

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

B E T W E E N:

MARSHALLZEHR GROUP INC.

Applicant

- and -

**2557386 ONTARIO INC. and 2363823 ONTARIO INC.
o/a MARIMAN HOMES**

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

**APPLICATION RECORD
(Returnable May 23, 2023)**

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Maya Poliak (54100A)
Tel: (416) 218-1161
Email: maya@chaitons.com

Lawyers for the Applicant

TO: SERVICE LIST

SERVICE LIST
(as at May 15, 2023)

Receiver's Website: <https://www.ksvadvisory.com/experience/case/grand-York-estates>

<p>CHAITONS LLP 5000 Yonge Street, 10th Floor Toronto, ON M2N 7E9</p> <p>Maya Poliak (54100A) Tel: 416-218-1161 Email: maya@chaitons.com</p> <p>Lawyers for the Applicant, MarshallZehr Group Inc.</p>	<p>KSV RESTRUCTURING INC. 150 King Street West, Sute 2308 Toronto, ON M5H 1J9</p> <p>Noah Goldstein Email: ngoldstein@ksvadvisory.com</p> <p>Court-Appointed Receiver</p>
<p>2557386 ONTARIO INC. 314 Rexford Drive Hamilton, ON L8W 1P5</p> <p>Michael Bettiol Email: mikeb@marimanhomes.com</p> <p>Respondent</p>	<p>2363823 ONTARIO INC. o/a MARIMAN HOMES 558 Upper Gage Avenue, #363 Hamilton, ON L8V 4J6</p> <p>Michael Bettiol Email: mikeb@marimanhomes.com</p> <p>Respondent</p> <p>Courtesy Copy To: GRECHI CARTER 235 Highway 8 Stoney Creek, ON L8G 1E2</p> <p>Michael Luppino Tel: (905) 930-9957 Email: mluppino@gclaw.ca</p>

<p>ONTARIO MINISTRY OF FINANCE - INSOLVENCY UNIT 33 King Street West, 6th Floor P.O. Box 627, Station A Oshawa, ON L1H 8H5</p> <p>Leslie Crawford Tel: (905) 433-5657 Email: Leslie.crawford@ontario.ca Email: insolvency.unit@ontario.ca</p>	<p>DEPARTMENT OF JUSTICE The Exchange Tower 130 King Street West, Suite 3400 Toronto, ON M5X 1K6</p> <p>Diane Winters Tel: (416) 973-3172 Email: diane.winters@justice.gc.ca</p> <p>Rakhee Bhandari Email: rakhee.bhandari@justice.gc.ca</p> <p>Lawyers for Canada Revenue Agency</p>
<p>SCOTLAND REAL ESTATE VENTURE LIMITED 55 Hyde Park Drive Richmond Hill, ON L4B 1X1</p> <p>Courtesy Copy To: BISCEGLIA & ASSOCIATES 9100 Jane Street, Building A, Suite 200 Toronto, ON L4K 0A4</p> <p>Emilio Bisceglia Tel: (905) 695-5200 Email: ebisceglia@lawtoronto.com</p>	

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TAB 1



Court File No.

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

B E T W E E N:

MARSHALLZEHR GROUP INC.

Applicant

- and -

**2557386 ONTARIO INC. and 2363823 ONTARIO INC.
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NOTICE OF APPLICATION

TO THE RESPONDENTS

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing

- In writing
- In person
- By telephone conference
- By video conference

on **Tuesday, May 23, 2023, at 12:30 p.m.**

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date _____ Issued by _____
Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue, 9th Floor
Toronto, Ontario M5G 1R7

TO: 2557386 ONTARIO INC.
314 Rexford Drive
Hamilton, ON L8W 1P5

TO: 2363823 ONTARIO INC.
o/a MARIMAN HOMES
558 Upper Gage Avenue, #363
Hamilton, ON L8V 4J6

COURTESY COPY TO: GRECHI CARTER
235 Highway 8
Stoney Creek, ON L8G 1E2

Michael Luppino
Tel: (905) 930-9957
Email: mluppino@gclaw.ca

APPLICATION

1. The Applicant, MarshallZehr Group Inc. (the “**Lender**”) makes an application for:
 - (a) an order appointing KSV Restructuring Inc. (“**KSV**”) as receiver (“**Receiver**”) without security, of all of the assets, property and undertakings of the Respondents, 2557386 Ontario Inc. (the “**Debtor**”) and 2363823 Ontario Inc. o/a Mariman Homes (the “**Corporate Guarantor**”), pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 (the “**CJA**”); and
 - (b) such further and other relief as to this Honourable Court may deem just.
2. The grounds for the application are:

The Parties

- (a) The Lender provides syndicated construction and development financing to commercial businesses.
- (b) The Debtor is the registered owner of approximately 70 acres of land municipally known as 30 Front Street, Haldimand, Ontario (the “**Property**”). The Property was acquired by the Debtor on February 19, 2021 for the purpose of developing and constructing a development of 66 detached custom estate homes now known as “Grand York Estates” (the “**Grand Estates Project**”).
- (c) The Debtor and the Corporate Guarantor are part of the Mariman Homes group of companies (collectively, the “**Mariman Group**”) which builds custom homes in the Hamilton, Ontario area. The Corporate Guarantor is the manager/operator for each of the development projects of the Mariman Group. The Mariman Group is currently working on four development projects, including the Grand Estates Project.
- (d) Michael Bettiol (“**Michael**”) and his wife Angela Bettiol (“**Angela**”) are the sole directors of officers of the Debtor and the Corporate Guarantor. Michael is the sole

shareholder of the Debtor and Angela is the sole shareholder of the Corporate Guarantor.

The Loan

- (e) Pursuant to a commitment letter dated June 23, 2022 (the “**Commitment Letter**”), the Lender agreed to provide a loan in the maximum principal amount of \$26,849,000 (the “**Loan**”) to the Debtor. The Lender advanced \$14,791,500.50 to the Debtor pursuant to the Commitment Letter.
- (f) As security for the indebtedness, liabilities and obligations owed by the Debtor to the Lender, the Debtor, the Corporate Guarantor and Michael (collectively, the “**Obligors**”) granted, among other things, the following security in favour of the Lender (collectively, the “**Security**”):
 - (i) a Charge/Mortgage registered on title to the Property in the principal amount of \$35.0 million (the “**Lender’s Charge**”);
 - (ii) a General Security Agreement dated June 30, 2022 (the “**Debtor GSA**”) granted by the Debtor in favour of the Lender;
 - (iii) A joint and several guarantee dated June 30, 2022 granted by Michael and the Corporate Guarantor in favour of the Lender (the “**Guarantee**”); and
 - (iv) a General Security Agreement dated June 30, 2022 (the “**Corporate Guarantor GSA**”) granted by the Corporate Guarantor in favour of the Lender.

Other Creditors

- (v) The Lender is the only secured creditor of the Debtor. There are no mortgages registered against the Property other than the Lender’s Charge and no other party has registered a financing statement against the Debtor under the *Personal Property Security Act* (Ontario) (“**PPSA**”).

- (vi) In addition to registrations by the Lender against the Corporate Guarantor, a PPSA search disclosed an additional registration against the Corporate Guarantor in favour of Scotland Real Estate Venture Limited Partnership (“**Scotland RE**”) in the amount of \$1,750,000.
- (vii) The Lender understands that Scotland RE provided financing on another development project of the Mariman Group referred to by the Mariman Group for marketing purposes as the “Hunter Estates”.
- (viii) The Corporate Guarantor is the registered owner of a vacant property municipally known as 178 Moores Road, Haldimand, Ontario (the “**the Haldimand Property**”). The Haldimand Property was acquired by the Corporate Guarantor on November 4, 2022 for the purchase price of \$800,000 and has a mortgage in the principal amount of \$1.5 million in favour of Morris Wright Mortgage Company Ltd. The Haldimand Property was recently listed for sale by the Corporate Guarantor at a listing price of \$2.3 million.

Defaults and Demands

- (g) The Obligors have committed numerous Events of Default (as defined in the Commitment Letter) under the Commitment Letter and the Security. These Events of Default include, but are not limited to:
 - (i) failing to make the required interest payments that were due to the Lender on March 1, 2023, April 1, 2023 and May 1, 2023;
 - (ii) making incorrect and/or misleading statements in the Mortgage Application (as defined below) and failing to disclose multiple active legal proceedings against the Corporate Guarantor and Michael, including legal proceedings commenced by Scotland RE;
 - (iii) failing to comply with their closing undertakings; and

- (iv) failing to comply with their covenants and obligations, including reporting obligations.
- (h) On April 6, 2023 the Lender served on the Obligors demands for payment and notices of intention to enforce its security under section 244 of the *Bankruptcy and Insolvency Act* (the “**BIA Notices**”). Despite demands, the Loan has not been repaid.

Undisclosed Legal Proceedings

- (i) In connection with the Loan, the Obligors provided to the Lender a Mortgage Application dated February 24, 2022 (the “**Mortgage Application**”). In the Mortgage Application, Michael personally and on behalf of the Debtor and the Corporate Guarantor, certified that they were not subject to any known or pending civil proceedings.
- (j) On November 28, 2022 and on November 30, 2022, the Lender received two separate unsolicited communications advising that Michael and companies owned and/or controlled by him, were involved in multiple legal proceedings.
- (k) In December 2022, the Lender’s legal counsel conducted a litigation search which identified eighteen legal proceedings involving the Corporate Guarantor and/or Michael, including proceedings involving Scotland RE. A substantial majority of these proceedings were active at the time that the Mortgage Application was signed by Michael on behalf of the Obligors. None of these proceedings were disclosed by Michael on behalf of the Obligors to the Lender in the Mortgage Application or at any time prior to December 2022.
- (l) Upon learning of the legal proceedings against the Corporate Guarantor and Michael, the Lender requested information with respect to the status of these legal proceedings and their impact on the Corporate Guarantor and the development projects that it manages, including the Grand Estates Project. Michael has failed to provide the Lender with satisfactory information with respect to the status of these legal proceedings and the plan to resolve same.

