

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

BETWEEN:

**ROYAL BANK OF CANADA**

Applicant

- and -

**2292319 ONTARIO INC.**

Respondent

**RESPONDING MOTION RECORD**  
(returnable September 28, 2016)

Date: August 30, 2016

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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**ROYAL BANK OF CANADA**

Applicant

- and -

**2292319 ONTARIO INC.**

Respondent

**SECOND REPORT OF MSI SPERGEL INC.  
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF  
2292319 ONTARIO INC.**

**August 30, 2016**

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## **APPENDICES**

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## **APPOINTMENT AND BACKGROUND**

- 1.0.1 On application made by Royal Bank of Canada ("**RBC**") pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act* (the "**BIA**") and section 101 of the *Courts of Justice Act* (the "**CJA**"), msi Spergel Inc. ("**Spergel**") was appointed as receiver (in such capacities, the "**Receiver**"), without security, of all the assets, undertakings and properties of 2292319 Ontario Inc. ("**229**") by Order of the Honourable Justice Wilton-Siegel dated March 31, 2016 (the "**Appointment Order**"). Attached hereto as **Appendix "1"** is a copy of the Appointment Order.
- 1.0.2 The primary asset of 229 is an 87,000 square foot, commercial building located at 38 Metropolitan Road, Toronto, Ontario (the "**Property**"). The Property is comprised of ground floor office and warehousing space consisting of approximately 64,000 square feet as well as a second floor mezzanine consisting of approximately 23,000 square feet. It appears that that while the building was initially a single user building, the interior has been subdivided and purportedly leased out to multiple parties.
- 1.0.3 The directors of 229 are Wen Qing Su ("**Su**"), Yue Wei Jiang ("**Jiang**"), Sheron Jie Qing Hu ("**Hu**") and Dan Rui Weng ("**Weng**") (collectively referred to as the "**Directors**") who oversaw the administration and day-to-day management of the Property. Despite efforts by the Receiver, they have not communicated with the Receiver since its appointment.
- 1.0.4 RBC sought the appointment of the Receiver to take possession and manage the operations of the Property due to 229's failure to repay its indebtedness to RBC, its significant tax arrears owing to the City of Toronto, its failure to account for its rental income and ongoing disputes among the Directors. At the time of the Receiver's appointment, the Property was occupied by several parties based on the lease documents supplied to the Receiver, including the following parties: S.K. Food Equipment ("**SK**"), Green Island Trading Co. ("**Green Island**") and Universal Trading Company ("**Universal**"). As set out further in the First Report of the Receiver dated July



18, 2016 (the **"First Report"**), Universal vacated the Property between May 5 and May 10, 2016.

- 1.0.5 On July 28, 2016, the Honourable Justice Wilton-Siegel authorized the Receiver to, amongst other things, terminate certain tenancies at the Property on ten days' notice (the **"July 28th Order"**). Attached hereto as **Appendix "2"** is a copy of the July 28th Order. Despite being served with the Receiver's motion record in respect of the court attendance on July 28, Green Island did not serve responding materials or attend at the court hearing.
- 1.0.6 Following the issuance of the July 28th Order, the Receiver served Green Island with a notice of termination of its lease. Attached hereto as **Appendix "3"** is a copy of the Green Island agreement to lease dated July 20, 2015 and notice of termination dated August 4, 2016.
- 1.0.7 Following receipt of the notice of termination of its lease, Green Island engaged counsel, which counsel has brought a motion to stay the termination of Green Island's tenancy. The Receiver, through its counsel, was served with a copy of the Green Island motion record on August 19, 2016.

## **2.0 PURPOSE OF THE SECOND REPORT**

- 2.0.1 The purpose of this report (the **"Second Report"**) is to respond to Green Island's motion record dated August 19, 2016 by addressing the factual issues contained therein and bringing to the attention of the Court additional issues with respect to Green Island's tenancy at the Property.

## **3.0 FACTUAL ISSUES CONTAINED WITHIN THE GREEN ISLAND MOTION RECORD**

- 3.0.1 Green Island was initially advised that the Receiver would be seeking an order for possession on July 28, 2016 by way of a letter from the Receiver's counsel dated July 11, 2016, a copy of which letter is attached hereto as **Appendix "4"** (the **"First July Letter"**).

The First July Letter specifically urges Green Island to obtain counsel and notified Green Island of the relief to be sought on July 28, 2016.

- 3.0.2 Following delivery of the First July Letter, at no time did the Receiver ever give Cuong Tran ("**Tran**") or anyone else from Green Island any comfort that issues surrounding the continued occupancy of the Property by Green Island were resolved or that the Receiver would not be proceeding with its motion.
- 3.0.3 Subsequent to its appointment, the Receiver identified defaults under the Green Island Lease. The Receiver communicated these defaults to Green Island and provided Green Island with various extensions in which to cure the defaults. Green Island did not cure the defaults identified by the Receiver in a timely manner, and as a result, the Receiver undertook legal action to terminate the tenancy of Green Island. Any discussions between Mr. Tran concerned recovery of amounts owed to 229 in respect of hydro or issues with the lack of proper insurance. Tran was advised that Green Island should obtain a lawyer if it wished to respond the motion of July 28, 2016.
- 3.0.4 Green Island was served with the motion record of the Receiver on July 19, 2016. Attached hereto as **Appendix "5"** is the affidavit of service of Christine Doyle who works with counsel for the Receiver.
- 3.0.5 By July 22, 2016, Green Island had failed to engage counsel or communicate with counsel for the Receiver regarding the July 28, 2016 motion, and the Receiver served its factum and brief of authorities on Green Island. Counsel for the Receiver again followed up with Mr. Tran about the July 28, 2016 motion. Attached hereto as **Appendix "6"** is a copy of the follow-up letter dated July 22, 2016 to Tran on behalf of Green Island (the "**Second July Letter**"). As with the First July Letter, the Receiver and its counsel received no response from Green Island in regards to the Second July Letter or the July 28, 2016 motion generally.
- 3.0.6 The Receiver agrees that there was no representative from Green Island in attendance on July 28, 2016, but the Receiver disputes that it proceeded on an *ex parte* basis.

- 3.0.7 Green Island has stated that it is the holder of a Health Canada licence permitting cultivation of marijuana for medical purposes with an expiration date of March 31, 2014. To date, the Receiver has not seen any licence from Health Canada issued to Green Island permitting cultivation of marijuana for medical or any other purpose. The Receiver in its First Report did report on the fact that there were several personal use licences which were issued to individuals which on their face appeared to be expired. These individuals have failed to respond to multiple communications from the Receiver and have not produced any lease with 229 to allow continued occupation at the Property. The Receiver was clear in its First Report that it had spoken to the police who had advised that given the law was in a state of flux regarding medical marijuana, they would not be taking any steps regarding the marijuana plants at the Property.
- 3.0.8 While Tran indicates that Green Island is in “complete compliance” with all terms of the lease and that “[a]ll hydro arrears have been paid in full,” the Receiver notes that hydro arrears in the amount of \$78,772 remain outstanding in respect of Green Island’s hydro usage at the Property. The Receiver also notes that Green Island had still not paid its base rent for August 2016 when Green Island delivered its motion record on August 19, 2016. The sum of \$13,000, representing August 2016 base rent, was not paid until August 22, 2016, being 21 days after the due date under the Green Island lease.
- 3.0.9 Tran suggests that Green Island has remitted a total of \$88,074 to the Receiver in the form of rent payments. This is not accurate. By the date of the Green Island motion record, Green Island remitted payments totaling \$52,000 on account of past monthly rent and \$84,073.90 on account of its proportionate usage of hydro at the Property with respect to the period March 31, 2016 to May 19, 2016. Green Island did not pay the latter amount until July 18, 2016 despite multiple requests and only following delivery of the Receiver’s notice to terminate the lease and the First July Letter.
- 3.0.10 Tran also suggests that Green Island provided the Receiver with a certificate of liability insurance on May 6, 2016 that evidenced proper insurance coverage as required by the Green Island Lease. This is not accurate. It was not until after the issuance of the July

28th Order and the subsequent notice of termination that Green Island provided the Receiver with a copy of an insurance policy covering the production of medical marijuana. Until that time, the insurance policy (which was not provided to the Receiver until July 13, 2016) covered only a marijuana dispensary rather than a marijuana production facility. Initially, the Receiver was only provided with a copy of a certificate of insurance by Green Island on May 3, 2016, which contained deficiencies in terms of the types and limits of insurance coverage required by the Green Island lease. On May 25, 2016, Green Island provided the Receiver with a copy of a revised certificate of insurance, but still no insurance policy. On July 13, 2016, Green Island finally provided the Receiver with a copy of its commercial insurance policy, but which policy addressed coverage types and limits in respect of a marijuana dispensary rather than that of a production facility, and as a result, the Receiver maintained its position that Green Island had not provided evidence of proper insurance coverage. It was not until after the issuance of the July 28th Order and the delivery of the notice of termination that Green Island provided the Receiver with a copy of an insurance policy covering the production of medical marijuana.

#### **4.0 ADDITIONAL CONSIDERATIONS WITH RESPECT TO THE TENANCY OF GREEN ISLAND**

- 4.0.1 Subsequent to the issuance of the July 28th Order, the Receiver became aware that Green Island was occupying a portion of the Property's ground floor. Green Island has not provided the Receiver with a copy of any lease agreement governing its occupancy of the ground floor premises to date.
- 4.0.2 The certificate of insurance and commercial insurance policy provided to the Receiver by Green Island provides insurance coverage only with respect to Green Island's operations on the second floor premises. There is no evidence in the Receiver's possession to confirm that Green Island has insurance to cover operations on the ground floor of the Property. A copy of the certificate of insurance and commercial insurance policy provided by Green Island is attached hereto as **Appendix "7"**.

- 4.0.3 Attached hereto as **Appendix "8"** is a copy of the charge registered by RBC as against the Property along with the standard charge terms. RBC has advised the Receiver that it did not review or approve the lease between Green Island and 229. RBC has confirmed that it would not have approved the lease had it been requested to do so.
- 4.0.4 Subsequent to the issuance of the July 28th Order, the Receiver engaged CCI Group Inc. ("**CCI**"), an engineering consulting firm, for the purpose of carrying out a condition assessment of the tenanted portions of the Property. CCI attended the Property on August 3, 2016 to conduct its inspection.
- 4.0.5 CCI's Property Condition Assessment Report in respect of the spaces being occupied by Green Island (the "**Condition Report**"), attached hereto as **Appendix "9"**, addresses multiple concerns with respect to these spaces, including, without limitation:
- a) continuing modifications by Green Island to the electrical system to facilitate marijuana production appear to have been undertaken without a proper permit and without inspection or approval by the Electrical Safety Authority;
  - b) the condition and use by Green Island of the modified electrical system appear to be in violation of the Toronto Municipal Code and the electrical safety code, and pose a potential life and safety concern;
  - c) Green Island's operations and associated safety issues are located approximately 45 metres from a church, and Green Island's operational location appears to violate a zoning by-law;
  - d) Green Island allows water to leak from storage tanks to the second floor concrete slab, and appears to spray water with a garden hose on marijuana plants and the second floor concrete slab, both without adequate waterproofing or drainage systems, such that water may penetrate the concrete slab and cause corrosion of the underlying steel deck and supporting structure; and

- e) there are black stains (likely mold) at various parts of the space occupied by Green Island, particularly near the base of partition walls, which appears to be a further violation of the Toronto Municipal Code.

4.0.6 Amongst the Condition Report's other concerns, it also comments on a mezzanine office space in the area occupied by Green Island, in respect of which drawings provided by the City of Toronto fail to indicate that a building permit was obtained. CCI has an enquiry pending with the City of Toronto to confirm whether building permits were issued and/or completed, and to/by whom, and the Receiver will provide a further update to the Court should more information become available.

**All of which is respectfully submitted.**

**MSI SPERGEL INC.,  
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF  
2292319 ONTARIO INC.  
AND NOT IN ANY OTHER CAPACITY**



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Philip H. Gennis, J.D., CIRP  
Senior Principal

# TAB 1

Court File No. CV-16-11331-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE

JUSTICE WILTON-SIEGEL

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THURSDAY, THE 31<sup>ST</sup>  
DAY OF MARCH, 2016

*msi*

BETWEEN:

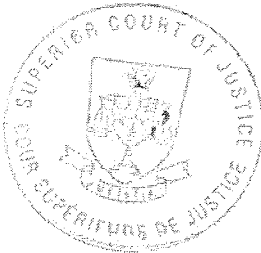
ROYAL BANK OF CANADA

Applicant

and

2292319 ONTARIO INC.

Respondent



**ORDER  
(appointing Receiver)**

**THIS APPLICATION** made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing msi Spergel inc. as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of 2292319 Ontario Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.



**ON READING** the affidavit of Richard Crawford sworn March 28, 2016 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, no one appearing for 2292319 Ontario Inc. although duly served as appears from the affidavit of service of Karen Fox sworn March 29, 2016 and on reading the Consent of msi Spergel inc. to act as the Receiver,

### **SERVICE**

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

### **APPOINTMENT**

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, msi Spergel inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

### **RECEIVER'S POWERS**

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts, including but not limited to the collection of rents, and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

- (i) without the approval of this Court in respect of any transaction not exceeding \$75,000, provided that the aggregate consideration for all such transactions does not exceed \$300,000; and
- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and

on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's

possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in

its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

8. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

**NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

10. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

**NO INTERFERENCE WITH THE RECEIVER**

11. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.



