Chargee.



All cancellation clauses in the above-mentioned policies, including those contained in the mortgage clause insurance endorsements, are to provide for not less than thirty (30) days notice to the Chargee of cancellation and/or material alteration of the policies.

The Chargee shall be entitled to require coverage of such other risks and perils as the Chargee may from time to time consider advisable or desirable and in respect of which insurance coverage may be available.

The Chargor shall forthwith on the happening of any loss or damage furnish at its expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurances moneys.

- j) The Chargor shall allow any employees or authorized agents of the Chargee at any reasonable time to enter the premises of the Chargor to inspect the Mortgaged Premises including without limitation the right to undertake soil, ground water, environmental or other tests, measurements or surveys in on or below the Mortgaged Premises and to inspect the books and records of the Chargor and make extracts therefrom and shall permit the Chargee prompt access to such other persons as the Chargee may deem necessary or desirable for the purposes of inspecting or verifying any matters relating to any part of the Mortgaged Premises or the books and records of the Chargor, provided that any information so obtained shall be kept confidential, save as requested by the Chargee in exercising its rights hereunder. If an Event of Default shall have occurred and be continuing under this clause, the Chargor shall pay all costs and expenses of agents retained by the Chargee for purposes of inspection under this clause (j).
- k) The Chargor shall deliver to the Chargee such financial statements as may be provided in any commitment letter or loan agreement entered into between the Chargee and the Chargor. At a minimum and without limiting the financial reporting required under such commitment letter or loan agreement, the Chargor shall deliver to the Chargee within 90 days of the close of each financial year of the Chargor as long as any money is owing under the Charge one copy of the financial statements for that year, such financial statements to be prepared by a firm of chartered accountants. Provided however that this paragraph is subject to the provisions regarding the delivery of financing statements set out in any commitment letter or offer of finance between the Chargor and the Chargee, in which case the provisions in such commitment letter or offer to finance shall prevail.
- l) Without the prior written consent of the Chargee, the Chargor shall not create or suffer to exist any charge or encumbrance over all or any portion of the Mortgaged Premises ranking or purporting to rank prior to, pari passu with or subordinate to the charges hereof, other than Permitted Encumbrances.
- m) The Chargor shall not grant, create, assume or permit to exist any conditional sale agreement, mortgage, pledge, charge, assignment, lease or other security, except Permitted Encumbrances, whether fixed or floating upon the whole or any part of the Mortgaged Premises. This covenant shall be a restrictive covenant for the benefit of the Chargee's interest as Chargee of the Mortgaged Premises and the burden shall run with the interest of the Chargor as owner of the Mortgaged Premises.
- n) All Fixtures are and shall, immediately on being placed upon the Mortgaged Premises, become Fixtures and a part of the Mortgaged Premises and form a part of this security and the Chargor hereby grants and releases to the Chargee all its claims upon the Mortgaged Premises subject to the proviso for Defeasance in Section 11 above.
- o) The Chargee may distrain for arrears of interest and for overdue principal and any other sum payable hereunder. The Chargor waives the right to claim exceptions and agrees that the Chargee shall not be limited in the amount for which it may distrain.
- p) The Chargee may make any payment or cure any default under any Permitted Encumbrance and may pay and satisfy the whole or any part of any liens, Taxes, charges or encumbrances now or hereafter existing in respect of the Mortgaged Premises in the event of the Chargee making any such payment or curing a default or satisfying any such liens, Taxes, charges or encumbrances it shall be entitled to all the equities and securities of the person or persons so paid and is hereby authorized to retain any discharge thereto without registration for so long as it may think fit so to do.