- (m) The Corporate Guarantor is the manager/operator of the Grand Estates Project and controls the funds available for this project and other Mariman Group projects through its bank account. The funds from the Mariman Group's development projects are co-mingled by the Corporate Guarantor in its bank account.
- (n) Despite the Lender's requests, the Obligors have not provided the Lender with information regarding the status of the outstanding legal proceedings, their impact on the Corporate Guarantor and the development projects that it manages, including the Grand Estates Project and their plan to resolve same.

Just And Convenient To Appoint A Receiver

- (o) The Debtor is indebted to the Lender under the Loan in the amount of approximately \$15.1 million.
- (p) The Obligors have committed numerous Events of Default under the Commitment Letter and the Security and have failed to or refused to remedy such defaults. The Lender has demanded payment of the Loan from the Obligors and served the BIA Notices.
- (q) Pursuant to the terms of the Loan and Security, upon an Event of Default that has not been cured, the Lender is entitled to appoint a receiver in writing and/or make an application for the court appointment of a receiver over the property, assets and undertakings of the Debtor and the Corporate Guarantor.
- (r) In these circumstances, it is in the best interests of the Lender and the creditors of the Debtor and the Corporate Guarantor that a Receiver be appointed to take control over and realize on the Debtor's and the Corporate Guarantor's assets under Court supervision for the benefit of all stakeholders.
- (s) The Lender proposes that KSV be appointed as Receiver. KSV has agreed to accept the appointment.

Statutory and Other Grounds

- (t) Section 243(1) of the BIA;
 - (u) Section 101 of the CJA;
 - (v) Rules 1.04, 1.05, 2.01, 2.03, 3.02, 14.05, 16.08 and 38 of the *Rules of Civil Procedure*.
 - (w) Such further and other grounds as counsel may advise and this Honourable Court permits.
3. The following documentary evidence will be used at the hearing of the application:
- (a) the affidavit of Cecil Hayes and the exhibits thereto;
 - (b) such further and other evidence as the lawyers may advise and this Honourable Court may permit.

May 11, 2023

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Maya Poliak (LSO No. 54100A)
Tel: (416) 218-1161
E-mail: maya@chaitons.com

Lawyers for the Applicant

MARSHALLZEHR GROUP INC.
Applicant

- and -

2557386 ONTARIO INC., et al.
Respondents

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF APPLICATION
(Returnable May 23, 2023)

CHAITONS LLP

5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Maya Poliak (54100A)

Tel: (416) 218-1161

E-mail: maya@chaitons.com

Lawyers for the Applicant

TAB 2

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

MARSHALLZEHR GROUP INC.

Applicant

- and -

2557386 ONTARIO INC. and 2363823 ONTARIO INC.
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AFFIDAVIT OF CECIL HAYES
(sworn May 15, 2023)

I, **Cecil Hayes**, of the City of Waterloo, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the President of the Applicant, MarshallZehr Group Inc. (the “**Lender**”). The facts set forth herein are within my personal knowledge or determined from the face of the documents attached hereto as exhibits and from information and advice provided to me by others. When matters deposed to herein are based upon information and advice from others, I believe same to be true.

2. This affidavit is sworn in support of the application by the Lender for the appointment of KSV Restructuring Inc. as receiver (“**Receiver**”) over the property, assets, and undertakings of the Respondents, 2557386 Ontario Inc. (the “**Debtor**”) and 2363823 Ontario Inc. o/a Mariman Homes (the “**Corporate Guarantor**”).

OVERVIEW¹

3. The Debtor is the registered owner of vacant land in Haldimand, Ontario acquired for the purpose of constructing a development of 66 detached estate homes now known as “Grand York Estates” (the “**Grand Estates Project**”). The Debtor and the Corporate Guarantor are part of the Mariman Homes group of companies (the “**Mariman Group**”) who build custom homes in the Hamilton, Ontario area. The Corporate Guarantor is the manager/operator for each of the development projects of the Mariman Group.

4. Pursuant to the Commitment Letter, the Lender agreed to provide a loan to the Debtor in the maximum principal amount of \$26,849,000. As security for the Loan, the Lender obtained, among other things, the Lender’s Charge registered on title to the Property, a joint and several unlimited guarantee from the Corporate Guarantor and Michael Bettiol (“**Michael**”) and general security agreements from the Debtor and the Corporate Guarantor.²

5. The Obligors have committed numerous Events of Default under the Commitment Letter and the Security. These Events of Default include:

¹ All capitalized terms not otherwise defined in this Overview, shall have the meaning ascribed to such terms in the body of this Affidavit.

² The Debtor, the Corporate Guarantor and Michael are each referred to in this Affidavit as an “**Obligor**” and collectively the “**Obligors**”.

- (a) failing to make the required interest payments that were due to the Lender on March 1, 2023, April 1, 2023 and May 1, 2023;
- (b) making incorrect and/or misleading statements in the Mortgage Application;
- (c) failing to comply with their closing undertakings; and
- (d) failing to comply with their covenants and obligations under the Commitment Letter.

6. On April 6, 2023 the Lender served demands for payment and the BIA Notices on the Obligors. As of April 4, 2023, the Debtor was indebted to the Lender under the Loan in the amount of \$15,133,933.65 for principal, interest and fees (excluding legal costs). Despite demands, the Loan has not been repaid.

7. It is just and convenient in the circumstances to appoint a receiver over the Debtor and the Corporate Guarantor for among others, the following reasons:

- (a) Pursuant to the terms of the Loan and Security, upon an Event of Default, the Lender is entitled to make an application for the court appointment of a receiver over the property, assets and undertakings of the Debtor and the Corporate Guarantor;
- (b) The Debtor and the Corporate Guarantor have not repaid the Loan following the issuance of the demands;
- (c) The Corporate Guarantor is the manager/operator of the Grand Estates Project and controls the funds available for this project and other Mariman Group projects through its bank account;
- (d) The Lender understands that the funds from the Mariman Group's development projects are co-mingled by the Corporate Guarantor in its bank account; and

- (e) It is in the best interests of the Lender and the creditors of the Debtor and the Corporate Guarantor that a Receiver be appointed to take control over and realize on the Debtor's and the Corporate Guarantor's assets under Court supervision for the benefit of all stakeholders.

THE PARTIES

8. The Lender is an Ontario corporation that provides syndicated construction and development financing to commercial businesses. The financing is sourced from institutional and private lenders. The Lender is also a licensed mortgage brokerage and mortgage administrator.

9. The Debtor is a corporation governed by the Ontario *Business Corporations Act* and has its registered office located in Hamilton, Ontario. The Debtor was incorporated on January 23, 2017. Attached hereto and marked as **Exhibit "A"** is a copy of the Corporation Profile Report for the Debtor generated on December 8, 2022.

10. Michael and his wife, Angela Bettioli ("**Angela**") are the sole directors of the Debtor. Michael is the sole shareholder of the Debtor and Angela is the sole shareholder of the Corporate Guarantor.

11. The Debtor is the registered owner of approximately 70 acres of land municipally known as 30 Front Street, Haldimand, Ontario (the "**Property**"). The Debtor acquired the Property on February 19, 2021 for the purpose of developing and constructing the Grand Estates Project.

12. The Corporate Guarantor is a corporation governed by the Ontario *Business Corporations Act* and has its registered office also located in Hamilton, Ontario. The Corporation Guarantor was incorporated on March 5, 2013. Michael and Angela are the sole directors and officers of the

Corporate Guarantor. Attached hereto and marked as **Exhibit “B”** is a copy of the Corporation Profile Report for the Corporate Guarantor generated on December 8, 2022.

FINANCING FOR THE DEBTOR

Commitment Letter

13. Pursuant to a commitment letter dated June 23, 2022 (the “**Commitment Letter**”), the Lender agreed to provide a loan in the maximum principal amount of \$26,849,000 (the “**Loan**”) to the Debtor. A copy of the Commitment Letter is attached hereto and marked as **Exhibit “C”**.

14. The purpose of the Loan was to provide construction, land and servicing financing to the Debtor for the Grand Estates Project.

15. Pursuant to the Commitment Letter, three financing facilities were made available to the Debtor:

- (a) Facility 1 for the purpose of funding construction of the Grand Estates Project, to a maximum principal amount of \$8,000,000 (“**Tranche A**”) bearing an interest rate of prime + 5.30%/ annum compounded monthly;
- (b) Facility 2A for the purpose of providing funding for pre-construction land and servicing costs of the Grand Estates Project, to a maximum principal amount of \$15,825,000 (“**Tranche B**”) bearing an interest rate of prime + 5.30%/ annum compounded monthly; and
- (c) Facility 2B for the purpose of providing funding for pre-construction land and servicing costs of the Grand Estates Project (“**Tranche C**”), to a maximum principal amount of \$3,234,000 bearing an interest rate of prime + 11.05%/ annum compounded monthly.

16. Pursuant to the Commitment Letter, the Lender advanced \$11,767,500.50 to the Debtor under Tranche B and \$3,024,000 under Tranche C. The Lender was advised by Michael that the Lender's advances and advances by other lenders on other Mariman Group projects were deposited into a bank account controlled by the Corporate Guarantor. Based on the information available on the Mariman Homes website at marimanhomes.com, the Mariman Group is currently working on four development projects, including the Grand Estates Project.