## **CONTINUATION OF SERVICES**

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

## **RECEIVER TO HOLD FUNDS**

13.           **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein,

shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

#### **EMPLOYEES**

14. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

#### **PIPEDA**

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner

which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

#### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

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

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

17.           **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### **RECEIVER'S ACCOUNTS**

18.           **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

20. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### **FUNDING OF THE RECEIVERSHIP**

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

#### **SERVICE AND NOTICE**

25. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on

transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<<http://www.spergel.ca>>'.

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

#### **GENERAL**

27. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

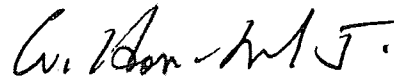
29. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance

to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

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

31. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

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



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ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

#2504373 | 4097961

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**SCHEDULE "A"**  
**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that msi Spergel inc., the receiver (the "Receiver") of the assets, undertakings and properties 2292319 Ontario Inc. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 31<sup>st</sup> day of March, 2016 (the "Order") made in an action having Court file number CV-16-11331-OO-CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$\_\_\_\_\_, being part of the total principal sum of \$\_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the \_\_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the Bankruptcy and

Insolvency Act, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 2016.

**MSI SPERGEL INC.**, solely in its capacity  
as Receiver of the Property, and not in its  
personal capacity

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

Name: Phillip H. Gennis, J.D., CIRP

Title: Senior Principal

BETWEEN

ROYAL BANK OF CANADA  
Applicant

-and-

2292319 ONTARIO INC.  
Respondent  
Court File No. CV-16-11331-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER**

**MINDEN GROSS LLP**  
Barristers and Solicitors  
2200 - 145 King Street West  
Toronto, ON M5H 4G2

**Catherine Francis** (LSUC# 26900N)  
[cfrancis@mindengross.com](mailto:cfrancis@mindengross.com)  
Tel: 416-369-4137

**Mark A. Freake** (LSUC# 63656H)  
[mfreake@mindengross.com](mailto:mfreake@mindengross.com)  
Tel: 416-369-4326  
Fax: 416-864-9223

Lawyers for the Applicant

# TAB 2

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) THURSDAY, THE 28TH DAY  
 )  
JUSTICE WILTON-SIEGEL ) OF JULY, 2016

BETWEEN:

**ROYAL BANK OF CANADA**

Applicant

- and -

**2292319 ONTARIO INC.**

Respondent



**ORDER**

**THIS MOTION**, made by msi Spergel inc. ("Spergel"), in its capacity as the Court-appointed receiver (in such capacity, the "**Receiver**"), without security, of all of the assets, undertakings and properties of 2292319 Ontario Inc. (the "**Debtor**"), for an order, amongst other things: (i) approving the First Report of the Receiver dated July 18, 2016 (the "**First Report**") and the actions of the Receiver set out therein; (ii) declaring that any purchaser of the premises municipally known as 38 Metropolitan Road, Toronto, Ontario (the "**Premises**") from the Receiver shall be entitled to vacant possession of the Premises, free and clear of the interests and claims, if any, of any and all occupants of the Premises, including, without limitation, any and all leases, subleases and similar arrangements (collectively, the "**Leases**") that may exist in respect of the Premises; (iii) authorizing the Receiver to terminate the Leases in respect of the Premises

and requiring any and all occupants of the Premises to deliver up vacant possession of the Premises to the Receiver; and (iv) approving the fees and disbursements of the Receiver and its counsel, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the First Report and the appendices thereto, including, without limitation, the fee affidavits sworn on behalf of the Receiver and its counsel, and on hearing the submissions of counsel for the Receiver, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Christine Doyle sworn July 19, 2016, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the First Report (inclusive of the Receiver's Statement of Receipts and Disbursements therein) be and is hereby approved and the actions of the Receiver described therein be and are hereby approved.
3. **THIS COURT ORDERS AND DECLARES** that, subject only to paragraph 8 herein, any purchaser of the Premises from the Receiver shall be entitled to vacant possession of the Premises, free and clear of the interests and claims, if any, of any and all occupants of the Premises, including, without limitation, any Leases that may exist in respect of the Premises.
4. **THIS COURT ORDERS** that, subject only to paragraph 8 herein, the Receiver be and is hereby authorized to terminate the Leases in respect of the Premises on ten days' notice and that

any and all occupants of the Premises shall comply with such notice of termination and shall deliver up vacant possession of the Premises to the Receiver.

5. **THIS COURT ORDERS** that, prior to delivering up vacant possession of the Premises to the Receiver as provided in paragraph 4 of this Order, all Persons (as defined in the Receivership Order of the Honourable Justice Wilton-Siegel dated March 31, 2016) with notice of this Order who occupy the portion of the Premises occupied by Green Island Trading Co. shall cooperate with the Receiver by permitting it, its agents and any and all potential purchasers with full and unencumbered access to the Premises.

6. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel, as described in the First Report, be and are hereby approved.

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

8. **THIS COURT ORDERS** that the proposed relief in respect of vacant possession and termination of any and all Leases in respect of the portions of the Premises currently occupied by the businesses known as "Cool Ocean Impex" and "Scap to Go" shall be adjourned to a 9:30 appointment to be set, at which time the Lease in respect of Scrap to Go shall be terminated if

insurance for its portion of the Premises as required by paragraph 7 of the relevant Lease has not been provided to the Receiver by August 7, 2016.

9. **THIS COURT ORDERS** that "S.K. Food Equipment" ("SK") shall provide access to the Receiver and its agents on July 29, 2016 to permit all hydro meters to be read, and SK shall cooperate with the Receiver and/or its agents to locate and identify the hydro meters.

10. **THIS COURT ORDERS** that SK shall provide the Receiver with the keys to SK's portions of the Premises on or before 5 p.m. (Toronto time) on July 29, 2016. The Receiver acknowledges that delivery of the keys to it does not constitute, and shall not be construed as, any abandonment, termination or renunciation by SK of the Premises or its rights under its Leases with the Debtor.

11. **THIS COURT ORDERS** that SK shall provide access to the Receiver and its agents to the portions of the Premises occupied by SK and/or its subtenants on 24 hours' notice to Raymound Young at [888bsc@gmail.com](mailto:888bsc@gmail.com).

12. **THIS COURT ORDERS** that no costs are awarded for today's attendance.

ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

JUL 29 2016

PER / PAR:





ROYAL BANK OF CANADA

- and -

2292319 ONTARIO INC.

Applicant

Respondent

Court File No. CV-16-11331-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceedings commenced at Toronto

**ORDER**

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
181 Bay Street, Suite 1800  
Toronto, ON M5J 2T9

Sanjeev P.R. Mitra (LSUC # 37934U)  
Tel: (416) 865-3085  
Fax: (416) 863-1515  
Email: [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

Jeremy Nemers (LSUC # 66410Q)  
Tel: (416) 865-7724  
Fax: (416) 863-1515  
Email: [jnemers@airdberlis.com](mailto:jnemers@airdberlis.com)

*Lawyers for msi Spergel inc., in its capacity as the Court-appointed  
receiver of 2392319 Ontario Inc.*

# TAB 3

# **Agreement to Lease Commercial – Long Form**

This Agreement to Lease dated this 20th day of July, 2015

**TENANT (Lessee),** GREEN ISLAND TRADING COMPANY  
(Full legal names of all Tenants)

**LANDLORD (Lessor),** 2292319 ONTARIO INC  
(Full legal name of Landlord)

The Tenant hereby offers to lease from the Landlord the premises as described herein on the terms and subject to the conditions as set out in this Agreement.

**1. PREMISES:** The "Premises" consisting of approximately 22970 square feet more or less on the 2ND floor of the "Building" known municipally as 38 METROPOLITAN in the CITY of TORONTO, Province of Ontario, as shown outlined on the plan attached as Schedule " ".

**2. USE:** The Premises shall be used only for PRODUCTION MARIJUANA LICENSE

**3. TERM OF LEASE:**  
(a) The Lease shall be for a term of FORTY-EIGHT (48) months commencing on the 1ST day of AUGUST, 2015, and terminating on the 30TH day of APRIL, 2019

(b) Provided the Tenant is not at any time in default of any covenants within the Lease, the Tenant shall be entitled to renew this Lease for                      additional term(s) of                      months (each) on written notice to the Landlord given not less than                      months prior to the expiry of the current term at a rental rate to be negotiated. In the event the Landlord and Tenant can not agree on the fixed minimum rent at least two months prior to expiry of the current lease, the fixed minimum rent for the renewal period shall be determined by arbitration in accordance with the Arbitration Act or any successor or replacement act.

**4. RENTAL:** Fixed minimum rent: The fixed minimum rent payable by the Tenant for each complete twelve-month period during the lease term shall be:

From 1.AUG.14 to 31.JUL.19 inclusive, \$ 96000 per annum being \$ 8000 per month, based upon \$ 3.7 per sq. feet (feet/metres)  
From                      to                      inclusive, \$                      per annum being \$                      per month, based upon \$                      per sq. (feet/metres)  
From                      to                      inclusive, \$                      per annum being \$                      per month, based upon \$                      per sq. (feet/metres)  
From                      to                      inclusive, \$                      per annum being \$                      per month, based upon \$                      per sq. (feet/metres)  
From                      to                      inclusive, \$                      per annum being \$                      per month, based upon \$                      per sq. (feet/metres)

plus HST, and other tax (other than income tax) imposed on the Landlord or the Tenant with respect to rent payable by the Tenant, payable on: **(Check one box only)**

☒ the 1ST day of each month commencing                     

☐ the                      day of the first month immediately following completion of the Landlord's Work.

The fixed minimum rent shall be adjusted if the actual measurements of the Leased Premises differ from the approximate area. The actual measurement shall be agreed upon and failing agreement, calculated by an Ontario Land Surveyor/Architect using the current Building Owners And Managers Association standard form of measurement and shall be binding on both parties.

INITIALS OF TENANT(S):                     

INITIALS OF LANDLORD(S):                     



5. **DEPOSIT AND PREPAID RENT:** The Tenant delivers..... upon acceptance  
(Herewith/Upon acceptance/else otherwise described in this Agreement)

by negotiable cheque payable to..... **THE LANDLORD 2292319 ONTARIO INC** "Deposit Holder"  
in the amount of..... **Sixteen thousand (HST INCLUDED)**

Canadian dollars (Can\$..... **16,000.00**.....) to be deposited and held in trust as security for the faithful performance by the Tenant of all terms, covenants and conditions of the Agreement and after the earlier of occupancy by the tenant or execution of the Lease to be applied by the Landlord against the **FIRST**..... and..... **LAST**..... month's rent and HST. If the Agreement is not accepted, the deposit is to be returned to the Tenant without interest or deduction. For the purposes of this Agreement, "Upon Acceptance" shall mean that the Tenant is required to deliver the deposit to the Deposit Holder within 24 hours of the acceptance of this Agreement. The parties to this Agreement hereby acknowledge that, unless otherwise provided for in this Agreement, the Deposit Holder shall place the deposit in trust in the Deposit Holder's non-interest bearing Real Estate Trust Account and no interest shall be earned, received or paid on the deposit.

6. **SERVICES: (Check one box only)**

- ☒ The Tenant shall pay the cost of hydro, gas, water, heating, air-conditioning and for all other services and utilities as may be provided to the premises. The tenant shall arrange with the local authority for connection of gas, electricity and water in the name of the Tenant.
- ☐ The Landlord shall pay the cost of hydro, gas, water, heating, air-conditioning and for all other services and utilities as may be provided to the premises.

7. **ADDITIONAL RENT AND CHARGES:**

☐ Check this box if Additional Rent as described below to be paid by Tenant

The Tenant shall additionally pay a proportionate share of all costs and expenses incurred by the Landlord in maintaining, operating, cleaning, insuring and repairing the property and, without limiting the generality of the foregoing, such costs and expenses shall include the costs of:

- (i) snow, garbage, and trash removal;
- (ii) landscaping and planters;
- (iii) heating, ventilating and air-conditioning, and providing hot and cold water and other utilities and services to, and operating the common areas of the property, and maintaining and repairing the machinery and equipment for such utilities and services;
- (iv) the realty taxes, assessments, rates, charges and duties levied or assessed against the property (save any tax on the personal income of the Landlord);
- (v) insuring the property and such other insurance as the Landlord will effect against public liability, property damage, loss of rental income and other casualties and risks.
- (vi) .....

8. **SCHEDULES:** The Schedules attached hereto shall form an integral part of this Agreement to Lease and consist of: Schedule(s).....

9. **IRREVOCABILITY:** This offer shall be irrevocable by..... **Tenant**..... until..... **11:59 PM**..... a.m./p.m. on the..... **29th**..... day  
(Landlord/Tenant)  
of..... **July**....., 20..... **15**....., after which time if not accepted, this offer shall be null and void and all monies paid thereon shall be returned to the Tenant without interest or deduction.

10. **NOTICES:** The Landlord hereby appoints the Listing Brokerage as agent for the Landlord for the purpose of giving and receiving notices pursuant to this Agreement. Where a Brokerage (Tenant's Brokerage) has entered into a representation agreement with the Tenant, the Tenant hereby appoints the Tenant's Brokerage as agent for the purpose of giving and receiving notices pursuant to this Agreement. **Where a Brokerage represents both the Landlord and the Tenant (multiple representation), the Brokerage shall not be appointed or authorized to be agent for either the Tenant or the Landlord for the purpose of giving and receiving notices.** Any notice relating hereto or provided for herein shall be in writing. In addition to any provision contained herein and in any Schedule hereto, this offer, any counter-offer, notice of acceptance thereof or any notice to be given or received pursuant to this Agreement or any Schedule hereto (any of them, "Document") shall be deemed given and received when delivered personally or hand delivered to the Address for Service provided in the Acknowledgement below, or where a facsimile number or email address is provided herein, when transmitted electronically to that facsimile number or email address, respectively. In which case, the signature(s) of the party (parties) shall be deemed to be original.