- q) The Chargor will keep the Mortgaged Premises in good condition and repair and shall not permit any act of waste to be committed upon the Mortgaged Premises. If the Chargor neglects to keep the Mortgaged Premises in good condition and repair or commits or permits any act of waste on the Mortgaged Premises (as to which the Chargee shall be sole judge) the Chargee may make such repairs and replacements as it deems necessary.
- r) The Chargor shall diligently and continuously maintain, develop and construct the Improvements or cause the Improvements to be maintained, developed and constructed in accordance with plans and specifications previously approved by the Chargee, all in a good and workmanlike manner as first class buildings or Improvements and in the event that the Chargor shall fail to proceed diligently with any required work for a period of ten (10) consecutive days, the Chargee or its representatives may enter into the Mortgaged Premises and do any or all work which they may consider necessary or desirable to complete such Improvements or to protect the same from deterioration.
- s) The Chargor shall not make any material improvement, whether financed by the Chargee or otherwise, without the prior written consent of the Chargee which consent will not be unreasonably withheld or delayed and except in accordance with contracts, plans and specifications approved by the Chargee in writing prior to the commencement of work on the Improvements.
- t) The Chargor shall at all times comply with all applicable laws relating to the Mortgaged Premises, including all applicable zoning by-laws, rent control legislation and construction lien legislation.
- u) Where any portion of the Improvements are to be constructed, they shall be constructed in a good and workmanlike manner using first class quality materials in accordance with the plans and specifications approved by the Chargee and shall comply with all restrictions, conditions, ordinances, codes, regulations and laws, regulations and the requirements of governmental departments and agencies having direction over, or an interest in the Lands or the Improvements.
- v) All utility services necessary for the operation and use of the Mortgaged Premises for their intended purpose, including but not limited to water supply, storm and sanitary sewer facilities, gas, electric and telephone facilities are available to the boundaries of the Lands.
- w) The Lands are contiguous to publicly dedicated streets or roads or highways and vehicular and pedestrian access thereto is permitted or, if not, are the dominant tenement of a casement or easements creating the perpetual right of such access to any such publicly dedicated streets or roads or highways.
- x) Any defects in the construction or variation in the construction of any of the Improvements shall be promptly corrected by the Chargor to the satisfaction of the Chargee.
- y) Any and all of the personal Mortgaged Premises, elevators, furnaces, refrigerators, ranges, hot water tanks, dishwashers, carpeting, furniture, furnishings, fixtures, attachments and equipment (collectively the "Chattels") delivered upon or attached to the Mortgaged Premises or intended to become a part thereof, will be kept free and clear of all chattel mortgages, conditional vendors liens and all liens, encumbrances and security interests other than as may be granted to the Chargee and the Chargor will be the absolute owner of the Chattels and will, from time to time, furnish the Chargee with satisfactory evidence of such ownership, including searches of applicable public records. Upon the Chargee's request, the Chargor will forthwith execute and deliver a supplemental debenture or other security instrument upon the Chattels and such other supporting documents as the Chargee may require in connection therewith, including financing statements and searches or records under any applicable legislation.
- z) The Chargor will pay or cause to be paid as soon as the same are due all claims and demands of contractors and material men and all wages, salaries, holiday pay, workers compensation assessments or other charges or any nature or kind (the "Claims") which could in any circumstances constitute a lien or charge on the Mortgaged Premises and the Chargor will from time to time on demand provide the Chargee with such books,

payrolls, or other records, receipts, certificates and declarations as the Chargee may deem necessary to satisfy itself that such Claims have been paid as soon as the same are due.

**14. QUIET POSSESSION**

Until default of payment or default in performance of its obligations under any commitment letter or offer of finance or hereunder, the Chargor shall have quiet possession of the Mortgaged Premises.

**15. COMPLIANCE WITH ENVIRONMENTAL LAWS**

The Chargor covenants, represents and warrants to the Chargee that:

- a) the Chargor shall conduct and maintain its business operations and the Mortgaged Premises so as to comply in all respects with all applicable Environmental Laws including obtaining all necessary licenses, permits, consents and approvals required to own or operate the Mortgaged Premises and the businesses carried on at or from the Mortgaged Premises
- b) except as specifically permitted by the Chargee in writing, the Chargor shall not permit or suffer to exist Contaminants or dangerous or potentially dangerous conditions on or affecting the Mortgaged Premise whether on or below the surface of the Lands or located in any Fixtures including, without limitation, any materials containing gasoline, polychlorinated biphenyls or radio-active substances, underground storage tanks, asbestos or urea formaldehyde insulation
- c) the Chargor has no knowledge of the existence of Contaminants or dangerous or potentially dangerous conditions at, on or under the Mortgaged Premises or any properties in the vicinity of the Lands which could affect the Mortgaged Premises or the market value thereof or in levels that exceed the standards in Environmental Laws
- d) the Chargor has no knowledge of the Mortgaged Premises or any portion thereof having been used for the disposal of waste
- e) the Chargor has not given or received, nor does it have an obligation to give, any notice, claim, communication or information regarding any past, present, planned or threatened treatment, storage, disposal, presence, release or spill of any Contaminant at, on, under or from the Mortgaged Premises or any property adjacent or proximate thereto, including any notice pursuant to any Environmental Laws or any environmental report or audit. The Chargor shall notify the Chargee promptly and in reasonable detail upon receipt of any such claim, notice, communication or information or if the Chargor becomes aware of any violation or potential violation of the Chargor of any Environmental Laws and setting forth the action which the Chargor intends to take with respect to such matter
- f) there is no, and the Chargor has not received notice of and has no knowledge or information of any pending, contemplated or threatened litigation or claim for judicial or administrative action which would adversely affect the Mortgaged Premises or its use or market value including, without limitation, any action pending or threatened by any adjacent or affected land owner relating to the use of the Mortgaged Premises or the existence on the Mortgaged Premises of, or leakage from the Mortgaged Premises of noxious, dangerous, potentially dangerous or toxic substances
- g) the Chargor shall promptly advise the Chargee in writing of any material adverse change in the environmental or other legal requirements affecting the Chargor or the Mortgaged Premises upon the Chargor becoming aware of any such change and the Chargor shall provide the Chargee with a copy of any of the orders, by-laws, agreements or other documents pursuant to which any such change is effected or documented
- h) the Chargor shall, at its own expense, promptly take or cause to be taken any and all necessary remedial or clean-up action in response to the presence, storage, use, disposal, transportation, release or discharge of any Contaminant in, on, under or about any of the Mortgaged Premises, or used by the Chargor, in compliance with all material laws including, without limitation, Environmental Laws, and in accordance with the orders and directions of all applicable federal, state, provincial, municipal and local governmental authorities