Security

17. As security for the indebtedness, liabilities and obligations owed by the Debtor to the Lender, the Debtor granted, among other things, the following security in favour of the Lender (collectively, the "**Security**"):

- (a) a Charge/Mortgage registered on title to the Property on June 30, 2022 in the principal amount of \$35.0 million (the "**Lender's Charge**"), a copy of which is attached hereto and marked as **Exhibit "D"**;
- (b) a General Security Agreement dated June 30, 2022 (the "**Debtor GSA**") granted by the Debtor in favour of the Lender, a copy of which is attached hereto and marked as **Exhibit "E"**;
- (c) A joint and several guarantee dated June 30, 2022 granted by Michael and the Corporate Guarantor in favour of the Lender (the "**Guarantee**"), a copy of which is attached hereto and marked as **Exhibit "F"**;

- (d) a General Security Agreement dated June 30, 2022 (the “**Corporate Guarantor GSA**”, collectively the “**GSAs**”) granted by the Corporate Guarantor in favour of the Lender, a copy of which is attached hereto and marked as **Exhibit “G**”; and
- (e) a General Security Agreement dated June 30, 2022 granted by Michael in favour of the Lender, a copy of which is attached hereto and marked as **Exhibit “H**”.

OTHER CREDITORS

Creditors of the Debtor

18. Attached to this Affidavit as **Exhibit “I**” is a copy of the parcel register search for the Property prepared on April 26, 2023. The search does not disclose any charges or mortgages registered against title to the Property other than the Lender’s Charge.

19. I am advised by Maya Poliak (“**Poliak**”), a lawyer with Chaitons LLP, the Lender’s legal counsel, that, as of April 25, 2023, the only financing statements that were registered against the Debtor under the *Personal Property Security Act* (Ontario) (“**PPSA**”) were registered by the Lender on June 30, 2022. Attached hereto and marked as **Exhibit “J**” is a copy of the *PPSA* search result for the Debtor.

Creditors of the Corporate Guarantor

20. I am advised by Poliak that, as of April 28, 2023, the following financing statements were registered against the Corporate Guarantor under the *Personal Property Security Act* (Ontario) (“**PPSA**”):

- (a) a registration by Scotland Real Estate Venture Limited Partnership (“**Scotland RE**”) dated January 13, 2015 in respect of consumer goods, inventory, equipment, accounts and others, including motor vehicles in the amount of \$1,750,000; and
- (b) two registrations by the Lender each dated June 30, 2022 one listing collateral classified as “accounts” and “other”, and the other listing collateral classified as “inventory”, “equipment”, “accounts”, “other”, and “motor vehicle included”.

Attached hereto and marked as **Exhibit “K”** is a copy of the *PPSA* search result for the Corporate Guarantor.

21. Based on the information provided by Michael to the Lender, I understand that Scotland RE provided financing on another development project of the Mariman Group referred to by the Mariman Group for marketing purposes as “Hunter Estates”.

22. I am advised by Poliak that Chaitons conducted a land registry search for properties owned by the Corporate Guarantor. The search disclosed that on November 4, 2022, the Corporate Guarantor acquired vacant land municipally known as 178 Moores Road, Haldimand, Ontario (the “**Haldimand Property**”) for the purchase price of \$800,000.

23. Attached to this Affidavit as **Exhibit “L”** is a copy of the parcel register search for the Haldimand Property prepared on April 28, 2023. The search discloses one mortgage/charge registered against the Haldimand Property on November 4, 2022 in the principal amount of \$1,500,000 in favour of Morris Wright Mortgage Company Ltd.

24. I am advised by Poliak that based on the information available on housesigma.com, the Haldimand Property was listed for sale in April 2023 at a price of \$2,300,000. Attached to this Affidavit as **Exhibit “M”** is a copy of the listing available on housesigma.com.

EVENTS OF DEFAULT³

25. Under the Commitment Letter, an “Event of Default” occurs if, among other things:
- (a) the Debtor defaults in the payment of any interest and such default continues for three business days after notice of such default has been given to the Debtor by the Lender;
 - (b) the Debtor neglects to observe or perform any covenant or obligation contained in the loan and security documents and such default has not been remedied within a period of thirty days after giving notice;
 - (c) any representation or warranty made or deemed to be made by any Obligor in any document delivered in connection with the Commitment Letter shall prove to have been incorrect or misleading in any material respect and such incorrectness or misleading aspect continues for a period of ten business days; and
 - (d) the Lender determines in its sole discretion acting reasonably, that there has been a material change in the business, assets, properties, liabilities, operations or conditions of any of the Obligors, individually, or its subsidiaries taken as a whole or the ability to perform their obligations under the Commitment Letter.
26. Upon the occurrence of an Event of Default, the Lender is entitled to, among other things, declare all indebtedness and liabilities owed by the Debtor to be immediately due and payable.

³ All capitalized words not otherwise defined herein, shall have the meaning ascribed to such words in the Commitment Letter.

27. The Obligors have committed numerous Events of Default under the Commitment Letter and the Security, the particulars of which are set out below, including:

- (a) failing to make the required interest payments that were due to the Lender on March 1, 2023, April 1, 2023 and May 1, 2023;
- (b) making incorrect and/or misleading statements in the Mortgage Application;
- (c) failing to comply with their closing undertakings; and
- (d) failing to comply with their covenants and obligations, including reporting obligations.

Failure To Pay Interest

28. Pursuant to the Commitment Letter, interest only payments in the respect of the Loan shall be paid from: (i) the interest reserve, if applicable; or (b) Borrower Draws up to the budgeted amount set out in the Sources and Uses of Funds. Once the budgeted amount has been utilized, interest payments shall be made from the Obligors' own cash resources.

29. Concurrent with the first advance under the Commitment Letter, a six-month interest reserve was established by the Lender. The interest reserve was exhausted by February 2023.

30. The Debtor refused to make the interest payment due on March 1, 2023 from its own cash resources and demanded that the Lender make further advances under the Commitment Letter to, among other things, fund the interest reserve. Attached hereto as **Exhibit "N"** is the correspondence between Michael and the Lender regarding payment of interest due on March 1, 2023.

31. On March 6, 2023, the Lender served a notice of default on the Debtor for failing to pay interest and made a demand for payment of all overdue amounts by no later than March 9, 2023.

A copy of the notice of default is attached hereto as **Exhibit “O”**.

32. Despite the Lender issuing a notice of default, the Debtor did not pay the overdue March 1, 2023 interest and missed the interest payments due on April 1, 2023 and May 1, 2023.

33. Pursuant to Section F, Subsection 1.2 of the Commitment Letter, failure to pay interest constitutes an Event of Default under the Commitment Letter entitling the Lender to exercise any of its rights and remedies under the Loan and Security Documents.

Obligors’ Misrepresentations

34. In connection with the Loan, the Obligors provided to the Lender a Mortgage Application dated February 24, 2022, a copy of which is attached hereto as **Exhibit “P”** (the “**Mortgage Application**”). In the Mortgage Application, Michael personally and on behalf of the Debtor and the Corporate Guarantor, certified that they were not subject to any known or pending civil proceedings.

35. On November 28, 2022 and on November 30, 2022, the Lender received two separate unsolicited communications advising that Michael and companies owned and/or controlled by him, were involved in multiple litigation proceedings.

36. In December 2022, the Lender’s legal counsel conducted a litigation search which identified eighteen legal proceedings involving the Corporate Guarantor and/or Michael, including proceedings involving Scotland RE. A substantial majority of these proceedings were active at the time that the Mortgage Application was signed by Michael on behalf of the Obligors. A copy of

the litigation search is attached hereto as **Exhibit “Q”**. None of these proceedings were disclosed by the Obligors to the Lender in the Mortgage Application or at any time prior to December 2022.

37. Pursuant to Section F, Subsection 1.12, it is an Event of Default under the Commitment Letter if any representation or warranty made by any of the Obligors in any document delivered in connection with the Commitment Letter is proven to have been incorrect or misleading entitling the Lender to exercise any of its rights and remedies under the Loan and Security Documents.

38. Furthermore, pursuant to Section D, Subsection 1.4 of the Commitment Letter, the Debtor is required to give written notice to the Lender of any litigation, proceeding or dispute affecting it or any of the other Obligors if the result might, in the Debtor's *bona fide* opinion, have a material adverse effect on the financial condition or operations of any of the Obligors or any of their respective affiliates and to furnish to the Lender all reasonable information requested by the Lender concerning the status of any such litigation, proceeding or dispute.

39. Upon learning of the legal proceedings against the Corporate Guarantor the Lender requested information with respect to the status of these legal proceedings and their impact on the Corporate Guarantor and the development projects that it manages, including the Grand Estates Project. Michael has failed to provide the Lender with satisfactory information with respect to the status of these legal proceedings and the plan to resolve same. Attached collectively as **Exhibit “R”** is the correspondence between the Michael and the Lender relating to outstanding legal proceedings. Failure to furnish to the Lender reasonable requested information with respect to these legal proceedings constitutes an Event of Default.

Failure to Comply with Closing Undertaking

40. Pursuant to an Undertaking Re Outstanding Items (the “**Undertaking**”) provided by the Obligors on June 30, 2022 on the closing of the financing, the Obligors undertook, among other things, to provide to the Lender within 90 days copies of the 2020 and 2021 notice to reader financial statements for the Debtor, prepared by external accountants acceptable to the Lender. A copy of the Undertaking is attached to this Affidavit as **Exhibit “S”**.

41. The Obligors have not provided these documents by the applicable deadline, or at all.

42. The Obligors are in breach of their Undertaking. Pursuant to the terms of the Undertaking, failure to provide any of the outstanding deliverables prior to the applicable outside date shall be deemed to be an event of default under the Loan entitling the Lender to exercise any of its rights and remedies under the Loan and Security Documents. Attached to this Affidavit collectively as **Exhibit “T”** is the correspondence between Michael and the Lender with respect to the outstanding undertakings.