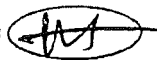
FAX No.: .....  
(For delivery of Documents to Landlord)

FAX No.: .....  
(For delivery of Documents to Tenant)

Email Address: .....  
(For delivery of Documents to Landlord)

Email Address: .....  
(For delivery of Documents to Tenant)

INITIALS OF TENANT(S):



INITIALS OF LANDLORD(S):



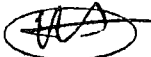


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Form 510 Revised 2015 Page 2 of 4

- 11. LANDLORD'S AND TENANT'S WORK:** The Landlord agrees to complete the work described as the "Landlord's Work" in Schedule "....." attached hereto. The Tenant agrees to complete any additional work necessary to prepare the Premises for the Tenant's use, described as "Tenant's Work" in Schedule "....." attached hereto. The Tenant shall not proceed with any work within or affecting the Premises without the Landlord's prior written approval, which approval shall not be unreasonably withheld.
- 12. SIGNAGE:** The Tenant may, at its own expense, erect signage in a good and workmanlike manner, subject to municipal by-laws and government regulations and subject to the Landlord's written approval as to the design, colour, and content of any such signs, which approval shall not be unreasonably withheld, and to be located as follows: .....
- 13. INSURANCE:** The Tenant agrees to insure the property and operations of the Tenant, including insurance for fire and such additional perils as are normally insured against, liability insurance and any other insurance as may be reasonably required by the Landlord.
- 14. EXECUTION OF LEASE:** The Lease shall be prepared by the Landlord at the Landlord's expense, in accordance with the terms and conditions of this Agreement. The Lease will be signed and executed by both parties hereto prior to the commencement of work on the premises by either party and prior to occupancy by the Tenant.
- 15. OCCUPANCY OR RENT TO ABATE:** In the event the premises are not completed by the Landlord for occupancy by the Tenant on the date set out herein for commencement of the Term of the Lease, the rent under this agreement shall abate to the extent of such delay, and the Tenant hereby agrees to accept such abatement of rent in full settlement of all claims which the Tenant might otherwise make because the Premises were not ready for occupancy by the said date.
- 16. ASSIGNMENT:** This Agreement to Lease shall not be assignable or otherwise transferable by the Tenant. The Tenant may not sublet or assign or transfer its interest in the Lease contemplated herein without securing the written consent from the Landlord, which consent shall not be unreasonably withheld, provided however, if the consent is granted, the Tenant shall remain liable for all obligations under the Lease.  
If the Tenant is a corporation, the transfer of the majority of the issued shares in the capital stock, or any transfer, issuance or division of shares of the corporation sufficient to transfer control of the corporation shall be deemed for all purposes to be an assignment within the meaning of this Agreement and any Lease. This provision shall not apply to a corporation whose shares are listed and traded on any recognized public stock exchange in Canada or the United States.
- 17. PARKING:** Unless otherwise stipulated, parking, if applicable, shall be in common and unreserved.  
.....  
.....  
.....
- 18. AGREEMENT IN WRITING:** If there is any conflict or discrepancy between any provision added to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement, including any Schedule attached hereto, shall constitute the entire Agreement between Landlord and Tenant. There is no representation, warranty, collateral agreement or condition, which affects this Agreement other than as expressed herein. This Agreement shall be read with all changes of gender or number required by the context.
- 19. LEGAL, ACCOUNTING AND ENVIRONMENTAL ADVICE:** The parties acknowledge that any information provided by the broker is not legal, accounting, tax or environmental advice, and that it has been recommended that the parties obtain independent professional advice prior to signing this document.

INITIALS OF TENANT(S):



INITIALS OF LANDLORD(S):





**20. BINDING AGREEMENT:** This Agreement and the acceptance thereof shall constitute a binding agreement by the parties to enter into the Lease of the Premises and to abide by the terms and conditions herein contained.

**21. SUCCESSORS AND ASSIGNS:** The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms herein.

SIGNED, SEALED AND DELIVERED in the presence of:

IN WITNESS whereof I have hereunto set my hand and seal:

(Witness)

(Tenant or Authorized Representative)

(Seal)

DATE 2015/07/29

(Witness)

(Tenant or Authorized Representative)

(Seal)

DATE

(Witness)

(Guarantor)

(Seal)

DATE

We/ the Landlord hereby accept the above offer, and agree that the commission together with applicable Harmonized Sales Tax (and any other tax as may hereafter be applicable) may be deducted from the deposit and further agree to pay any remaining balance of commission forthwith.

SIGNED, SEALED AND DELIVERED in the presence of:

IN WITNESS whereof I have hereunto set my hand and seal:

(Witness)

(Landlord or Authorized Representative)

(Seal)

DATE 2015/07/29

(Witness)

(Landlord or Authorized Representative)

(Seal)

DATE 2015/07/29

**CONFIRMATION OF ACCEPTANCE:** Notwithstanding anything contained herein to the contrary, I confirm this Agreement with all changes both typed and

written was finally accepted by all parties at 8:00 PM this 29 day of July, 2015. FONG SO HOW

(Signature of Landlord or Tenant)

#### INFORMATION ON BROKERAGE(S)

Listing Brokerage.....	Tel.No.(.....)
(Salesperson / Broker name)	
Co-op/Buyer Brokerage.....	Tel.No.(.....)
(Salesperson / Broker name)	

#### ACKNOWLEDGEMENT

I acknowledge receipt of my signed copy of this accepted Agreement to Lease and I authorize the Brokerage to forward a copy to my lawyer.

FONG SO HOW 2015/07/29  
(Landlord)

(Landlord)

DATE

Address for Service.....

Tel.No.(.....)

Landlord's Lawyer.....

Address.....

Email.....

(.....)

Tel.No.

FAX No.

I acknowledge receipt of my signed copy of this accepted Agreement to Lease and I authorize the Brokerage to forward a copy to my lawyer.

FONG SO HOW 2015/07/29  
(Tenant)

(Tenant)

DATE

Address for Service.....

Tel.No.(.....)

Tenant's Lawyer.....

Address.....

Email.....

(.....)

Tel.No.

FAX No.

#### FOR OFFICE USE ONLY

#### COMMISSION TRUST AGREEMENT

To: Co-operating Brokerage shown on the foregoing Agreement to Lease:

In consideration for the Co-operating Brokerage procuring the foregoing Agreement to Lease, I hereby declare that all moneys received or receivable by me in connection with the Transaction as contemplated in the MLS Rules and Regulations of my Real Estate Board shall be receivable and held in trust. This agreement shall constitute a Commission Trust Agreement as defined in the MLS Rules and shall be subject to and governed by the MLS Rules pertaining to Commission Trust.

DATED as of the date and time of the acceptance of the foregoing Agreement to Lease.

Acknowledged by:

(Authorized to bind the Listing Brokerage)

(Authorized to bind the Co-operating Brokerage)



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Form 510 Revised 2015 Page 4 of 4

## Notice of Termination

**TO: Green Island Trading Company**

**RE: Lease dated July 1, 2014 as amended July 20, 2015 (collectively the "Lease") between 2292319 Ontario Inc. ("Landlord") and Green Island Trading Company (the "Tenant") of premises known as 38 Metropolitan Road, Toronto, Ontario (the "Premises")**

---

MSI Spergel Inc., in its capacity as Court-Appointed Receiver of 2292319 Ontario Inc., hereby gives you notice that the Lease is hereby terminated effective August 14, 2016 and the Landlord shall be taking possession of the Premises as per the Order of the Honourable Mr. Justice Wilton-Siegel dated July 28, 2016 (the "Order"). A copy of the Order is attached for your reference.

This termination of the Lease is without prejudice to any and all of the Landlord's rights as Landlord under the Lease and at law including, without limitation, the right to obtain from you the following:

1. All arrears of rent and other charges owing in respect of the Lease and the Premises up to the date hereof;
2. All damages to the Premises resulting from your occupation or departure from the Premises.
3. All costs incurred by the Landlord as a result of any and all breaches of the Leases including, without limitation, legal and other expenses incurred in respect of the termination of the Leases;
4. All costs incurred by the Landlord in re-letting the Premises including, without limitation, all costs incurred in respect of the Premises and in making them fit for re-letting; and
5. All losses and deficiencies sustained by the Landlord as a result of your defaults under the Leases and the resulting termination thereof including, without limitation, the difference between the aggregate amounts that would have been payable pursuant to the Lease over what would have been the unexpired term, less only net amounts, after expenses, actually received by the Landlord in respect of the Premises for the period which would have been the unexpired term but for its termination hereby.

The Landlord does not, as a result of any of its actions, or the aforesaid contents of this notice, acknowledge or accept any obligation in respect of the re-letting of the Premises.

The acceptance by the Landlord of any rent after the date of this notice will not constitute a waiver of the Landlord's rights as a result of the aforementioned default and the time periods for your remedying the default will not hereby be extended. Any failure or delay by the Landlord in strictly enforcing your performance under the Lease are all without prejudice to the Landlord's rights under the Lease and at law.

Any attempt to gain entry to the Premises without permission of the Landlord after August 14, 2016 will be an unlawful trespass and will be dealt with accordingly. You are hereby notified that, unless all personal property is removed from the Premises by August 14, 2016, the Landlord shall have the right, but not the obligation, to dispose of such personal property in such manner and for such or no consideration as the Landlord desires, or to ask the Toronto Police Service to remove such personal property or any part thereof from the Premises to a place of storage, at the expense of the Tenant, but without assuming any responsibility whatsoever for the safekeeping of such property.

DATED at Toronto, Ontario on August <sup>4<sup>th</sup></sup> 2016

MSI SPERGEL INC., in its capacity as receiver  
of 2292319 ONTARIO INC., and not in its  
personal capacity

Per: 

Name: PHILIP DENNIS

Title: SENIOR PRINCIPAL

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

I/We have authority to bind the Corporation.

A copy of this notice has been posted at the Premises.



# TAB 4

# AIRD & BERLIS LLP

Barristers and Solicitors

Sanjeev P.R. Mitra  
Direct: 416.865.3085  
Email: [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

July 11, 2016

VIA EMAIL: [ctran822@gmail.com](mailto:ctran822@gmail.com)

**Green Island Trading Company**  
**38 Metropolitan Road**  
**Toronto, ON**

**Attention: Cuong Tran**

**Re: Receivership of 2292319 Ontario Inc. (the "Receivership Proceedings")**

---

We are counsel to msi Spergel inc. ("**the Receiver**") in its capacity as Court appointed receiver of 2292319 Ontario Inc. ("**the Debtor**"). Our client was appointed pursuant to a Court Order dated March 31, 2016 ("**the Appointment Order**"). You have been provided with the Appointment Order.

Green Island Trading Company purportedly entered into an agreement to lease with the Debtor over a portion of the real property municipally known as 38 Metropolitan Road, Toronto Ontario ("**the Premises**"). This document was dated July 15, 2015 ("**Lease**").

Upon its appointment our client asked for evidence of insurance as provided for in the Lease. In response, our client was provided a certificate of insurance naming Green Island Trading Company as the insured. Upon further investigation, it does not appear that any policy of insurance had been taken out prior to our client's appointment. Despite repeated requests, no actual policy of insurance has ever been provided to our client. The certificate provided to our client does not confirm any benefits on any party. Accordingly, you have not provided the Receiver with sufficient insurance coverage as required under the Lease.

The Lease requires Green Island Trading Company to pay its proportionate share of the hydro bills for the Premises. You have failed to make any payments for hydro since the appointment of the Receiver. The Receiver has calculated the outstanding hydro arrears attributable to Green Island Trading Company to be \$84,073.90. The failure to make this payment constitutes a further default under the Lease.

Notices of default and termination have already been sent to you regarding the Lease but you have failed to make arrangements to vacate the Premises.

At this stage, we have arranged for a motion to the Court on July 28, 2016. The Receiver will be seeking orders to confirm the termination of the Lease and an order for possession of the Premises. We urge you to engage counsel.

If you are prepared to voluntarily make arrangements in this regard, we would ask you to have your counsel contact the writer forthwith.

Yours very truly,

AIRD & BERLIS LLP

*Sanj Mitra*

Sanjeev P.R. Mitra  
SPRM/jn

cc: Client

26665286.2

# TAB 5

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

**ROYAL BANK OF CANADA**

**Applicant**

**- and -**

**2292319 ONTARIO INC.**

**Respondent**

**AFFIDAVIT OF SERVICE  
(sworn July 20, 2016)**

I, **CHRISTINE DOYLE**, of the City of Pickering, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. On July 19, 2016, I caused a copy of the Motion Record of msi Spergel Inc., returnable July 28, 2016, to be served on the parties listed on the attached **Schedule "A"**, by causing copies to be sent by means indicated thereon.

**SWORN BEFORE ME** at the City of )  
Toronto, in the Province of Ontario )  
this 20 day of July, 2016. )

\_\_\_\_\_  
A commissioner of oaths, etc.