Failure To Comply With Financial Reporting Covenants

43. Pursuant to the Commitment Letter, the Debtor is required to deliver to the Lender all items specified in Appendix F to the Commitment Letter. The Debtor is in breach of its financial reporting requirements for failing to provide the following:

- (a) the Debtor’s and the Corporate Guarantor’s annual financial statements for the December 31, 2022 year-end by March 31, 2023;
- (b) the Corporate Guarantor’s 2021 corporate tax notice of assessment by August 31, 2022;

- (c) annual project budget by March 31, 2023;
- (d) 2023 interim Property tax bill and proof of payment;
- (e) annual personal net worth statement for Michael by February 28, 2023;
- (f) Quarterly Compliance Certificates (as defined in the Commitment Letter) for the third quarter of 2022 by October 30, 2022 and the fourth quarter of 2022 by January 30, 2023; and
- (g) the Corporate Guarantors' monthly bank account statements, including copies of cleared cheques.

44. Pursuant to Section F Subsection 1.3, failure by any Obligor to perform any covenant or obligation under the Commitment Letter constitutes an Event of Default entitling the Lender to exercise any of its rights and remedies under the Loan and Security Documents. The above referenced defaults have not been cured despite repeated requests for these documents by the Lender. Attached hereto collectively as **Exhibit "U"** is a sample of the correspondence between the Debtor and the Lender regarding these requests.

REQUESTS FOR FURTHER ADVANCES

45. Section 2 of Section B. Terms and Conditions of the Commitment Letter sets out the conditions to be fulfilled by the Debtor to the Lender's satisfaction, in its sole discretion, prior to the Lender making any advances subsequent to the initial advance.

46. Shortly after the initial advance was made, and before the Lender learned of the outstanding legal proceedings against the Corporate Guarantor and Michael, Michael advised that he was no longer willing to satisfy the Borrower Draw Conditions (as defined in the Commitment Letter. Following discussions, the Lender agreed to modify the Borrower Draw Conditions pursuant to the terms of an Amending Letter dated October 27, 2022. A copy of the Amending Letter is

attached to this Affidavit as **Exhibit “V”**. The Amending Letter was conditional upon the Lender receiving full payment of the 1st Amendment Fee (as defined in the Amending Letter) upon the execution of the Amending Letter. Pursuant to the Amending Letter, the Amending Letter “shall not be effective until such time as the Lender has received the 1st Amendment Fee in full. The 1st Amendment Fee was never paid by the Debtor in whole or in part. As a result, the Amending Letter did not go into effect and no further advances were made by the Lender to the Debtor.

DEMAND

47. On April 6, 2023, the Lender through its lawyers, demanded payment of \$15,133,933.65 for principal, interest and fees (excluding legal costs) owed by the Debtor to the Lender under the Commitment Letter as of April 6, 2023 and delivered a notice of intention to enforce its security under section 244 of the *Bankruptcy and Insolvency Act* (the “**BIA Notice**”).

48. On April 6, 2023, the Lender, through its lawyers, also notified the Corporate Guarantor and Michael that the Lender demanded payment of the Loan in full from the Debtor, demanded payment in the amount of \$15,133,933.65 from the Corporate Guarantor and Michael under the Guarantee and delivered BIA Notices. Copies of the demand letters to the Obligors and the BIA Notices are collectively attached hereto and marked as **Exhibit “W”**.

49. The Obligors have not paid, or made arrangements with the Lender to repay, the Loan.

JUST AND CONVENIENT TO APPOINT A RECEIVER

50. The Debtor is indebted to the Lender under the Loan in the amount of approximately \$15.1 million. The Debtor, the Corporate Guarantor and Michael have committed numerous Events of Default under the Commitment Letter and the Security and have failed to or refused to remedy such defaults. The Lender has demanded payment of the Loan from the Debtor and served a BIA

Notice. The Lender also demanded payment of the amounts owing by the Debtor under the Loan from the Corporate Guarantor and Michael and has sent BIA Notices.

51. The Debtor does not have its own bank accounts. All funds advanced by the Lender were deposited into a bank account controlled by the Corporate Guarantor and comingled with funds advanced by other lenders for the other Mariman Group projects. I understand based on my and my staff's discussions with Michael that the Corporate Guarantor does not maintain separate bank accounts for each project.

52. Pursuant to the terms of the Loan and Security, upon an Event of Default that has not been cured, the Lender is entitled to appoint a receiver in writing and/or make an application for the court appointment of a receiver over the property, assets and undertakings of the Debtor and the Corporate Guarantor.

53. Michael has repeatedly threatened representatives of the Lender that if the Lender takes enforcement steps he will "tie them up in court for years" in the same way that he has done with lenders on other projects.

54. In these circumstances, I believe it is in the best interests of the Lender and the creditors of the Debtor and the Corporate Guarantor that a Receiver be appointed to take control over and realize on the Debtor's and the Corporate Guarantor's assets under Court supervision for the benefit of all stakeholders.

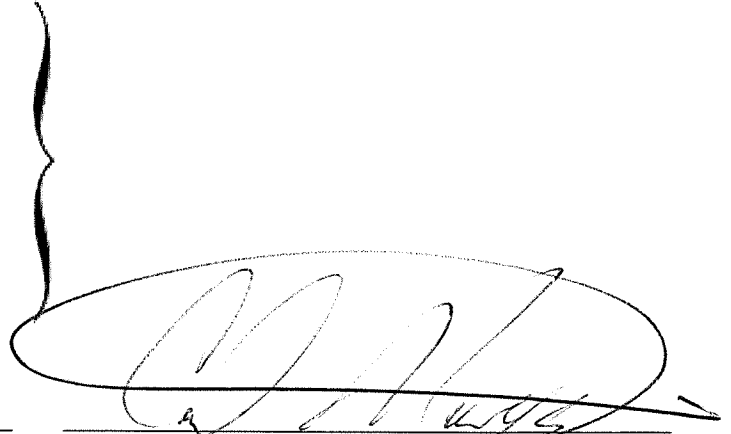
55. The Lender proposes that KSV Restructuring Inc. ("**KSV**") be appointed as Receiver. KSV has agreed to accept the appointment, and a copy of its consent is attached hereto as **Exhibit "X"**.

56. This affidavit is sworn in support of the Lender's application for the appointment of a Receiver and for no other or improper purpose.

SWORN BEFORE ME over videoconference on this 15 day of May, 2023. The affiant was located in the City of Waterloo and the commissioner was located in the City of Toronto, each in the Province of Ontario. This affidavit was commissioned remotely in accordance O. Reg. 431/20, Administering Oath or Declaration Remotely

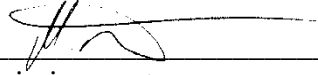


Maya Poliak
Commissioner for Taking Affidavits
(or as may be)



CECIL HAYES

THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

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

A Commissioner, etc.



Profile Report

2557386 ONTARIO INC. as of December 08, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	2557386 ONTARIO INC.
Ontario Corporation Number (OCN)	2557386
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	January 23, 2017
Registered or Head Office Address	314 Rexford Drive, Hamilton, Ontario, Canada, L8W 1P5

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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

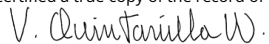
Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name ANGELA BETTIOL
Address for Service 314 Rexford Drive, Hamilton, Ontario, Canada, L8W 1P5
Resident Canadian Yes
Date Began January 23, 2017

Name MICHAEL BETTIOL
Address for Service 3500 Cemetery Road, Box 124, Binbrook, Ontario, Canada, L0R 1C0
Resident Canadian Yes
Date Began April 12, 2017

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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Active Officer(s)

Name MICHAEL BETTIOL
Position President
Address for Service 3500 Cemetery Road, Box 124, Binbrook, Ontario, Canada,
L0R 1C0
Date Began November 16, 2017

Name MICHAEL BETTIOL
Position Secretary
Address for Service 3500 Cemetery Road, Box 124, Binbrook, Ontario, Canada,
L0R 1C0
Date Began November 16, 2017

Name MICHAEL BETTIOL
Position Treasurer
Address for Service 3500 Cemetery Road, Box 124, Binbrook, Ontario, Canada,
L0R 1C0
Date Began November 16, 2017

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V. Quintanilla W.

Director/Registrar

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Corporate Name History

Name

2557386 ONTARIO INC.

Effective Date

January 23, 2017

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Additional historical information may exist in paper or microfiche format.

Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: ANGELA BETTIOL - DIRECTOR	December 01, 2017
CIA - Notice of Change PAF: ANGELA BETTIOL - DIRECTOR	April 12, 2017
CIA - Initial Return PAF: ANGELA BETTIOL - DIRECTOR	January 27, 2017
BCA - Articles of Incorporation	January 23, 2017

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

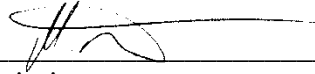
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Director/Registrar

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THIS IS EXHIBIT "B" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be 'J. R.', written over a horizontal line.

A Commissioner, etc.



Profile Report

2363823 ONTARIO INC. as of December 08, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	2363823 ONTARIO INC.
Ontario Corporation Number (OCN)	2363823
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	March 05, 2013
Registered or Head Office Address	558 Upper Gage Avenue, 363, Hamilton, Ontario, Canada, L8V 4J6

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name ANGELA BETTIOL
Address for Service 314 Rexford Drive, Hamilton, Ontario, Canada, L8W 1P5
Resident Canadian Yes
Date Began March 05, 2013

Name MICHAEL BETTIOL
Address for Service 3380 Nebo Road, Mount Hope, Ontario, Canada, L0R 1W0
Resident Canadian Yes
Date Began August 22, 2016

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)

Name ANGELA BETTIOL
Position Secretary
Address for Service 314 Rexford Drive, Hamilton, Ontario, Canada, L8W 1P5
Date Began March 05, 2013

Name ANGELA BETTIOL
Position Treasurer
Address for Service 314 Rexford Drive, Hamilton, Ontario, Canada, L8W 1P5
Date Began March 05, 2013

Name MICHAEL BETTIOL
Position President
Address for Service 3380 Nebo Road, Mount Hope, Ontario, Canada, L0R 1W0
Date Began March 02, 2021

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V. Quintanilla W.