  
\_\_\_\_\_  
**CHRISTINE DOYLE**

**SCHEDULE "A"**  
**SERVICE LIST**

**VIA EMAIL**

**TO: MINDEN GROSS LLP**  
Barristers and Solicitors  
2200-145 King St. W.  
Toronto, ON M5H 4G2

**Catherine Francis**  
Tel: 416.369.4137  
Fax: 416.864.9223  
Email: [cfrancis@mindengross.com](mailto:cfrancis@mindengross.com)

**Mark A. Freake**  
Tel: 416.369.4326  
Fax: 416.864.9223  
Email: [mfreake@mindengross.com](mailto:mfreake@mindengross.com)  
Lawyers for the Applicant

**AND TO: AIRD & BERLIS LLP**  
Brookfield Place  
181 Bay Street, Suite 1800  
Toronto, ON M5J 2T9

**Sanj Mitra**  
Tel: 416.865.3085  
Fax: 416.863.1515  
Email: [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

**Jeremy Nemers**  
Tel: 416.865.7724  
Fax: 416.863.1515  
Email: [jnemers@airdberlis.com](mailto:jnemers@airdberlis.com)  
Lawyers for msi Spergel inc., in its capacity as the Receiver of 2292319 Ontario Inc.

**AND TO: MSI SPERGEL INC.**  
505 Consumers Rd., Suite 200  
Toronto, ON M2J 4V8

**Philip H. Gennis**  
Tel: 416.498.4325  
Fax: 416.498.4325  
Email: [pgennis@spergel.ca](mailto:pgennis@spergel.ca)  
Court-appointed receiver of 2292319 Ontario Inc.

AND TO: **2292319 ONTARIO INC.**  
c/o Allan B. Shusterman  
Barrister, Solicitor and Notary  
3320 Midland Avenue, Suite 207  
Scarborough, ON M1V 5E6

Tel: 416.291.6176  
Fax: 416.291.6047  
Email: [alshus@hotmail.com](mailto:alshus@hotmail.com)  
Email: [syant1331@gmail.com](mailto:syan1331@gmail.com)

AND TO: **CANADA REVENUE AGENCY**  
c/o Department of Justice  
Ontario Regional Office  
The Exchange Tower  
130 King Street West, Suite 3400  
Toronto, ON M5X 1K6

**Diane Winters**  
Tel: 416.973.3172  
Fax: 416.973.0810  
Email: [diane.winters@justice.gc.ca](mailto:diane.winters@justice.gc.ca)

AND TO: **HER MAJESTY THE QUEEN IN RIGHT OF THE  
PROVINCE OF ONTARIO AS REPRESENTED BY  
THE MINISTER OF FINANCE**  
Legal Services Branch  
777 Bay Street, 11th Floor  
Toronto, ON M5G 2C8

**Kevin J. O'Hara**  
Tel: 416.327.8463  
Fax: 416.325.1460  
Email: [kevin.ohara@ontario.ca](mailto:kevin.ohara@ontario.ca)

**VIA REGULAR MAIL**

**TO: 2292319 ONTARIO INC.**  
38 Metropolitan Road  
Toronto, ON M1R 2T6

**AND TO: 2292319 ONTARIO INC.**  
26 Heathrow Court  
Markham, ON L3R 3T8

**AND TO: GREEN ISLAND TRADING COMPANY**  
38 Metropolitan Road  
Toronto, ON M1R 2T6

**AND TO: SK FOOD EQUIPMENT**  
And all Occupants  
38 Metropolitan Road  
Toronto, ON M1R 2T6

**AND TO: SCRAP TO GO**  
And all Occupants  
38 Metropolitan Road  
Toronto, ON M1R 2T6

**AND TO: COOL OCEAN IMPEX**  
And all Occupants  
38 Metropolitan Road  
Toronto, ON M1R 2T6



ROYAL BANK OF CANADA

- and -

2292319 ONTARIO INC.

Applicant

Respondents

Court File No. CV-16-11331-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceedings commenced at Toronto

**AFFIDAVIT OF SERVICE**

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
181 Bay Street, Suite 1800  
P.O. Box 754  
Toronto, ON M5J 2T9

Sanjeev P.R. Mitra (LSUC # 37934U)

Tel: (416) 865-3085

Fax: (416) 863-1515

Email: [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

Jeremy Nemers (LSUC # 66410Q)

Tel: 416.865.7724

Fax: 416.863.1515

Email: [jnemers@airdberlis.com](mailto:jnemers@airdberlis.com)

*Lawyers for msi Spergel Inc.*

# TAB 6

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# AIRD & BERLIS LLP

---

Barristers and Solicitors

Sanjeev P.R. Mitra  
Direct: 416.865.3085  
Email: [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

July 22, 2016

VIA EMAIL

**Green Island Trading Company**  
38 Metropolitan Road  
Toronto, ON  
[ctran822@gmail.com](mailto:ctran822@gmail.com)

**Attention: Cuong Tran**

**SK Food Equipment**  
38 Metropolitan Road  
Toronto, ON  
[singkong02@yahoo.com](mailto:singkong02@yahoo.com)

**Attention: Sherri Chen**

**Re: Receivership of 2292319 Ontario Inc. (the "Receivership Proceedings")**

Please find the enclosed electronic copy of our factum and brief of authorities in respect of the motion returnable July 28, 2016, which factum and brief of authorities are also being served upon you pursuant to the *Rules of Civil Procedure* (the "**Rules**") by way of physical delivery.

We have not heard from you or your counsel, if any, in response to our motion record that was previously served upon you pursuant to the Rules.

Yours very truly,

AIRD & BERLIS LLP

*Sanj Mitra*

Sanjeev P.R. Mitra  
SPRM/jn

cc: Client

26770897.1

# TAB 7

**CSIO****CERTIFICATE OF LIABILITY INSURANCE**

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer.  
This certificate does not amend, extend or alter the coverage afforded by the policies below.

<b>1. CERTIFICATE HOLDER - NAME AND MAILING ADDRESS</b>	<b>2. INSURED'S FULL NAME AND MAILING ADDRESS</b>
MSI Spergel Inc.  505 Consumers Road Suite 200 Toronto, ON M2J 4V8	GREEN ISLAND TRADING COMPANY 250 ALTON TOWERS CIRCLE P.O. BOX 17517 SCARBOROUGH, ON M1S 5M5

<b>3. DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS TO WHICH THIS CERTIFICATE APPLIES</b> <small>(but only with respect to the operations of the Named Insured)</small>
MEDICAL MARIJUANA - GROW OPERATIONS LOCATION ADDRESS: 38 METROPOLITAN ROAD, 2/F, TORONTO, ON M1V 5M5 Name Insured: Green Island Trading Company o/b Zhen Hai Hou & Ri Xin He & Shao Shan Chen & Mae Theng Chong & Lei Ding

Add Certificate Holder as Additional Insured and Loss Payee

<b>4. COVERAGES</b>
This is to certify that the policies of insurance listed below have been issued to the insured named above for the policies period indicated notwithstanding any requirement, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.
LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

TYPE OF INSURANCE	INSURANCE COMPANY AND POLICY NUMBER	EFFECTIVE DATE YYYY/MM/DD	EXPIRY DATE YYYY/MM/DD	LIMITS OF LIABILITY <small>(Canadian dollars unless indicated otherwise)</small>		
				COVERAGE	DED.	AMOUNT OF INSURANCE
<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> Claims Made OR <input checked="" type="checkbox"/> Occurrence <input type="checkbox"/> Products and/or completed operations <input type="checkbox"/> Employer's Liability <input checked="" type="checkbox"/> Cross Liability  <input checked="" type="checkbox"/> Tenants Legal Liability <input type="checkbox"/> Pollution Liability Extension	BURNS & WILCOX  CPR0120572-00	2016/ 4/ 28	2017/ 4/ 28	Commercial General Liability Bodily Injury and Property Damage Liability - - General Aggregate - Each Occurrence	10,000	3,000,000  3,000,000
				Products and Completed Operations Aggregate <input type="checkbox"/> Personal Injury Liability <input checked="" type="checkbox"/> Personal and Advertising Injury Liability		3,000,000
				Medical Payments		5,000
				Tenants Legal Liability		250,000
				Pollution Liability Extension		
<input type="checkbox"/> Non-Owned Automobiles <input type="checkbox"/> Hired Automobiles				Non-Owned Automobile		
<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> Described Automobiles <input type="checkbox"/> All Owned Automobiles <input type="checkbox"/> Leased Automobiles **  ** All Automobiles leased in excess of 30 days where the insured is required to provide insurance				Bodily Injury and Property Damage Combined		
				Bodily Injury (Per Person)		
				Bodily Injury (Per Accident)		
				Property Damage		
<b>EXCESS LIABILITY</b> <input type="checkbox"/> Umbrella Form <input type="checkbox"/>				Each Occurrence		
				Aggregate		
<b>OTHER LIABILITY (SPECIFY)</b> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>						

<b>5. CANCELLATION</b>
Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 15 days written notice to the certificate holder named above, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

<b>6. BROKERAGE/AGENCY FULL NAME AND MAILING ADDRESS</b>	<b>7. ADDITIONAL INSURED NAME AND MAILING ADDRESS</b> <small>(but only with respect to the operations of the Named Insured)</small>
ThinkInsure Ltd. 11 Allstate Parkway Suite 206 Markham, Ontario L3R 9T8  BROKER CLIENT ID: GRE106	MSI Spergel Inc.  505 Consumers Road Suite 200 Toronto, ON M2J 4V8

<b>8. CERTIFICATE AUTHORIZATION</b>	
Issuer ThinkInsure Ltd.	Contact Number(s) Type No Type No Type Phone No (905) 415-8800 Type Fax No (905) 415-8875
Authorized Representative <i>Elton Cui</i>	Certificate Date 2016   5   24
Signature of Authorized Representative X <i>Elton Cui</i>	E-Mail Address ELTON@THINKINSURE.CA

## Medical Marijuana Insurance Program Declaration Page

Policy Number: CPR0120572-00  
Renewal Of: N/A

### Item 1. Named Insured and Address

Named Insured: Green Island Trading Company o/b Zhen Hai Hou & Ri Xin He & Shao Shan Chen & Mee Then & Lei Ding

Mailing Address:  
Street 250 Alton Towers Circle, P.O. Box 17517  
City Scarborough  
Province Ontario  
Postal Code M1S 5M5

Location #1 Address:  
Street 38 Metropolitan Rd. 2/F  
City Toronto  
Province Ontario  
Postal Code M1V 5M5

### Item 2. Broker Name and Address

Broker Name: Burns & Wilcox Canada  
Contact Name: Daniel Mason  
Address: 333 Bay St, Toronto, ON M5H 2R2, Canada

### Item 3. Policy Premium

Annual Policy Premium: \$2,709  
Minimum Retained Premium: \$2,709

### Item 4. Effective and Expiry Dates

Effective Date: April 28, 2016  
Expiry Date: April 28, 2017

12:01 am Standard Time at the mailing address of the Named Insured shown above.

### Item 5. Description of Operations

Medical Marijuana - Grow Operations

Item 6. Summary of Coverages and Limits of Liability

Section	Form Title	Form Number	Coverage	Limit of Liability		Deductible	Co-Insurance
All Sections	Schedule of Forms and Endorsements	00ML0012 56 01 09					
	Statutory Conditions all Provinces Except Quebec	00CPR0004 56 10 10					
General Liability	Canada Programs Commercial General Liability Coverage Form	00 CPR0066 56 05 11	Coverage A - "Bodily Injury" and "Property Damage" Liability	\$3,000,000	Each Occurrence	\$10,000	
			Coverage B - "Personal and Advertising Injury" Liability Sustained	\$3,000,000	by any one person or organization	Nil	
			Coverage C - Medical Payments	\$5,000	Bodily Injury sustained by any one person	Nil	
			Coverage D - Tenants Legal Liability	\$250,000	Property Damage to any one premises	\$10,000	
			General Aggregate (other than Products-Completed Operations	\$5,000,000			
			Products Completed Operations Aggregate	Not Covered			
	Tobacco Products & Health Hazard Exclusion	TBD		Included			
	Cannabis Hazard Exclusion	TBD		Included			
	Employee Benefits	00CPR0015561010		\$1,000,000	Each Employee	\$5,000	
				\$2,000,000	Aggregate		
	Employers Liability	00CPR0014561010		\$2,000,000	Each Accident	Nil	
				\$2,000,000	Aggregate		
	SPF. No. 6 - Non-Owned Auto	00CA0124 56 10 12	SPF. No. 6 - Non-Owned Auto	\$3,000,000			
	SEF 94 - Legal Liability for Damage to Hired Automobiles	00CA0117 56 08 10	SEF 94 - Legal Liability for Damage to Hired Automobiles	\$50,000			\$1,000
	SEF 96 - Contractual Liability	00CA0119 56 08 10	SEF 96 - Contractual Liability	Included			
	SEF 99 - Excluding Long Term Leased Vehicles	00CA0118 56 08 10	SEF 99 - Excluding Long Term Leased Vehicles	Included			
Products- Completed Operations Hazard - Exclusion Endorsement	00CGL0301 56 12 08	Products- Completed Operations Hazard - Exclusion Endorsement					

IN CONSIDERATION OF THE PAYMENT OF PREMIUM AND IN RELIANCE UPON STATEMENTS MADE IN THE APPLICATION, THIS POLICY INCLUDING ALL ENDORSEMENTS ISSUED HEREIN, SHALL CONSTITUTE THE CONTRACT BETWEEN THE COMPANY AND THE NAMED INSURED.



Patrick K. Nails  
Secretary



Hugh Sturgess  
CEO & President

Date: 18-Jul-16

# TAB 8



1174

LRO # 80 Charge/Mortgage

Received as AT3004664 on 2012 05 01 at 11:30

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

yyyy mm dd Page 1 of 3

**Properties**

PIN 06154 - 0004 LT Interest/Estate Fee Simple  
 Description PT BLK E PL 4507 SCARBOROUGH; PT BLK G PL 4507 SCARBOROUGH;  
 METROPOLITAN RD PL 4507 SCARBOROUGH CLOSED BY SC190090 PTS 1 & 2,  
 64R12578; S/T SC375112 AMENDED BY SC380640; TORONTO, CITY OF TORONTO  
 Address 38 METROPOLITAN ROAD  
 TORONTO

**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 2292319 ONTARIO INC.  
 Address for Service 38 Metropolitan Road, Toronto, Ontario

I, Yue Wei Jiang, the 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 ROYAL BANK OF CANADA  
 Address for Service 180 Wellington Street West, 10th Floor, Toronto, Ontario M5J 1J1

**Provisions**

Principal \$ 4,000,000.00 Currency CDN  
 Calculation Period See Schedule attach  
 Balance Due Date See Schedule attach  
 Interest Rate See Schedule attach  
 Payments  
 Interest Adjustment Date  
 Payment Date  
 First Payment Date  
 Last Payment Date  
 Standard Charge Terms 9912  
 Insurance Amount See standard charge terms  
 Guarantor Wen Qing Su, Yue Wei Jiang, Sharon  
 Jie Qing Hu, Dan Rui Weng

**Additional Provisions**

See Schedules

**Signed By**

Betty Suk-Fun Lai 301-3650 Victoria Park Ave. acting for Signed 2012 05 01  
 Toronto  
 M2H 3P7  
 Tel 4164900088  
 Fax 4164900088

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

075

LRO # 80 Charge/Mortgage

Received as AT3004664 on 2012 05 01 at 11:30

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

yyyy mm dd Page 2 of 3

**Submitted By**

SUN & PARTNERS PROFESSIONAL  
CORPORATION

301-3850 Victoria Park Ave.  
Toronto  
M2H 3P7

2012 05 01

Tel 4164900088

Fax 4164900008

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

**File Number**

Chargee Client File Number :

BL/AQ1203038

Schedule  
Form 5 - Land Registration Reform Act  
Fixed Rate

Page 1

Additional Property Identifier(s) and/or Other Information

The amount of principal money secured by this Charge is the sum of FOUR MILLION Dollars (\$1,000,000.00) (the "Principal Amount") and any additional principal amounts advanced by the Chargee to the Chargor from time to time under this Charge, and the rate of interest chargeable thereon is Eighteen per centum (18.00%) per annum (the "Charge Rate") calculated half-yearly not in advance, as well after as before maturity of this Charge, and both before and after default and judgment until paid.

Defeasance:

PROVIDED, this Charge to be void upon the Chargor, his heirs, executors, administrators, successors or assigns or any of them paying to the Chargee, its successors or assigns in lawful money of Canada, the Principal Amount with interest thereon at the Charge Rate, calculated half-yearly, not in advance, as well after as before maturity and both before and after default and judgment until paid, as follows:

Interest at the Charge Rate on the amounts from time to time advanced, computed from the respective dates of such advances until May 1 2012  
(Month) (Day) (Year)

shall become due and be paid on the date last mentioned (hereinafter referred to as the "date for adjustment of interest"). Provided that the Chargee may require such interest at the Charge Rate on the principal advances from time to time, computed from the respective dates of such advances, to become due and payable in monthly instalments on the 1<sup>st</sup> day of the month next following the first advance, and on the 1<sup>st</sup> day of each and every month thereafter and the balance, if any, of the aforesaid interest on advances shall become due and be paid on the date for adjustment of interest. At the option of the Chargee, interest so due and payable may be deducted from such advances. Thereafter, the Principal Amount, together with interest thereon at the Charge Rate computed from the date for adjustment of interest, shall become due and be paid by monthly instalments of Fifty Eight Thousand Six Hundred Fifty Five 20/100 Dollars (\$58,655.20) each (which include principal and interest) on the 1<sup>st</sup> day of each and every month in each and every year from and including

June 1 2012 to and including May 1 2013  
(Month) (Day) (Year) (Month) (Day) (Year)

and the balance, if any, of the Principal Amount and interest thereon shall become due and payable on the date last mentioned; and also paying to the Chargee, its successors or assigns in lawful money of Canada, any additional principal amounts advanced by the Chargee to the Chargor from time to time under this Charge with interest thereon; and paying any taxes, rates, levies, charges or assessments upon the Charged Premises in manner by whom or what authority imposed and observing and performing all covenants, provisos and conditions contained in this Charge.

FOR OFFICE  
USE ONLY



CHARGE TERMS

LAND REGISTRATION REFORM ACT

ROYAL BANK OF CANADA

ROYAL TRUST CORPORATION OF CANADA

SET OF STANDARD CHARGE TERMS  
FOR ELECTRONIC DOCUMENTS  
(COMMERCIAL CHARGES)



CHARGE TERMS

**LAND REGISTRATION REFORM ACT  
SET OF STANDARD CHARGE TERMS  
(COMMERCIAL CHARGES)  
ROYAL BANK OF CANADA  
ROYAL TRUST CORPORATION OF CANADA**

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CHARGE TERMS

**LAND REGISTRATION REFORM ACT**

**SET OF STANDARD CHARGE TERMS  
FOR ELECTRONIC DOCUMENTS  
(COMMERCIAL CHARGES)**

Filed by:  
ROYAL BANK OF CANADA  
ROYAL TRUST CORPORATION OF CANADA

Filing Date: August 18, 1999  
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The following set of standard charge terms shall apply to electronic documents submitted for registration under Part III of the *Land Registration Reform Act*, RSO. 1990, c.L.4, as amended (the "Land Registration Reform Act") and shall be deemed to be included in every electronically registered charge in which this set of standard charge terms is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act.

Any charge in an electronic format of which this set of standard charge terms forms a part by reference to the above-noted filing number in such charge shall hereinafter be referred to as the "Charge". Whenever reference is made in this set of standard charge terms to the Charge, it shall include this set of standard charge terms and all terms and provisions of this set of standard charge terms.

Any reference to the "Computer Field" in the Charge 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.

**1. PRINCIPAL AMOUNT SECURED**

The amount of principal money secured by the Charge is the amount indicated in the Computer Field of the Charge which is entitled "Principal" (the "Principal Amount") and any additional principal amounts advanced by the Chargee to the Chargor from time to time under the Charge ("Additional Principal Amounts"). The Chargee and the Chargor acknowledge that at any one time the aggregate amount of the principal amounts advanced under and secured by the Charge (being the aggregate of the initial advance or advances made by the Chargee, less the principal amounts repaid by the Chargor, plus the Additional Principal Amounts, if any) may not exceed the Principal Amount.

**2. CHARGE**

The chargor or chargors indicated in the Computer Field of the Charge entitled "Chargor" (the "Chargor") charges the lands and premises indicated in the Computer Field of the Charge entitled "Description" together with all buildings, fixtures, improvements and facilities whatsoever situate thereon at the time of delivery for registration of the Charge or thereafter constructed or placed thereon (the "Charged Premises") with the payment to the chargee indicated in the Computer Field of the Charge entitled "Chargee" (the "Chargee") of the Principal Amount and interest thereon and any Additional Principal Amounts and interest thereon, and all other monies secured by the Charge upon the terms as set out in the Charge including this set of standard charge terms.

**3. INTEREST****(a) VARIABLE INTEREST RATE**

If the interest rate indicated in the Computer Field of the Charge entitled "Rate" is based upon the Prime Rate, as hereinafter defined, the rate of interest chargeable on the Principal Amount and any Additional Principal Amounts is a rate equal to the Prime Rate per annum as the same will vary from time to time, plus the number of percentage points per annum, if any, indicated in the Computer Field of the Charge entitled "Rate" (the "Variable Interest Rate") and shall be payable monthly, and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

The Variable Interest Rate will vary automatically, without notice to the Chargor, each time there is a change in the Prime Rate. The Variable Interest Rate will always be the Prime Rate plus the number of percentage points per annum, if any, indicated in the Computer Field of the Charge entitled "Rate", payable monthly and calculated monthly, not in advance, as well after as before maturity of the Charge and both before and after default and judgment until paid.



"Prime Rate" means the annual rate of interest announced from time to time by the Chargee as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Chargee to prove the Prime Rate applicable as at any time or times, it is agreed that the certificate in writing of the Chargee setting forth the Prime Rate as at any time or times shall be deemed to be conclusive evidence as to the Prime Rate as set forth in the said certificate.

For the purposes of the *Interest Act*, R.S.C. 1985, c.i-5, as amended (the "Interest Act"), it is understood, agreed and declared that the amount of principal money secured by the Charge is the Principal Amount and the Additional Principal Amounts, if any, and the rate of interest chargeable thereon, calculated half-yearly, not in advance, is the half-yearly rate set forth in the table of equivalent interest rates below:

These equivalent interest rates are provided for disclosure purposes only and do not affect the calculation of interest under the Charge as set out in this Section 3(a). The following table sets out interest rates calculated half-yearly, not in advance, which are equivalent to interest rates calculated monthly, not in advance. The Chargor may determine the equivalent rate by locating the Variable Interest Rate payable under the Charge in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

## EQUIVALENT RATES

Interest Rate calculated Monthly Not In Advance 1%)	Equivalent Interest Rate calculated Half-Yearly Interest Rate calculated Monthly Not In Not In Advance (%)	Advance 1%)	Equivalent Interest Rate calculated Half-Yearly Not In Advance 1%)
1.000	1.002	10.500	10.732
1.125	1.128	10.625	10.863
1.250	1.263	10.750	10.994
1.375	1.379	10.875	11.124
1.500	1.505	11.000	11.255
1.625	1.631	11.125	11.386
1.750	1.766	11.250	11.517
1.875	1.882	11.375	11.648
2.000	2.008	11.500	11.779
2.125	2.134	11.625	11.910
2.250	2.261	11.750	12.041
2.375	2.387	11.875	12.173
2.500	2.513	12.000	12.304
2.625	2.639	12.125	12.436
2.750	2.766	12.250	12.567
2.875	2.892	12.375	12.698
3.000	3.019	12.500	12.830
3.125	3.145	12.625	12.962
3.250	3.272	12.750	13.094
3.375	3.399	12.875	13.226
3.500	3.526	13.000	13.357
3.625	3.652	13.125	13.489
3.750	3.779	13.250	13.621
3.875	3.906	13.375	13.753
4.000	4.033	13.500	13.885
4.125	4.161	13.625	14.018
4.250	4.288	13.750	14.150
4.375	4.415	13.875	14.282
4.500	4.542	14.000	14.415
4.625	4.670	14.125	14.547
4.750	4.797	14.250	14.680
4.875	4.925	14.375	14.812
5.000	5.052	14.500	14.945
5.125	5.180	14.625	15.078
5.250	5.308	14.750	15.211
5.375	5.436	14.875	15.344
5.500	5.563	15.000	15.477
5.625	5.691	15.125	15.610
5.750	5.819	15.250	15.743
5.875	5.947	15.375	15.876
6.000	6.076	15.500	16.009
6.125	6.204	15.625	16.143
6.250	6.332	15.750	16.276
6.375	6.460	15.875	16.409
6.500	6.589	16.000	16.543
6.625	6.717	16.125	16.677
6.750	6.846	16.250	16.810
6.875	6.974	16.375	16.944
7.000	7.103	16.500	17.078
7.125	7.232	16.625	17.212
7.250	7.360	16.750	17.345
7.375	7.489	16.875	17.480
7.500	7.618	17.000	17.614
7.625	7.747	17.125	17.748
7.750	7.876	17.250	17.882
7.875	8.005	17.375	18.016
8.000	8.135	17.500	18.151
8.125	8.264	17.625	18.285
8.250	8.393	17.750	18.419
8.375	8.522	17.875	18.554
8.500	8.652	18.000	18.689
8.625	8.781	18.125	18.823
8.750	8.911	18.250	18.958
8.875	9.041	18.375	19.093
9.000	9.170	18.500	19.228
9.125	9.300	18.625	19.363
9.250	9.430	18.750	19.498
9.375	9.560	18.875	19.633
9.500	9.690	19.000	19.768
9.625	9.820	19.125	19.903
9.750	9.950	19.250	20.039
9.875	10.080	19.375	20.174
10.000	10.211	19.500	20.310
10.125	10.341	19.625	20.445
10.250	10.471	19.750	20.581
10.375	10.602	19.875	20.716

**(b) FIXED INTEREST RATE**

If the interest rate indicated in the Computer Field of the Charge entitled "Rate" is a specified annual percentage not based on the Prime Rate (the "Fixed Interest Rate"), the rate of interest chargeable on the Principal Amount and any Additional Principal Amounts is that Fixed Interest Rate per annum, payable monthly, and calculated half-yearly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

- (c) For the purposes of the Charge, the Fixed Interest Rate or the Variable Interest Rate, as the case may be, shall be hereinafter referred to as the "Charge Rate" .. Whenever reference is made to the "Charge Rate" it shall mean the rate of interest indicated in the Computer Field of the Charge which is entitled "Rate", and shall be calculated and payable as set out in the Charge.