Director/Registrar

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Corporate Name History

Name

2363823 ONTARIO INC.

Effective Date

March 05, 2013

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

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Director/Registrar

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Additional historical information may exist in paper or microfiche format.

Active Business Names

Name	MARIMAN HOMES
Business Identification Number (BIN)	290726561
Registration Date	July 02, 2019
Expiry Date	July 01, 2024

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

Name	MARIMAN HOMES
Business Identification Number (BIN)	240663799
Status	Inactive - Expired
Registration Date	July 07, 2014
Expired Date	July 06, 2019

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: Michael BETTIOL	November 03, 2022
Annual Return - 2019 PAF: ANGELA BETTIOL - OFFICER	March 21, 2021
CIA - Notice of Change PAF: MICHAEL BETTIOL - DIRECTOR	March 12, 2021
CIA - Notice of Change PAF: ANGELA BETTIOL - DIRECTOR	May 25, 2020
CIA - Notice of Change PAF: ANGELA BETTIOL - DIRECTOR	April 30, 2020
Annual Return - 2018 PAF: ANGELA BETTIOL - OFFICER	December 01, 2019
Annual Return - 2017 PAF: ANGELA BETTIOL - OFFICER	December 23, 2018
Annual Return - 2016 PAF: ANGELA BETTIOL - OFFICER	December 10, 2017
CIA - Notice of Change PAF: ANGELA BETTIOL - DIRECTOR	November 02, 2017
Annual Return - 2015 PAF: ANGELA BETTIOL - OFFICER	November 27, 2016
CIA - Initial Return PAF: ANGELA BETTIOL - DIRECTOR	August 22, 2016
CIA - Notice of Change PAF: ANGELA BETTIOL - DIRECTOR	March 17, 2016
Annual Return - 2014 PAF: ANGELA BETTIOL - OFFICER	December 26, 2015

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Annual Return - 2013 PAF: ANGELA BETTIOL - OFFICER	February 07, 2015
CIA - Notice of Change PAF: ANGELA BETTIOL - DIRECTOR	March 17, 2014
CIA - Notice of Change PAF: MICHAEL BETTIOL - DIRECTOR	July 22, 2013
CIA - Initial Return PAF: ANGELA BETTIOL - DIRECTOR	March 15, 2013
BCA - Articles of Incorporation	March 05, 2013

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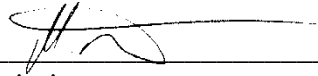
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V. Quintanilla W.

Director/Registrar

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THIS IS EXHIBIT "C" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, consisting of a stylized 'H' followed by a horizontal line and a flourish.

A Commissioner, etc.



Thursday, June 23, 2022

This letter replaces and renders null and void the previous commitment letter dated 2022-06-13 under the project name York Estates - MZGI 452

2557386 Ontario Inc.
558 Upper Gage Ave #363
Hamilton, ON, L8V 4J6
Attention: Michael Bettiol, President

Dear Mr. Bettiol

RE: Land, Servicing, and Construction Financing for 30 Front Street, Haldimand, ON

Project Name: York Estates – MZGI 452

This commitment letter confirms that MarshallZehr Group Inc. is prepared to provide financing as detailed in the document herein, conditional on the terms and conditions contained in this letter agreement (this “**Commitment**”). Upon execution by the Lender and the Obligors, this Commitment will constitute an agreement which shall bind each of them, subject to and in accordance with the terms hereinafter set out. All capitalized terms not otherwise defined in this Commitment shall have the meanings ascribed thereto in Appendix B.

A. LOAN

- 1. Borrower:** 2557386 Ontario Inc. (collectively, the “**Borrower**”).
- 2. Guarantors:** Michael Bettiol, 2363823 Ontario Inc. (o/a Mariman Homes), together with such other related parties as the Lender may deem advisable, in its sole discretion (collectively, the “**Guarantors**”).
- 3. Obligors:** Means, collectively, the Borrower and the Guarantors (collectively, the “**Obligors**” and each, an “**Obligor**”).
- 4. Lender:** MarshallZehr Group Inc. and/or such other assignees or lenders as MarshallZehr Group Inc. may arrange to participate in the Loan (the “**Lender**”).
- 5. Project Description** Those lands and premises together with all fixtures and improvements now or hereafter situate thereon municipally known as 30 Front Street, Haldimand, ON and legally described in Appendix A (the “**Property**”).

The Project is to consist of 66 detached custom estate homes on approximately 70 acres of land (currently vacant). Each lot will be 1+ acre in size (collectively, the “**Project**”). Additionally, the Lender understands that the Project is Draft Plan Approved and the land is appropriately zoned for the Project.
- 6. Loan Amount** **\$ 26,849,000** (the “**Loan**” or “**Loan Amount**”) to be advanced through multiple facilities as follows:

Facility/Tranche	Amount
Facility 1 (Construction)	\$ 8,000,000
Facility 2A (Land & Servicing)	\$ 15,825,000
Facility 2B (Mezzanine)	\$ 3,024,000
Total Loan Amount	\$ 26,849,000



Provided the Obligors are not in Default of the Loan or Security, Facility 2B shall be fully subordinate and postponed to Facility 1 and Facility 2A. Provided the Obligors are not in Default of the Loan or Security, Facility 2A shall be ranked pari-passu with Facility 1.

7. Interest Rate: The Loan shall bear interest at the following rates (collectively, the “**Interest Rate**”):

Facility/Tranche	Interest Rate	Floor Rate
Facility 1 (Construction)	Prime + 5.30% per annum	9.00%
Facility 2A (Land & Servicing)	Prime + 5.30% per annum	9.00%
Facility 2B (Mezzanine)	Prime + 11.05% per annum	13.75%

Interest shall accrue commencing on the date of each Advance to the Lender’s trust account and shall be calculated daily (365 days/year), compounded and payable monthly, in arrears and due and payable on the first (1st) day of each month, both before and after the Maturity Date, Default, demand and judgment. Interest only payments in respect of the Loan shall be paid from the a) Interest Reserve, if applicable, or b) Borrower Draws up to the budgeted amount set out in the Sources and Uses of Funds herein. Once the budgeted amount has been utilized, interest payments shall be made from the Obligors’ own cash resources.

Prime shall be defined as the Bank of Montreal Prime Business Rate of Interest (the “**Prime Rate**” or “**Prime**”). For the purpose of determining the Interest Rate, the Prime Rate on the first (1st) day of each month will be used as the rate for that entire month.

8. Fees: The Borrower shall pay the following fees (collectively, the “**Fees**”) to the Lender and the transaction mortgage broker, to the extent applicable:

Fee:	Amount
Good Faith Deposit (<i>Received</i>)	\$ 75,000
Lender Fee (inclusive of Good Faith Deposit)	\$ 775,000
Administration Fee	\$ 5,000
Draw Fee (per Borrower Draw)	\$ 500
Partial Discharge Fee (per Unit)	\$ 500
Final Discharge Fee	\$ 1,000
Pre-Payment Fee (per pre-payment)	\$ 1,000

The Lender Fee and Administration Fee shall each be deemed to be fully earned by the Lender and/or broker, as applicable, and non-refundable to the Borrower upon written notification by the Lender to the Borrower of the successful syndication as described in Section A. 22.1. The Lender Fee and Administration Fee, less the Good Faith Deposit, shall be deducted from the Initial Advance.

Notwithstanding Section A. 22.1, in the event that the Initial Advance does not occur on or prior to the Outside Date for any reason whatsoever, the (i) balance of the Lender Fee and Administration Fee shall immediately become due and payable by the Obligors to the Lender and (ii) Obligors shall be responsible for all expenses incurred by the Lender to date in connection with this Commitment, including, without limitation, the cost of any third party reports issued and/or in process and all legal fees and disbursements in connection with the Loan and/or the recovery of any portion of the balance of the unpaid Lender Fee and Administration Fee, to the extent applicable.



All applicable Fees are further detailed in Appendix G. The Borrower hereby acknowledges and agrees that the Fees set out above and in Appendix G herein are a genuine pre-estimate of the value of the services performed by the Lender and/or its Affiliates for same and are not a penalty or additional interest under the Loan.

9. Term: The Loan shall mature (the "**Term**") and any outstanding balance shall become due and payable in full on the date (the "**Maturity Date**") that is the earlier of a) **thirty-seven (37)** months commencing from the Interest Adjustment Date and b) the date on which the Lender demands repayment of the Loan.

10. Extension: The Borrower may request **one (1)** extension of the Maturity Date for a period of **six (6)** months each (each, an "**Extension Term**"), which shall be at the sole discretion of the Lender and shall, at minimum, require:

- a) that there has been no default under this Commitment or the Security;
- b) the payment of a fully earned extension fee (the "**Extension Fee**") to the Lender in an amount equal to **zero-point-seven-five percent (0.75%)** of either of the (i) Loan Amount, or (ii) outstanding principal balance of the Loan if the Loan has been fully advanced and repayment by the Borrower has begun, in each case, on a per extension basis; and
- c) 60 days prior written notice by the Borrower to the Lender prior to the Maturity Date.

The interest during the Extension Term shall be calculated and compounded at the same Interest Rate applicable during the Term. A title search of the Property will be conducted by the Lender's solicitor upon the request by the Borrower of an Extension Term and at the Borrower's expense. The Borrower will be responsible for any reasonable costs associated with each Extension Term.