**4. DEFEASANCE**

- (a) The provisions relating to defeasance contained in subsection 6(2) of the Land Registration Reform Act, shall be and are hereby expressly excluded from the terms of the Charge.
- (b) The Charge shall be void upon the Chargor paying to the Chargee in lawful money of Canada, the Principal Amount and any Additional Principal Amounts, with interest thereon computed from the date of advance thereof at the Charge Rate, which interest is either payable monthly and calculated monthly (in the case of a Variable Interest Rate as set out in Section 3(a) hereof), or payable monthly and calculated half-yearly (in the case of a Fixed Rate of Interest as set out in Section 3(b) hereof), not in advance, as well after as before maturity and both before and after default and judgment until paid. Such interest shall be calculated as follows:

Interest at the Charge Rate on the amounts from time to time advanced, computed from the respective dates of such advances until the date indicated in the Computer Field of the Charge entitled "Interest Adjustment Date" (such date being hereinafter referred to as the "Interest Adjustment Date"), shall become due and be paid on the Interest Adjustment Date. Provided that the Chargee may require such interest at the Charge Rate on the principal amounts advanced from time to time, computed from the respective dates of such advances, to become due and payable in monthly instalments on a date in the month next following the first advance which date shall be the day of the month for payment indicated in the Computer Field of the Charge entitled "Payment Date", and on the same day of each and every month thereafter and the balance, if any, of the interest on such advances shall become due and be paid on the Interest Adjustment Date. At the option of the Chargee interest so due and payable may be deducted from such advances. Thereafter, the Principal Amount together with interest thereon at the Charge Rate, computed from the Interest Adjustment Date, shall become due and be paid by consecutive monthly instalments. Such instalments shall be in the amount indicated in the Computer Field of the Charge entitled "Payment" and shall be paid in each and every month in each and every year on the payment dates specified in the Charge from and including the date indicated in the Computer Field of the Charge entitled "First Payment Date" and to and including the date indicated in the Computer Field of the Charge entitled "Last Payment Date" and the balance, if any, of the Principal Amount and interest thereon shall become due and payable on the date indicated in the Computer Field of the Charge entitled "Balance Due Date" (the "Balance Due Date"); and also paying to the Chargee in lawful money of Canada, any Additional Principal Amounts with interest thereon at the Charge Rate at the times and in the manner set out in the Charge, or as otherwise agreed to by the Chargor and the Chargee; and paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions in the Charge.

**5. NO PREPAYMENT**

The Chargor shall have no right to prepay the loan secured by the Charge except as otherwise provided in the Charge.

**6. ADDITIONAL ADVANCES**

Upon repayment to the Chargee of the Principal Amount in whole or in part, the Chargor may from time to time, at the Chargee's option, borrow Additional Principal Amounts, in which event, the Charge will remain as security for all principal amounts, interest and other amounts owing by the Chargor to the Chargee whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, it being agreed that the Charge at any one time will secure only that portion of the Principal Amount then outstanding not exceeding the Principal Amount, together with any interest or compound interest accrued on the principal amount outstanding at such time at the Charge Rate.

**7. APPLICATION OF PAYMENTS AND WITHHOLDING FROM PAYMENTS**

- (a) Provided that if the Charge is repayable by blended instalments of principal and interest, the instalments payable under the Charge are to be applied firstly to any life insurance premiums payable by the Chargor in respect of the Charge, secondly to bring into good standing any accounts in which funds are held pending payment to third parties or from which amounts are debited in respect of the Charge, including tax accounts, if any, thirdly to interest calculated as provided in the Charge on the principal amounts from time to time outstanding (the "Outstanding Principal Amount") and the balance of the said instalments shall be applied on account of the portion of the Principal Amount then outstanding: except, however, in the case of default by the Chargor, the Chargee may then apply any payments received during the period of default in whatever order it may elect as between principal, interest, taxes, repairs, insurance premiums or other advances made on behalf of the Chargor.

Also, if the Charge Rate is a Variable Interest Rate, while the amount of each consecutive monthly instalment to be paid by the Chargor under the Charge is fixed under the terms of the Charge, the respective portions of interest and principal which comprise each instalment may vary as the Prime Rate varies.

"Deferred Interest" shall mean the amount by which the interest that has accrued on the Outstanding Principal Amount from one payment date under the Charge to the next payment date exceeds the amount of each installment (or such other amount agreed to by the Chargor and the Chargee, in writing, as the amount to be paid on a payment date) and thus remains unpaid. So long as the Chargor is not in default under the Charge the Chargee shall apply each monthly installment, and any other payment that may be made from time to time by the Chargor firstly to life insurance premiums payable by the Chargor in respect of the Charge, if any, secondly to bring into good standing any accounts in which funds are held pending payment to third parties or from which amounts are debited in respect of the Charge, including tax accounts, if any, thirdly to interest at the Charge Rate calculated as provided in the Charge on the Outstanding Principal Amount, fourthly to Deferred Interest and interest thereon calculated in accordance with the Charge and fifthly to the reduction of the Outstanding Principal Amount, interest, taxes, repairs, insurance premiums or any other amounts payable by the Chargor under the Charge.

If the Prime Rate rises, a larger portion of any instalment will be applied against the accrued interest then outstanding, thus delaying the reduction of the portion of the Principal Amount then outstanding under the Charge. If the Prime Rate falls, a larger portion of any instalment will be applied against the portion of the Principal Amount then outstanding, thus accelerating the reduction of the principal amount outstanding under the Charge.

In the event that any monthly instalment is not sufficient to pay all accrued interest on the date of such payment, the Deferred Interest will form a charge on the Charged Premises and shall bear interest at the Charge Rate. On the next payment date if all accrued interest is not paid the amount of interest that remains unpaid will bear interest at the Charge Rate and the unpaid interest will be added to the Deferred Interest and so on.

- (b) Withholdings from Payments: If the Chargor is required by law to make any deduction or withholding from any sum payable by the Chargor to the Chargee under the Charge, then the sum payable by the Chargor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Chargee receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or been required to be made; and the Chargor shall pay the full amount to be deducted or withheld to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Chargee within thirty days after the Chargor has made such payment to the applicable authority a receipt issued by such authority evidencing such payment.
- (c) Tax on Loan: The Chargor shall pay to the Chargee, on demand, the amount of any income, corporate, withholding or similar taxes (other than the Chargee's income taxes) (the "Income Taxes") that may be imposed upon or in respect of the Principal Amount from time to time outstanding, together with interest thereon that the Chargee may be called upon to pay, together with interest from the date on which such Income Taxes are paid by the Charge at the rate and compounded in the manner provided in the Charge.

## **8. COMPOUND INTEREST**

It is agreed that if default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Charge Rate, and if the interest and compound interest are not paid on the next payment date after the date of default a rest shall be made and compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Charged Premises.

## **9. TAXES**

With respect to municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the Charged Premises, it is mutually agreed between the parties to the Charge that:

- (a) The Chargee may deduct from any advance of the monies secured by the Charge an amount sufficient to pay the taxes which have become or will become due and payable at the Interest Adjustment Date in the Charge and are unpaid at the date of such advance.
- (b) The Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.
- (c) The Chargor shall, if directed by the Chargee, pay to the Chargee in monthly instalments on the dates on which instalments of principal and interest are payable under the Charge, sums which in the sole opinion of the Chargee will be sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof.
- (d) The Chargee agrees to apply the foregoing deduction and payments to the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained in the Charge, but nothing contained in the Charge shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment of principal or interest as provided in the Charge, the Chargee may apply such sum or sums in or towards payment of the portion of the Principal Amount and/or interest in default. The Chargor shall transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Chargor.
- (e) The Chargee shall allow the Chargor interest on the average monthly balance standing in the Charge account from time to time to the credit of the Chargor for payment of taxes, at a rate per annum, and at such times, as the Chargee may determine in its sole discretion, and the Chargor shall be charged interest at the Charge Rate on the debit balance, if any, in the Charge account outstanding after payment of taxes by the Chargee until such debit balance is fully repaid.

#### **10. DEEMED COVENANTS EXCLUDED**

The covenants deemed to be included in a charge by subsection 7(l) of the Land Registration Reform Act shall be and are hereby expressly excluded from the terms of the Charge.

#### **11. COVENANTS IN LIEU OF STATUTORY COVENANTS**

The Chargor does hereby covenant, promise and agree to and with the Chargee as follows:

##### **(a) To Pay and Observe Covenants**

That the Chargor shall pay or cause to be paid to the Chargee, without deduction or abatement, the Principal Amount with interest at the Charge Rate and any Additional Principal Amounts and interest thereon, at the times and in the manner limited for payment thereof in the Charge, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or has been rendered liable to pay and shall also pay all other sums as the Chargee may be entitled to under the Charge.

##### **(b) For Good Title**

That the Chargor, at the time of delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same.

##### **(c) Right to Charge**

That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee in the manner set out in the Charge.

##### **(d) Quiet Possession on Default**

That from and after default in the payment of the portion of the Principal Amount then outstanding or the interest thereon, or any part thereof, or of any other amounts payable under the Charge, or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Charged Premises or lands and premises intended to be charged by the

Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances and of any other charges or encumbrances whatsoever.

(e) Further Assurances

That from and after default in the payment of the portion of the Principal Amount then outstanding, or the interest thereon, or any part thereof of any other amounts payable under the Charge or of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning thereof, then and in every such case the Chargor and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in to or out of the Charged Premises, by, from, under or in trust for the Chargor shall and will, from time to time, and at all times thereafter, make, do, suffer and execute, deliver, authorize and register or cause or procure to be made, done, suffered, executed, delivered, authorized and registered all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Charged Premises unto the Chargee, as by the Chargee or its solicitor shall or may be lawfully and reasonably devised, advised, or required.

(f) Done No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the lands described in the Charge or intended so to be, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise howsoever. The Chargor further covenants and agrees that there will be no subsequent encumbrances on the Charged Premises other than those consented to in writing by the Chargee.

(g) Insurance

The Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire and such insurable perils as are covered by an "all risks" policy and such other perils as the Chargee may require, to the full extent of their replacement cost, each and every building comprised in the Charged Premises and which may hereafter be erected thereon, both during construction and thereafter, in lawful money of Canada, with an insurance company duly authorized to carry on business as such and under a policy or policies satisfactory in form and content to the Chargee; and the policy or policies of insurance shall not contain co-insurance clauses and the Chargor will forthwith deliver to the Chargee certified copies of the policy or policies of insurance and all renewal receipts thereto appertaining. Without limiting the foregoing, such policy or policies shall include the following insurance coverage:

- (i) "All risks" of direct physical loss or damage with respect to the Charged Premises and any personal property located thereon on a replacement cost basis with loss under each policy payable to the Chargee pursuant to the standard mortgage clause approved by the Insurance Bureau of Canada or otherwise approved by the Chargee, with preference in its favour over any claim of any other person; permission shall be granted thereby for the improvements to be vacant or unoccupied for a period of at least thirty (30) days and it shall provide for partial occupancy;
- (ii) Comprehensive broad form boiler and machinery insurance including unfired pressure vessels insurance and air-conditioning equipment, if any, including repair and full replacement cost for amounts satisfactory to the Chargee with loss payable first to the Chargee by way of a charge clause approved by the Chargee;
- (iii) Business interruption or rental loss insurance covering perils insured in paragraphs (a) and (b) above acceptable to the Chargee for an indemnity period of not less than twelve (12) months and with coverage of not less than 100% of the resulting loss of rents or loss of business income from the business conducted on the Charged Premises; and
- (iv) Commercial general liability insurance, including personal injury, products, and completed operations subject to a limit per occurrence of not less than Two Million (\$2,000,000.00) Dollars or such amount as the Chargee shall reasonably require, inclusive of bodily injury, death or property damage.

All cancellation clauses in the above referenced policies, including those contained in the mortgage clauses, are to provide for at least thirty (30) days prior written notice to the Chargee of such cancellation.

Such policies shall also provide that the Chargee shall receive at least thirty (30) days prior written notice of any material alteration of such policy.

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. Should an insurer, at any time, cease to have the approval of the Chargee, the Chargor shall effect such new insurance as the Chargee may desire.

The Chargee is hereby irrevocably appointed by the Chargor as attorney of the Chargor to assign any policy of insurance in the event of the foreclosure of the Charge or other extinguishment of the indebtedness secured by the Charge.

The Chargor will not do or omit or cause or suffer anything to be done, omitted, caused or suffered whereby the policy or policies of insurance, as aforesaid, may be voided or become void; and the Chargor will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due and will deliver evidence of renewal to the Chargee at least fifteen (15) days prior to the expiration of any policy of insurance; and, in the event of any breach of the foregoing covenants respecting insurance, the Chargee, without prejudice to its other rights under the Charge, may, at its option, effect such insurance to a value deemed, in the sole opinion of the Chargee, adequate to protect the Chargee's insurable interest and any amount paid therefor by the Chargee shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payment and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; provided that in no event shall the Chargee be liable for failure to have insurance placed or for any loss growing out of any defects in any policy, or for failure of an insurance company to pay for any loss or damage insured against.

Forthwith on the happening of any loss or damage, the Chargor will furnish at its own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a printed copy of the Charge shall be sufficient authority for the said insurance company to pay every such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee.

Any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the debt secured by the Charge or any part thereof whether due or not then due.

If the Charged Premises are part of a Condominium the insurance provisions set out in this paragraph (g) will not apply and the following will apply to the Charge:

The Chargor or the Condominium Corporation or both of them will forthwith insure and during the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, earthquake, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee; and the Chargor or the Condominium Corporation will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policies and receipts or produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policies of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on him by the Condominium Act, R.S.O. 1990, c.C.26, as amended or replaced (the "Condominium Act") and by the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(h) Compliance with Laws

That the Chargor will at all times observe and comply in all material respects with the provisions of all applicable laws, regulations, by-laws, ordinances and work orders of any lawful authority, whether federal, provincial, municipal or otherwise, including, without restriction, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, building construction, public health and safety, and of all private covenants and restrictions, affecting the Charged Premises or any portion thereof

and will from time to time upon request of the Chargee, provide to the Chargee evidence of such observation and compliance.

(i) **Compliance with Leases**

That the Chargor will observe promptly, as lessor, the terms and conditions contained in any and all leases and/or subleases of any portion of the Charged Premises and that the Chargor will not accept any prepayment of rent or other monies payable under any such lease or proposed lease in excess of the first or final month's rent.