11. Wrap-Up Period Commencing the final month (the "**Wrap-Up Period**") of the Term, or the Extension Term, as applicable, interest shall accrue at twice the Interest Rate (the "**Wrap-Up Rate of Interest**"). If there are multiple facilities or tranches, interest shall accrue at the Wrap-Up Rate of Interest and be calculated, compounded, and payable in the same manner as prior to entering the Wrap-Up Period for each applicable facility or tranche.

12. Expenses All reasonable expenses of the Lender and the Borrower shall be paid by the Borrower including (but not limited to), the cost of any third-party reports, all legal costs regardless of whether the Borrower proceeds with the Loan, and any cost recovery of unpaid amounts, if required. Upon request by the Borrower, the Lender shall provide an estimate of the legal fees to be incurred by the Lender in connection with the preparation of the Security and the Initial Advance. Upon execution by the Borrower of this Commitment, the Obligors shall be responsible for all reasonable legal fees actually incurred by the Lender in connection herewith.

13. Demand and Cancellation The Lender may, on demand, require immediate payment of all amounts outstanding or accrued in connection with this Commitment and the Loan. The Lender may at any time, for any reason, and without notice, cancel the undrawn portion of the Loan.



14. Purpose

The Loan shall at all times be used for the following purposes and for no other purpose without the prior written consent of the Lender:

Facility/Tranche	Description
Facility 1 (Construction)	This facility will provide funding for the construction of the 66 homes. Notability this facility will be administered as a Revolving funding source with a balance limit of \$8,000,000 . This facility will fund approximately \$33,702,000 in construction costs throughout the construction period of the Project (subject to limitations as described in Article 22.5 Advance Margin). Funds in this facility will be placed into a MarshallZehr trust in time for construction. Upon placement into the MarshallZehr trust, interest will begin to accrue interest on the entire amount of the facility.
Facility 2A (Land & Servicing)	This facility will provide funding for the land and servicing (pre-construction) component of the Project.
Facility 2B (Mezzanine)	This facility will provide funding for the land and servicing (pre-construction) component of the Project.

15. Sources and Uses of Funds

Uses	
Land Costs	\$ 22,000,000
Development Charges	\$ 725,000
Servicing Costs	\$ 6,420,000
Construction Costs	\$ 39,039,000
Soft Costs	\$ 4,888,000
Contingency	\$ 3,097,000
Financing Costs	\$ 5,126,000
Total	\$ 81,440,000

Sources	
Facility 1 (Construction)	\$ 33,702,000
Facility 2A (Land & Servicing)	\$ 15,825,000
Facility 2B (Mezzanine)	\$ 3,024,000
Deferred Trade Carry	\$ 9,760,000
Borrower Equity	\$ 12,043,000
Deferred Costs	\$ 5,497,000
Deposits	\$ 1,589,000
Total	\$ 81,440,000



The above Sources and Uses of Funds are further detailed in the Project Pro Forma contained in Appendix D.

16. Initial Advance and Draw

The first advance and draw (the “**Initial Advance**” and “**Draw 1**”, respectively) shall be advanced upon satisfaction of the conditions contained herein, including without limitation, Sections B. 1. and B. 2. thereof. The Initial Advance and Draw 1 is expected to be advanced as follows:

Use of Funds	Amount
Existing 1 st Mortgages	\$ 8,125,000
Existing 2 nd Mortgages	\$ 2,000,000
Lender Fee	\$ 775,000
Administration Fee	\$ 5,000
Legal Costs	\$ 50,000
Interest Reserve	\$ 907,000
Working Capital	\$ 2,438,000
Initial Advance Amount	\$ 14,300,000

Further Advances shall be advanced in accordance with Section B. 2. hereof.

17. Order of Advances

The Loan shall be advanced in the following order, until each facility has been fully advanced:

- a) Facility 2B (Mezzanine);
- b) Facility 2A (Land & Servicing); then
- c) Facility 1 (Construction)

18. Interest Reserve and Cost Reserve

At the time of an Advance, the Lender may, at its sole discretion while acting reasonably, hold back sufficient funds to fund ongoing interest (the “**Interest Reserve**”) and/or Project Costs (the “**Cost Reserve**”), in each case, during the Term, .

The Interest Reserve and the Cost Reserve (collectively, the “**Reserves**”) shall be held in the Lender’s trust account and shall be deemed to be principal advanced. Interest shall accrue at the Interest Rate on those funds held in the Reserves as if they had been paid directly to the Borrower. The Reserves, together with any interest earned thereon will be pledged by the Borrower to the Lender as security for the Loan. In the Event of Default under this Commitment and/or the Security, the Lender may apply, in its sole discretion, all or any part of the Reserves for payment of any principal, interest, fees, costs or other amounts payable under the Security.

In consideration of each Advance by the Lender to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Borrower, the Borrower hereby irrevocably authorizes and directs the Lender to:

- a) hold back sufficient funds from each Advance, as it may determine in its sole discretion, to fund the Reserves;
- b) automatically debit the Interest Reserve for all payments of interest required hereunder; and
- c) automatically debit the Cost Reserve for all payments of Project Costs required hereunder, including without limitation, payment of due and owing realty taxes in respect of the Property,



and this shall be the Lender's good, sufficient and irrevocable authority for so doing.

19. Partial Discharges and Mandatory Repayment

Provided that the Borrower is not in Default under this Commitment and/or the Security, the Lender shall provide partial discharges of the Security on a per Unit basis to the Borrower upon receipt of the greater of the following amounts (the "Net Sale Proceeds"):

- a) the Gross Sale Price less the Permitted Deductions in respect of the sale of any such Unit; and
- b) the Lender's minimum discharge amount set forth in Appendix E, less the Permitted Deductions in respect of the sale of any such Unit.

A Partial Discharge Fee shall be paid by the Borrower to the Lender on a per Unit basis together with the Lender's solicitors legal fees incurred in connection with any such partial discharge.

Any payments received by the Lender pursuant to this Section A. 19 shall be applied towards repayment of the Loan in the order set out in Section A. 21 below.

20. Voluntary Pre-Payment

The Loan may be prepaid in whole or in part at any time or times on the following terms:

- a) upon at least 60 days' prior written notice by the Borrower to the Lender;
- b) in an amount not less than \$100,000 (the "Pre-Payment Proceeds") or, if a lesser amount, upon the Lender's prior written consent; and
- c) payment by the Borrower to the Lender of the Pre-Payment Fee together with its solicitors' reasonable legal fees in respect thereof.

Any payments received by the Lender pursuant to this Section A. 20 shall be applied towards repayment of the Loan in the order set out in Section A. 21 below.

21. Allocation of Proceeds

The Net Sale Proceeds and/or Pre-Payment Proceeds, as the case may be, shall be applied in the following order:

- a) as repayment of all accrued and unpaid interest due under the Loan;
- b) as repayment of the outstanding Facility 1 – Construction principal balance, as a minimum, by the amount funded from the Facility to complete the unit being discharged as determined by the Project's Quantity Surveyor;
- c) as repayment of the outstanding Facility 2A – Land & Servicing principal balance, in an amount which will average \$344,000 per unit for the first 55 closed units. Refer to Appendix E for further information. Further, on the closing of a unit and in the event of shortfall, the borrower will provide funding sufficient where deemed necessary by the Quantity Surveyor to maintain of an average paydown of \$344,000 per units on the closing of the first 55 units.
- d) if no balance remains on Facility 2A – Land & Servicing, as repayment of the outstanding Facility 2B – Land & Servicing principal balance, in an amount averaging \$344,000 per unit for the first 55 closed units. Refer to Appendix E for further information. Further, on the closing of a unit and in the event of shortfall, the borrower will provide funding sufficient where deemed necessary by the Quantity Surveyor to maintain of an average paydown of \$344,000 per unit on the closing of the first 55 units.



- e) If no unit is being discharged, such Pre-Payment Proceeds shall be applied as repayment of the outstanding principal balance due under Facility 1 – Construction and Facility 2A – Land & Servicing, on a proportional basis;
- f) If no unit is being discharged, and no balance remains on Facility 1 – Construction and Facility 2A – Land & Servicing, such Pre-Payment Proceeds shall be applied as repayment of the outstanding principal balance due under Facility 2B – Land & Servicing;
- g) All remaining proceeds will be available to the Borrower to fund deferred trades payable, as confirmed by the Quantity Surveyor;
- h) All remaining proceeds will be available to the Borrower.

22. Special Provisions

The following special provisions shall apply to the Loan:

22.1. Servicing or Syndication of the Loan

It is the Lender's intention to syndicate all or a portion the Loan on the terms and conditions satisfactory to it, in its sole discretion. All obligations of the Lender in connection with any such servicing or syndication aforesaid are conditional to the Lender. The Obligors hereby acknowledge and agree that the Lender may disclose confidential information relating to each of them, the Loan and/or the Security, including without limitation, any financial information provided by any of the Obligors to the Lender at any time or otherwise relating to the Property and the Project together with any and all plans, drawings or other documentation or information regarding the Property and the Project, including without limitation the Project Documents and the Project Plans. The Lender shall notify the Borrower in writing once all Initial Funding Conditions as specified in Section B. 1., excluding B 1.1. Security to Be Delivered, have been met, in the Lender's sole discretion. Upon receipt of notification that the Initial Funding Conditions have been met, the Lender shall, within fifteen (15) Business Days, notify the Borrower that the Loan has been successfully syndicated.