(j) **Contiguous Property**

That the Chargor will not acquire any real property which is contiguous to the Charged Premises without the written consent of the Chargee.

**12. ASSIGNMENTS OF RENTS AND LEASES**

The Chargor covenants and agrees to execute and deliver and to authorize and direct the registration in favour of the Chargee from time to time as and when required by the Chargee assignments of leases and assignments of rents (subject to no prior claim or assignment) with respect to any and all leases and offers to lease and agreements to lease of portions of the Charged Premises now or hereafter from time to time granted or entered into by the Chargor (the "Assigned Leases"), all of such assignments to be held by the Chargee as further security for the monies owing and secured under the Charge. The form and content of all leases and offers to lease and agreements to lease relating to the Charged Premises or any part thereof and all tenants thereof under leases must be expressly approved in writing by the Chargee. All of the Assigned Leases as and when required by the Chargee shall, at the option of the Chargee, be duly registered in such places and at such times as the Chargee may require from time to time.

The Chargor further covenants and agrees that, at the request of the Chargee, it shall cause any tenant or lessee in possession of the Charged Premises at the time of such request to execute and deliver and authorize and direct the registration in favour of the Chargee a postponement agreement in favour of the Chargee's interest in the Charged Premises.

**13. RELEASE**

And the Chargor has released, remised and forever quitted claim, and by these presents does release, remise, and for ever quit claim unto the Chargee, all right, title, interest, claim and demand whatsoever of, unto, in and out of the Charged Premises and every part thereof, so as that the Chargor shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Charged Premises or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

**14. FINANCIAL STATEMENTS**

The Chargor further covenants with the Chargee to provide annually to the Chargee detailed financial statements of the income and expenses of the Charged Premises, including a current rent roll, for each calendar year as applicable. Such statements shall be prepared by a chartered accountant and shall be provided to the Chargee within sixty (60) days after the end of each calendar year or fiscal year of the Chargor, as applicable. In the event that the Chargor is a corporation, the Chargor shall provide to the Chargee audited financial statements within one hundred and twenty (120) days after each fiscal year-end of the Chargor for the duration of the term of the Charge. In the event that the Chargor is an individual, the Chargor shall provide to the Chargee a statement of net worth, a copy of current tax returns and a copy of Revenue Canada assessment notices, in each case by May 30 of each year during the term of the Charge.

**15. ENTRY AFTER DEFAULT AND POWER OF SALE**

Provided that the Chargee on default by the Chargor of payment of the portion of the Principal Amount then outstanding or the interest thereon or any part thereof as required by the Charge or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor provided in the Charge may enter into possession of the Charged Premises or the lands and premises intended to be charged by the Charge and take the rents, issues and profits and, whether in or out of possession, make such lease or leases as it or they shall think fit, and also on fifteen days' default as aforesaid and after giving at least thirty-five days written notice to the persons and in the manner prescribed by Part III of the Mortgages Act, R.S.O. 1990, c.M.40, as amended (the "Mortgages Act"), may sell the Charged Premises or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser thereof, or as the purchaser shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as



aforesaid unless the same shall happen by reason of its wilful neglect or default. 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 leaving it with a grown-up person on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises, if unoccupied, or at the option of the Chargee, by mailing it by registered mail addressed to the Chargor at the Chargor's last known address and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. It is hereby further agreed that the proceeds of sale under the Charge may be applied in payment of any costs, charges, and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured hereby otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for loss occasioned thereby, and in the case of a sale or lease under the Charge, the title of a purchaser or lessee created in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the Mortgages Act, or had been given improperly, but any person damnified by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the lands, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing contained in this section shall prejudice or diminish any other rights and remedies and powers of the Chargee or in the Charge contained or existing at law by virtue thereof. And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, leases or conveyances, secondly in payment of all costs, charges, damages and expenses of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding, fifthly in payment of any subsequent encumbrancers according to their priorities and the residue shall be paid to the Chargor as the Chargor may direct and shall also in such event, at the request, cost and expense of the Chargor, transfer, release and assure unto the Chargor or to such person or persons as the Chargor shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to the Charge, that notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the Charged Premises fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been contained in the Charge.

#### **16. DISTRESS**

Provided that and it is further stipulated, provided and agreed by and between the parties to the Charge that the Chargee may distrain for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

#### **17. PRINCIPAL DUE ON DEFAULT**

It is agreed by the Chargor and the Chargee that if any default shall occur in the payment of the interest money secured by the Charge, or any part thereof, or in payment of any instalment of principal as the same matures or of any instrument, promissory note, bill of exchange or other obligations now or at any time held by the Chargee in respect of or representing or securing the money secured by the Charge or any part thereof, or in the performance of any covenant, proviso or agreement contained in the Charge or if any waste be committed or suffered on the Charged Premises, then at the option of the Chargee, the portion of the Principal Amount then outstanding secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time in the Charge mentioned for payment of such principal amounts had fully come and expired, subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right so to call in the principal and shall not be therefore debarred from asserting and exercising its right to call in the principal upon the happening of any future default or breach.

#### **18. CHARGOR'S QUIET POSSESSION UNTIL DEFAULT**

Provided and it is agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same, or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor, peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for the Chargee.

#### **19. BUILDINGS, ADVANCES AND COST OF SEARCH**

It is the intention of the parties to the Charge that the building or buildings erected or to be erected on the Charged Premises form part of the security for the full amount of the monies secured by the Charge, and that all advances are to be made in such manner at such times and in such amounts up to the Principal Amount as the Chargee, in its sole discretion, may determine and subject always to the provision to which the Chargor hereby agrees that notwithstanding the Chargor's authorization of registration and the registration of the Charge or the advancement of any part of the Principal Amount, the Chargee is not bound to advance the full Principal Amount or any unadvanced portion thereof and the advance of the full Principal Amount and any part thereof from time to time shall be in the sole discretion of the Chargee, but nevertheless the Charge shall take effect forthwith upon the delivery for registration of the Charge and the expenses of the examination of the title and of the Charge and valuation are to be secured hereby in the event of the whole or any balance of the principal sum not being advanced, the same to be charged by the Charge upon the Charged Premises and shall be without demand thereof, payable forthwith with interest at the Charge Rate and in default the Chargee's power of sale and all other remedies under the Charge or at law shall be exercisable.

#### **20. FIXTURES**

It is mutually covenanted and agreed by and between the Chargor and the Chargee that all erections and improvements, fixed or otherwise either on the date of delivery for registration of the Charge or thereafter put upon the Charged Premises, including but without limiting the generality of the foregoing, all fences, paving, heating, piping, plumbing, aerals, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters, awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Charged Premises and shall be a portion of the security for the amounts secured by the Charge.

## **21. PARTIAL RELEASE**

The Chargee may at all times release any part or parts of the Charged Premises or any other security or any surety for payment of all or any part of the monies secured by the Charge or may release the Chargor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for monies except those actually received by the Chargee and without thereby releasing any other part of the Charged Premises, or any other securities or covenants contained in the Charge, it being especially agreed that notwithstanding any such release the Charged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the monies secured by the Charge and all legal and other expenses incurred by the Chargee in connection with such release or releases.

## **22. DEFAULT IN PRIOR CHARGES**

It is hereby agreed by and between the Chargor and the Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge, lien or other encumbrance to which the Charge is subject or subordinate, then and in that event the monies secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as therein provided.

## **23. LIENS AND CONSTRUCTION**

Provided also that upon the registration of any lien against the Charged Premises, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the portion of the Principal Amount then outstanding and interest and all other amounts secured by the Charge shall, at the option of the Chargee, forthwith become due and payable. In the event that a construction lien is registered against the Charged Premises, the Chargee shall have the right, but not the obligation, to pay into court such amounts as may be required to remove the lien from title to the Charged Premises. Any amounts so paid by the Chargee, together with all expenses incurred by the Chargee in connection therewith, including all solicitor's charges or commissions, as between a solicitor and his client, shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

## **24. WASTE, VACANCY AND REPAIR**

The Chargor covenants and agrees with the Chargee that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that the Chargor will maintain the buildings or other improvements on the Charged Premises in good order and repair to the satisfaction of the Chargee who, in accordance with paragraph 25 herein, may inspect, or may designate someone to inspect on the Chargee's behalf, the Charged Premises at any reasonable time or times to determine the status of repair and maintenance that may be required in respect of the Charged Premises, and will not permit or suffer them to become or remain vacant and that the Chargee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Charged Premises, and the cost of repair, construction or reconstruction shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

## **25. ACCESS TO PROPERTY AND INSPECTION**

The Chargee, its agents, employees, and independent contractors shall have the right at any reasonable time to enter upon the Charged Premises to fully inspect the interior and exterior of the Charged Premises and the financial status of the operation thereof, and where deemed necessary and/or advisable by the Chargee, and notwithstanding paragraph 18 hereof, to conduct investigations including intrusive testing and sampling on the Charged Premises for the purpose of determining the presence of or the potential for environmental contamination, and the reasonable cost of such inspection and investigations including any intrusive testing and sampling shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate, and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable by the Chargor to the Chargee forthwith on demand.

## **26. ALTERATIONS**

The Chargor covenants and agrees with the Chargee that the Chargor will not make or permit to be made any alterations or additions to the Charged Premises without the prior written consent of the Chargee.

**27. PARKING AREA**

The Chargor covenants and agrees that, where there is a parking area associated with the Charged Premises, the parking area shall not be used for any purpose other than for the parking of motorized vehicles, except with the prior written approval of the Chargee.

## **28. RESIDENTIAL RENTAL PROPERTY**

Notwithstanding anything contained in the Charge to the contrary, if the Charged Premises is residential rental property then the Chargor represents and warrants that with respect to the Charged Premises, except as permitted under laws applicable to residential housing:

- (a) no demolition, conversion, renovation, repair or severance has taken place with respect to any part of the Charged Premises;
- (b) there have been no increases in the rental charged for any residential rental unit or units on the Charged Premises except in accordance with laws applicable to residential housing; and, as provided in laws applicable to residential housing:
- (c) all rents charged with respect to the Charged Premises or any part thereof are lawful rents and all required rebates have been paid;
- (d) all required filings have been made and were timely, accurate and complete; and, pursuant to laws applicable to residential housing:
- (e) no applications, investigations or proceedings have been commenced or made; and
- (f) there are no outstanding orders or decisions made by any ministry, board or commission with respect to the Charged Premises or any residential rental unit or units on the Charged Premises.

Before the first advance the Chargor agrees to provide a statutory declaration by the Chargor or by an officer/director of the Chargor where the Chargor is a corporation, that the above representations and warranties are true and correct. The Chargor agrees to deliver to the Chargee before the first advance all documents required to establish the legality of rents on the Charged Premises.

The Chargor hereby authorizes all government ministries, boards or commissions having jurisdiction over residential housing to release to the Chargee or to its solicitors any and all information contained in their files.

The Chargor further agrees to comply with the provisions of all laws applicable to residential housing during the term of the Charge. In the event of a breach of this covenant or in the event that any of the representations and warranties contained in this provision are false, the then outstanding portion of the Principal Amount, any Additional Principal Amounts and any accrued interest thereon shall, at the option of the Chargee, become immediately due and payable.

## **29. PROPERTY MANAGEMENT**

The Chargor covenants and agrees that the Chargee may, at its option, require that the Chargor enter into an agreement with a professional independent property management firm (the "Property Management Firm") for the management of the Charged Premises. The selection of the Property Management Firm and the term of the agreement shall be subject to the approval of the Chargee. Where the Chargee has not instructed the Chargor to engage a Property Management Firm, the Chargor or, subject to the Chargee's approval, a corporation affiliated with the Chargor, shall manage the Charged Premises in accordance with the provisions of the Charge.

## **30. NON-MERGER**

Provided and it is agreed, that the taking of a judgement or judgements on any of the covenants contained in the Charge shall not operate as a merger of the said covenant or affect the Chargee's right to interest at the rate and times provided in the Charge, and further that said judgement shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the said judgement shall have been fully paid and satisfied.

## **31. RIGHTS ON DEFAULT**

And the Chargor covenants and agrees with the Chargee that in the event of default in the payment of any instalment of principal, interest or taxes secured by the Charge or any other monies payable under the Charge by the Chargor or on breach of any covenant, proviso or agreement contained in the Charge after all or any part of the monies secured by the Charge have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person

enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for remediation to bring the Charged Premises into compliance with recognized environmental standards, statutory or otherwise, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes shall be forthwith payable by the Chargor to the Chargee, and shall be a charge upon the Charged Premises prior to all claims thereon subsequent to the Charge and shall bear interest at the Charge Rate until paid.

### **32. OBLIGATIONS SURVIVE SALE**

Provided further that no sale or other dealing by the Chargor with the Charged 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 any other person liable for payment of the monies secured by the Charge.

### **33. PRIOR ENCUMBRANCES**

It is further stipulated, provided and agreed, that the Chargee may pay the amount of any encumbrance, lien or charge now existing or existing after the date of the Charge, or to arise or to be claimed upon the Charged Premises having priority over the Charge, including any taxes, utility charges or other rates on the Charged Premises or any of them, and may pay all costs, charges and expenses and all solicitors' charges or commissions, as between a solicitor and his client, which may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize the security of the Charge, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor under the Charge whether any action or any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies paid under the Charge by the Chargee shall be added to the debt secured by the Charge and be a charge on the Charged Premises and shall bear interest at the Charge Rate, and shall be payable forthwith by the Chargor to the Chargee, and the non-payment of such amount shall be a default of payment within the meaning of those words in paragraph 1 5 and shall entitle the Chargee to exercise the power of sale and all other remedies given by the Charge. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if it thinks proper to do so.