Notwithstanding anything contained in this Commitment to the contrary, in the event that the Lender is unable to syndicate the Loan:

- a) on the terms and conditions satisfactory to it, in its sole discretion, then this Commitment shall be null and void and the Lender shall have no obligation to advance the Loan to the Borrower. In such event, the Lender shall return to the Borrower all Fees, less the Good Faith Deposit and due diligence costs and legal fees incurred by the Lender up to such date as the Lender determines that it is unable to syndicate the Loan; or
- b) as a result of the Borrower's Default, then this Commitment shall be null and void and the Lender shall have no obligation to advance the Loan to the Borrower. In such event, the Lender shall retain the Good Faith Deposit and the (i) balance of the Lender Fee and Administration Fee shall immediately become due and payable by the Obligors to the Lender and (ii) Obligors shall be responsible for all expenses incurred by the Lender to date in connection with this Commitment, including, without limitation, the cost of any third party reports issued and/or in process and all legal fees and disbursements in connection with the Loan and/or the recovery of any portion of the balance of the unpaid Lender Fee and Administration Fee, to the extent applicable.

22.2. Permitted Encumbrances

The Borrower shall not enter into any further financing of the Property and/or the Project subsequent to the Loan, secured or unsecured, without the prior written consent of the Lender, which consent shall be in the Lender's sole discretion.



22.3. Standby Interest The Initial Advance and Draw 1 shall be completed on the date (the “**Standby Date**”) that is not less than three (3) business days following the later of:

- a) notification by the Lender to the Borrower that the Loan has been successfully syndicated; or
- b) Receipt by the Lender of the Borrower’s executed advance requests in the forms provided by the Lender.

In the event that the Initial Advance and Draw 1 has not been fully advanced to the Borrower by the Standby Date, for any reason other than a default by the Lender, interest will commence on the Standby Date (the “**Standby Interest**”) on any unadvanced portion of Draw 1 and will become due and payable monthly at a rate equal to the applicable Interest Rate set out herein until the earlier of Draw 1 being fully advanced and the termination of this Commitment without Draw 1 having been made. Any accrued and unpaid Standby Interest shall be payable at the time that Draw 1 is fully advanced by the Lender to the Borrower and shall be deducted therefrom.

In the event that this Commitment is terminated prior to the advance of Draw 1, the amount of Standby Interest shall immediately become due and payable by the Obligors in addition to any other rights and/or remedies which the Lender may have against the Obligors hereunder, at law or otherwise. The Obligors hereby acknowledge and agree that the Standby Interest is a reasonable estimate of the fees to be incurred by the Lender, which amount is deemed not to be a penalty.

22.4. Other Terms The definitions, terms and conditions set out in Appendices attached to this Commitment shall form a part hereof as if incorporated herein.

22.5. Advance Margin Loan advances from Facility 1 – Construction for the construction of residential units will be permitted on a unit-by-unit basis upon receipt of an Eligible Pre-sale. The following requirements must be met for Facility 1 – Construction advances to occur:

- a) No more than 2 speculative units can be under construction throughout the entire project at any given time; these speculative units will not be required to be presold.
- b) No more than 18 units can be under construction throughout the entire project at any given time.
- c) Loan advances from Facility 1 – Construction, on a per unit basis, shall be drawn to fund the vertical construction costs, limited to the lesser of 75% Loan-to-Vertical Costs, or 85% Loan-to-Net Sales Proceeds.



B. TERMS AND CONDITIONS

The Loan terms and conditions shall be such terms and conditions as the Lender may from time to time require and shall include, but not be limited, to the following:

- 1. Initial Funding Conditions** The Lender shall not be required to advance any funds prior to the Borrower having fulfilled, to the Lender's satisfaction, the following conditions:
- 1.1. Security to Be Delivered** All the Security, ancillary loan agreements and documents, and opinions shall have been executed and delivered to the Lender or its solicitors and registered where and as required. Please refer to Article C herein.
- 1.2. Financial Performance** The Lender, in its sole discretion, shall have satisfied itself with the financial performance and condition of each of the Obligors. The Obligors shall provide within ten (10) Business Days of the date of execution of this Commitment, at a minimum, the following deliverables:
- a) Corporate Obligors shall provide externally accountant prepared Notice to Reader annual financial statements for its two most recently ended fiscal years, or alternatives acceptable to the Lender.
 - b) Corporate Obligors shall provide corporate Notice of Assessments for its two most recently ended fiscal years, or alternatives acceptable to the Lender.
 - c) Personal Obligors shall provide Notice of Assessments received from the Canada Revenue Agency for their two most recently ended taxation years, with respect to their income tax filings.
 - d) Personal Obligors shall provide the Lender's form of Personal Net Worth Statement with supporting documentation.
 - e) All Obligors shall complete the Lender's form of Mortgage Application. To facilitate the Lender's due diligence regarding the creditworthiness of the Obligors, each of the Obligors shall authorize the Lender to conduct credit checks and authorize each of the financial institutions with which the Obligors deal to release any and all information reasonably required and requested by the Lender to adequately assess the credit worthiness of each Obligor.
- 1.3. Project Conditions** The Borrower shall deliver the following to the Lender within ten (10) Business Days of the acceptance of this Commitment for the Lender's satisfactory review and acceptance:
- a) A copy of the agreement of purchase and sale (and any subsequent amendments or side letters related thereto) and statement of adjustments for the purchase by the Borrower of the Property, confirming a purchase price of not less than \$13,250,000.
 - b) An appraisal(s), satisfactory to the Lender, of the Project confirming the fair market value in the following states:

Appraisal or Letter Type	
"As Is" Appraisal	\$ 22,000,000
"As Serviced" Appraisal	\$ 33,000,000
"As Complete" Appraisal / Letter of Value*	\$ 96,130,000

to be prepared at the Borrower's expense. All appraisal reports are to be prepared by a Lender approved appraiser.



Such appraisal reports must be addressed to the Lender or be accompanied by reliance letters from the appraiser(s) to the Lender and shall confirm that the Lender can rely upon such appraisals for lending purposes.

*Regarding an indication of "as Complete" value, the Lender understands that value will be confirmed with the combination of Contractual Pre-Sales at the time of commitment (\$74,870,000) and an Appraised Value of the remaining units to be built (\$21,260,000).

- c) Evidence that the Borrower has entered into Eligible Pre-Sales of not less than 55 Units and totaling gross proceeds of not less than \$74,870,000. All Eligible Pre-Sales shall include a contracted Purchaser Deposit averaging not less than 10.00% of the applicable Unit's Gross Sale Price. The Borrower hereby acknowledges and agrees as follows:
 - i. all agreements of purchase and sale relating to the Units shall be to the satisfaction of the Lender as to Gross Sale Price, contracted Purchaser Deposits, form, and content. The Borrower will provide the Lender with an electronic copy of all agreements of purchase and sale within five (5) Business Days of an offer being received;
 - ii. the Lender must be provided with the full contact details (name, mailing address, e-mail address and telephone number) for each purchaser of a Unit;
 - iii. [Intentionally deleted – N/A]
 - iv. The Lender understands that, to-date, approximately \$5,497,000 of costs included in the Sources & Uses have been funded with Purchaser Deposits. The lender further understands that Purchaser Deposit not exceeding \$3,400,000 have been used for costs outside of those contemplated in the Sources & Uses.
 - v. [Intentionally deleted – N/A]
- d) [Intentionally Deleted – N/A]
- e) Evidence that the Borrower is licensed by the HCRA, or such other requirements as the Lender may determine, in its sole discretion.
- f) A soils-test/geotechnical report (load bearing capacity) by a professional engineer as is acceptable to the Lender that the proposed construction and site improvements of the Project are feasible under existing soil conditions, together with evidence that the construction specifications for the Project provide for construction in compliance with such conditions and recommendations, if any, which may be contained in such soils-test/geotechnical report. If deemed necessary by the Lender in their sole discretion, this report and the Project will be reviewed by a separate engineering professional engaged by the Lender at the Borrower's expense.

Such soils-test/geotechnical report must be addressed to the Lender or be accompanied by a reliance letter, or notice/report satisfactory to the Lender, from the engineer or third party consultant to the Lender and shall confirm that the Lender can rely upon such report for lending purposes.

- g) A satisfactory Phase I environmental site assessment report conducted and prepared by a Lender approved engineer (and any further environmental site assessment reports, environmental remediation plans, environmental risk assessments and/or Record of Site Condition, as may be required by the Lender or the approved engineer, in their respective and sole discretion). If



deemed necessary by the Lender in their sole discretion, these reports and the Project will be reviewed by a separate environmental professional engaged by the Lender at the Borrower's expense and the Borrower will provide an appropriate emergency response plan for the Project and related activities.

Any reports, both Phase I and supplemental reports, are to be accompanied by a reliance letter, or notice/report satisfactory to the Lender, from the engineer or third party consultant permitting the Lender to rely on the reports.

- h) All architectural and engineering plans, drawings and specifications upon which construction of the Project is based, including without limitation, all structural, architectural, mechanical, electrical, landscape and interior design and specifications (collectively, the "**Project Plans**").
- i) A survey of the Project by and Ontario licensed land surveyor showing access to the Property from public thoroughfares and indicating no encroachments, easements or rights of way, except those that do not encroach or hinder the Borrower's ability to construct the Project in accordance with the proposed Project Plans. If no survey is available at the time of the Initial Advance, the Lender, in its sole discretion, may rely upon the title insurance policy to be obtained in connection with the Loan.
- j) Evidence confirming zoning approval, development permit and partial/full building permit availability to construct and develop the Project, together with evidence satisfactory to the Lender, in its sole discretion, that the full building permit will be issued by the applicable Governmental Authority in time to meet the Project Schedule.
- k) A detailed planning letter from a third-party planner outlining the timeline for, and probability associated with, approval of the various stages and phases of the Project in accordance with the Project Plans, acceptable to the Lender. If deemed necessary by the Lender in their sole discretion, these reports and the Project will be reviewed by a separate planning professional engaged by the Lender at the Borrower's expense.
- l) Discharge statement from Current Mortgagee(s), if any, confirming the outstanding principal balance does not exceed \$10,250,000 and is in good standing.
- m) [Intentionally Deleted – N/A]
- n) A detailed pro forma budget prepared by the Borrower showing all sources of revenue and a breakdown of the estimated cost to complete the Project, to the extent that such information is not contained in the Project Budget or Quantity Surveyor's report, as may be determined by the Lender, in its sole discretion.
- o) An executed engagement letter among the Quantity Surveyor, the Borrower and the Lender formally engaging such Quantity Surveyor as the Lender's quantity surveyor for the Project. The Quantity Surveyor shall be retained at the sole cost and expense of the Borrower. The engagement letter shall be in a form as provided by the Lender and subject to satisfactory review by the Lender, in its sole discretion.