### **34. EXTENSIONS**

It is agreed that no extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner of the Charged Premises, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the monies secured by the Charge.

### **35. RENEWAL**

Without prejudice to any rights of the Chargee against the Chargor or any other persons liable for the payment of the monies secured by the Charge, the Charge may be renewed or extended by an agreement in writing at or before maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to register any such agreement in order to retain priority of the Charge so altered over any instrument registered subsequently to the Charge provided, however, that the Chargee may at any time, at its option, register a notice of such renewal or extension agreement and the Chargor shall execute any authorizations or further documents required in order to effect such registration. In the event a charge renewal or extension agreement is sent to the Chargor but the Chargor does not sign and return the charge renewal or extension agreement to the Chargee by the Balance Due Date of the Charge, the Charge may, at the option of the Chargee, be automatically renewed on the terms contained in the charge renewal or extension agreement. The Interest Act permits the prepayment of charges with three (3) months' further interest once five (5) years have elapsed from the date of the Charge. For the purpose of this statutory right of prepayment only, the Chargor agrees that the date of the Charge if so renewed or extended will be the renewal date stipulated in the renewal or extension agreement. Nothing contained in this paragraph shall confer any right of renewal or extension upon the Chargor.

### **36. DISCHARGE**

The Chargee shall have a reasonable time after payment in full of the monies secured by the Charge within which to prepare and register a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as aforesaid shall

continue to run and accrue until actual payment in full has been received by the Chargee and all legal and other expenses for the preparation and registration of such discharge and assignment shall be borne by the Chargor.

### **37. OTHER SECURITY**

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Chargee may pursue its remedies thereunder or under the Charge either concurrently or successively at its option. Any judgment or recovery under the Charge or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon this or any other such security.

Without limiting the generality of the foregoing, the Charge is in addition to, and not in substitution for, any other charges now or hereafter held by the Chargee over the Charged Premises as security for monies secured under the Charge or any other monies due to the Chargee. It is understood and agreed that the aggregate of principal amounts secured by the Charge and any such other charges shall be the aggregate of the Principal Amount of the Charge and the principal amounts secured under any such other charges.

### **38. PLACE OF PAYMENT**

Provided that all payments secured by the Charge shall be made at the branch or unit of the Chargee designated in the Charge, or at such other place as the Chargee may designate in writing to the Chargor, in lawful money of Canada.

### **39. SPOUSES'S CONSENT**

The spouse of the Chargor, if so named in the Charge, hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee under the Charge and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt created by the Charge as the Chargee may see fit.

### **40. FAMILY LAW ACT**

The Chargor covenants and agrees that forthwith after any change or happening affecting:

- (a) the spousal status of the Chargor; or
- (b) the qualification of the Charged Premises as a matrimonial home within the meaning of the Family Law Act, R.S.O. 1990, c.F.3, as amended (the "Family Law Act"); or
- (c) the ownership of the equity of redemption in the Charged Premises;

the Chargor will without request by the Chargee advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the Chargor and the owner or owners for the time being of the equity of redemption in the Charged Premises, and of any spouse who is not an owner but who has a right of possession in the Charged Premises by virtue of the said Family Law Act. In addition, the Chargor covenants and agrees to promptly furnish the Chargee with such evidence of such change or happening as the Chargee may from time to time request.

### **41. SEVERABILITY OF ANY INVALID PROVISIONS**

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation thereunder or other applicable law, or would by reason of the provisions of any such statute or regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the advances secured by the Charge which it would otherwise be able to collect under such statute or regulation or other applicable law, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

### **42. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS**

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee, no performance or payment by the Chargee in respect of any breach or

default under the Charge of the Chargor shall relieve the Chargor from any default under the Charge and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

#### **43. SALE OF THE CHARGED PREMISES**

The Chargor agrees that the Principal Amount, any Additional Principal Amounts and all accrued interest shall at the option of the Chargee become immediately due and payable in full if the Charged Premises or any part thereof or any interest therein is sold, transferred, conveyed, foreclosed, exchanged, assigned, mortgaged, leased or otherwise disposed

of without the prior written consent of the Chargee, or if the Chargor enters into an agreement to effect any of the foregoing, whether for valuable or nominal consideration, without the prior written consent of the Chargee.

#### **44. CHANGE OF CORPORATE CONTROL**

Where the Chargor is a corporation the Chargor covenants and agrees that in the event that:

- (a) the Chargor fails to supply to the Chargee, in a form satisfactory to the Chargee, such information relating to the ownership of its shares as the Chargee may from time to time require; or
  - (b) without the written consent of the Chargee first had and obtained,
    - (i) the Chargor issues or redeems any of its shares or transfers any of its shares,
    - (ii) there is a sale or sales of the shares of the Chargor which result in the transfer of the legal or beneficial interest of any of the shares of the Chargor, or
    - (iii) the Chargor amalgamates, merges or consolidates with any other corporation,
- and the result of any of the foregoing is a change in the effective control of the majority of the voting shares of the Chargor, then all monies secured by the Charge together with accrued interest thereon shall forthwith become due and payable at the option of the Chargee and the Chargee's powers of sale hereby given and all other remedies for enforcement shall be exercisable.

#### **45. RECEIVERSHIP**

Notwithstanding anything contained in the Charge, it is declared and agreed that any time and from time to time when there shall be default under the provisions of the Charge, the Chargee may, at such time and from time to time and with or without entry into possession of the Charged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Charged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

- (a) Every such receiver shall have unlimited access to the Charged Premises as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority (which power and authority shall not be revoked by the Chargor) to:
  - (i) collect the rents and profits from tenancies whether created before or after these presents;
  - (ii) rent any portion of the Charged Premises which may be or become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;
  - (iii) complete the construction of any building or buildings or other erections or improvements on the Charged Premises left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including without limitation appliances and equipment necessary or desirable to render the Charged Premises operable or rentable and 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) and property of every kind and description; and
  - (iv) manage, operate, repair, alter or extend the Charged Premises or any part thereof.



The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Charged Premises.

- (b) The Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.
- (c) The Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Charged Premises.
- (d) Every such receiver shall be deemed to be the agent or attorney of the Chargor and in no event the agent or attorney of the Chargee and the Chargee shall not be responsible for the receiver's acts or omissions.
- (e) The appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Charged Premises
- (f) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by the receiver in respect of the Charged Premises or any part thereof and out of such monies so received every such receiver shall in the following order pay:
  - (i) the remuneration of the receiver as aforesaid;
  - (ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authority hereby conferred;
  - (iii) interest, principal and other monies from time to time that may be or become charged upon the Charged Premises in priority to the Charge including taxes;

(iv) to the Chargee all interest, principal and other monies due under the Charge to be paid in such order as the Chargee in its discretion shall determine;

(v) and thereafter every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Charged Premises and shall bear interest from the date of demand at the Charge Rate.

- (g) Save as to claims for accounting under clause (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature whether sounding in damages or not which may arise or be caused to the Chargor or any person claiming through or under him by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.
- (h) The Chargee may at any time and from time to time terminate any such receivership by notice in writing to the Chargor and to any such receiver.
- (i) The statutory declaration of an officer of the Chargee as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers provided for in the Charge and such dealing shall be deemed as regards such person to be valid and effectual.
- (j) The rights and powers conferred by the Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

#### **46. COMPLIANCE WITH THE LAW AND ENVIRONMENTAL COMPLIANCE**

The Chargor hereby represents and warrants to the Chargee that:

- (a) there is not in, on or about the Charged Premises any product or substance, or condition (including, without restriction, contaminants, wastes, moulds or hazardous or toxic materials), equipment or anything else which contravenes any statute, regulation, by-law, order, direction or equivalent relating to the protection of the environment or which is not being dealt with according to best recognized practices relating to the environment;
- (b) to the best of the knowledge of the Chargor, no circumstance has existed on the Charged Premises or exists or has existed on any land adjacent to the Charged Premises which constitutes or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment;
- (c) no claim or notice of any action, investigation or proceeding of any kind has been threatened, made or issued or is pending relating to an environmental condition on the Charged Premises; and
- (d) the Charged Premises are being used in compliance with all statutes, regulations, orders, by-laws, directions and equivalent relating to the protection of the environment.

The Chargor hereby covenants and agrees with the Chargee as follows:

- (a) the Chargor shall give to the Chargee immediate notice of any material change in circumstances in respect of the Charged Premises or adjacent land which would cause any of the representations and warranties contained in the immediately preceding paragraphs (a) to (d) inclusive to become untrue; and
- (b) the Chargor shall not permit or create, and shall not allow anyone else to permit or create, any circumstance on the Charged Premises which would constitute or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment.

The Chargor further covenants and agrees with the Chargee at all times promptly to observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders, regulations and equivalent of every government authority dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, contaminants, wastes, hazardous or toxic materials, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion

thereof and the Chargor shall from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance and pay immediately when due the cost of removal of any such contaminants, wastes and materials, and shall at its own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order, regulation, covenant or equivalent; and the Chargor shall cause its tenants, agents and invitees to comply with all the foregoing at their own expense.

The Chargor shall indemnify and hold harmless the Chargee (and its directors, officers, employees and agents) from and against all loss, cost, damage or expenses (including, without limitation, legal fees and costs incurred in the investigation, defense and settlement of any claim) due to the Chargor's failure to comply with any of the covenants and agreements in this clause, or due to the presence of any contaminant, waste, mould or hazardous or toxic material referred to in this clause, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of the Charge or the release from the Charge of part or all of the Charged Premises.

#### **47. CONDOMINIUMS**

If the Charge is of a unit or units within a Condominium the following provisions shall apply:

- (a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and 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 Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.
- (b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required of the Chargor as an owner of the Charged Premises and in the event of default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the Charge Rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.
- (c) The Chargor hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the Charged 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 said 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. 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 right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor; and
  - (iii) the exercise of the right to vote or consent shall not constitute the Chargee a chargee in possession.
- (d) The Chargor covenants and agrees to advise the Condominium Corporation to send all notices to the Chargee and to notify the Chargee of any breaches by the Condominium Corporation that come to the attention of the Chargor, in order that the Chargee is kept fully informed.

#### **48. CHARGEЕ EXPENSES**

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to the Charge, and to any and all other documents required in connection therewith and of any amendment, renewal or extension thereof and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable under the Charge including, without limiting the generality of the foregoing, all solicitors' fees on a solicitor and client basis, costs and expenses and expenses in valuing the Charged Premises in connection with the foregoing and of anything done in connection with defending the validity or priority of the Charge against third parties. The Chargor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Charge Rate and shall be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge.

#### **49. DEBT SERVICE COVERAGE**

In the event that at the time of a review of the Chargor's financial statements or an inspection of the Charged Premises by the Chargee, the gross annual rental income relating to the Charged Premises has fallen below the minimum gross annual rental income required by the Chargee pursuant to any loan agreement or loan commitment between the Chargor and the Chargee relating to the Charge, the Chargee may require reimbursement of a part of the principal amount of the Charge in order to ensure compliance with such requirement.

#### **50. EXPROPRIATION**

In the event of any expropriation affecting the whole or part of the Charged Premises, the Chargor agrees that the proceeds from the expropriation shall be paid to the Chargee in priority to the claims of any other party.

#### **51. TAX ON LOAN**

The Chargor shall pay to the Chargee on demand the amount of any taxes (other than the Chargee's income taxes) which may be imposed upon or in respect of the principal of, or the interest on, the amounts secured by the Charge and which the Chargee may be called upon to pay, together with interest from the date on which such taxes are paid by the Chargee at the Charge Rate and compounded in the manner provided in paragraph 8.

#### **52. COMMITMENT LETTER**

The provisions set forth in any loan agreement or loan commitment between the Chargor and the Chargee in respect of the Charge will not merge with the Charge but shall survive the registration of the Charge unless otherwise expressly provided .

#### **53. INTERPRETATION**

It is hereby agreed and declared that the expression "the Chargor" used in these standard charge terms and the Charge shall include the heirs, personal representatives, executors, administrators, successors and assigns of each and every Chargor and the expression "the Chargee" shall include the successors and assigns of the Chargee and (if the Charge affects a Condominium) the expression "Condominium Corporation" shall mean the Condominium Corporation referred to

in the description and the expression "Declaration" shall mean the declaration registered in connection with the Condominium Corporation and the words in the singular include the plural and words in the plural include the singular and words importing the masculine gender include the feminine and neuter genders where the context so requires and that all covenants, liabilities, and obligations entered into or imposed under the Charge upon each Chargor shall be equally binding upon his, her, its or their respective heirs, executors, personal representatives, administrators, successors and assigns and that all such covenants, liabilities, advantages, privileges, immunities, powers and things hereby secured to the Chargee shall be equally secured to and exercisable by its successors and assigns; and if the Chargor is comprised of more than one person, all covenants by the Chargor herein contained or implied are and are to be construed as both joint and several.

#### **54. PARAGRAPH HEADINGS**

The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

#### **55. DATE OF CHARGE**

The Charge unless otherwise specifically provided shall be deemed to be dated as of the date of delivery for registration of the Charge.

#### **56. EFFECT OF DELIVERY**

The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and any other party to the Charge agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.

#### **RECEIPT**

The Chargor(s) hereby acknowledges receipt of a true copy of the Charge and the foregoing Standard Charge Terms before signing the Charge.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

The Guarantor(s) hereby acknowledges receipt of a true copy of the Charge and the foregoing Standard Charge Terms before signing the Charge.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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