- p) A detailed Project Budget prepared by the Borrower in conjunction with the Quantity Surveyor, to the extent applicable, satisfactory to the Lender. The Lender and the Quantity Surveyor, in their sole discretion, shall be satisfied:
 - i. that the budgeted Hard Costs and Soft Costs (including financing and contingency costs) shall be sufficient to complete the Project as planned;
 - ii. that the sources and uses of funds are acceptable;
 - iii. with the terms of all construction contracts relating to the Project;
 - iv. with the reputation, qualification and capabilities of the general contractor/project manager; and
- q) Prior to advance of Facility 1 – Construction, evidence of \$12,043,000, in invested capital in the Project and means to cover any potential closing costs, if required, satisfactory to the Lender and the Quantity Surveyor, to the extent applicable. Such invested capital shall include land equity up to \$8,750,000 and cash contributions from the Borrower and/or Gaurantor.
- r) The initial Loan to Value ratio at the time of the Initial Advance, as determined in the Lender's sole discretion, shall not be greater than 65%. For the purpose of calculating the Loan to Value ratio in the absence of current market values:
 - i. The Loan amount shall include all outstanding debt obligations including the Permitted Encumbrances, unapproved subordinate debt, and outstanding Project accounts payable.
 - ii. The Value shall be calculated by utilizing the appraised value at the time of the Initial Advance as per the appraisal provided per the initial transaction underwriting unless otherwise agreed to by the Lender. In the case of unsold Units, the value shall be calculated as per the methodology used by the appraisal. For Units under construction, the appraised value shall be the estimated value of the Units upon completion, less the cost to complete including financing costs as per the methodology used by the appraisal, less the expected profit margin.
- s) The initial Loan to Cost ratio at the time of the Initial Advance, as determined in the Lender's sole discretion, shall not be greater than 56%. For the purpose of calculating the Loan to Cost ratio:
 - i. The Loan amount shall include all advanced debt obligations including the Permitted Encumbrances, unapproved subordinate debt, and outstanding Project accounts payable, regardless of repayment.
 - ii. The Cost shall be determined by utilizing the net Project Costs incurred to date as set out in the Quantity Surveyor's report unless otherwise determined by the Lender, in its sole discretion.
- t) Evidence of the existence, details, and signing authorities related to a Project bank account, through which, all Project related transactions will flow. The Borrower and/or the Corporate Guarantor (as such term is defined in Section C.4.) shall execute the Lender's form of pre-authorized debit form, which shall authorize the Lender to automatically debit the Borrower's and/or the Corporate Guarantor's respective accounts with the Lender for all interest payments required in connection with the Loan.



- u) Confirmation satisfactory to the Lender that all property taxes for the Property are current and have been paid.
- v) Evidence of appropriate insurance coverage in accordance with the requirements contained in Appendix C, subject to satisfactory review by the Lender and the Lender's insurance consultant.
- w) Applicable Advance Requests in the forms provided by the Lender.
- x) MarshallZehr Group Inc., or a related party, may post two MarshallZehr Group Inc. signs on the Property (on each main street).
- y) Receipt by the Lender's solicitors of completed Agent Examination of Identification Forms for each of the Obligors and any other due diligence materials required in connection therewith to permit the Lender to comply with its obligations under the *Proceeds of Crime Money Laundering and Terrorist Financing Act* (Canada).
- z) Receipt by the Lender's solicitors of the corporate documentation for all corporate Obligors which shall include, without limitation, an up to date organizational chart for each of the corporate Obligors together with copies of the articles of incorporation, by-laws and corporate minute book registers.
- aa) Such other matters as the Lender may deem appropriate and necessary to satisfy itself of the Project's viability, the Borrower's creditworthiness and the ability of the Borrower and Guarantors to fulfil their obligations herein.

1.4. Special Conditions The Borrower shall deliver the following to the Lender within five (5) Business Days of the acceptance of this Commitment for the Lender's satisfactory review and acceptance:

- a) *[Intentionally Deleted]*



2. Progress Funding Conditions

The Borrower shall adhere to the following conditions when requesting Lender Advances or Borrower Draws, as the case may be:

2.1. Lender Advance Conditions

The following conditions must be fulfilled by the Borrower, to the Lender's satisfaction, in its sole discretion, prior to the Lender calling for funds to its trust account (each, a "**Lender Advance**"), in anticipation of a Borrower Draw:

- a) Each Lender Advance shall be requested in writing and in the form (each, an "**Advance Request**") provided to the Borrower by the Lender;
- b) The Lender shall have not less than five (5) Business Days following receipt of an Advance Request to fund the applicable Lender Advance into its trust account;
- c) Each Lender Advance shall be in an amount not less than \$100,000;
- d) A title search will be conducted by the Lender's solicitors for each Lender Advance. The title search and solicitors' fees and expenses applicable thereto are at the Borrower's expense and shall be deducted from the Lender Advance by the Lender. In the event a Lender Advance is occurring simultaneously with a Borrower Draw, only one title search will be conducted;
- e) There shall be no more than one Lender Advance per month, unless otherwise agreed to by the Lender, in its sole discretion; and
- f) The Lender Advances in the aggregate (plus the Initial Advance) shall not be greater than the Loan Amount.

The Borrower hereby acknowledges and agrees that interest shall accrue as of the date that the Lender Advance is deposited into the Lender's trust account, regardless of whether the Borrower has met the conditions of a Borrower Draw as set out below.

2.2. Borrower Draw Conditions

The following conditions must be fulfilled by the Borrower, to the Lender's satisfaction, in its sole discretion, prior to the Lender releasing a Lender Advance from its trust account to the Borrower (each, a "**Borrower Draw**"):

- a) Each Borrower Draw shall be requested in writing through an Advance Request in the form provided to the Borrower by the Lender. In the event a Lender Advance is occurring simultaneously with a Borrower Draw, only one Advance Request is required;
- b) Each of the conditions required in respect of a Lender Advance shall have been satisfied by the Borrower, to the Lender's satisfaction, in its sole discretion;
- c) The Borrower has satisfied all Initial Funding Conditions and Special Conditions, to the extent applicable, as set out in this Commitment and is compliance with the provisions set out herein;
- d) Each Borrower Draw shall set out the Project Budget (together with any revisions thereto, as approved by the Lender, in its sole discretion) and the Project Costs paid to date;
- e) Each Borrower Draw shall only be used to pay for Project Costs as set out in the Project Budget;
- f) The Borrower shall deliver an executed statutory declaration, in the form provided by the Lender, indicating it is in compliance with the requirements of the Construction Act, if applicable, and that all Borrower Draws shall be used to pay for the applicable Project Costs outlined in the Advance Request;



- g) The undrawn portion of the Loan shall not exceed the Borrower's cost to complete, including Holdbacks and expected financing costs;
- h) **Hard Cost Draw Conditions** – The following conditions must be fulfilled for each and every Borrower Draw used to pay for Hard Costs:
 - i. Each Borrower Draw request will be supported by a report of the Quantity Surveyor, which report shall indicate the amount of work in place, the cost to complete, and confirm that the work in place is in accordance with the Project Budget and the Project Plans. The Lender shall deduct an amount from each Borrower Draw equal to the Quantity Surveyor's invoiced amount associated with preparing the report for the Borrower Draw;
 - ii. The Borrower shall ensure compliance with all Applicable Laws, including without limitation, the Construction Act; and
 - iii. The Lender shall make the required Holdbacks.
- i) **Soft Cost Draw Conditions** – The following conditions must be fulfilled for each and every Borrower Draw used to pay for Soft Costs:
 - i. Each Borrower Draw request shall be supported by a monthly summary of Project Costs incurred to date;
 - ii. The Lender, at its sole discretion, shall request additional support for the summary of Soft Costs incurred to date including, but not limited to: invoices, bank statements, and cancelled cheques; and
 - iii. The Lender reserves the right to require an Advance Request in this regard to be supported by the Quantity Surveyor's report, which report shall indicate the amount of work in place, the cost to complete, and that the work in place is in accordance with the Project Budget and the Project Plans. The Lender shall deduct an amount for each Borrower Draw equal to the Quantity Surveyor's invoiced amount associated with preparing the report for the Borrower Draw.

The Lender will be under no obligation to conduct further Advances if any of the foregoing funding conditions and timelines outlined in this Section B. 2 are not met. The foregoing conditions may be waived by the Lender, in whole or in part (with or without terms or conditions), in respect of an Advance without prejudicing the right of the Lender at any time to assert such conditions in respect of any subsequent Advances.



C. SECURITY TO BE DELIVERED

The Borrower shall deliver the following security (the “**Security**”) duly registered where applicable subject only to the Permitted Encumbrances, if any, and all in the form and on the terms acceptable to the Lender’s solicitor:

1. **Mortgage** A 1st mortgage registered on the York Estates – MZGI 452 Project Property in the amount of 35,000,000, plus any accrued contingent payments. The mortgage will be registered at the Wrap-Up Rate of Interest, being two times the Prime Rate plus 22.10% (Floor Rate: 27.5%).
2. **Collateral Mortgage** [Intentionally Deleted – N/A]
3. **General Security Agreement of the Borrower** A General Security Agreement of the Borrower providing a first (1st) priority security interest over all of the present and future assets and undertaking of the Borrower.
4. **General Security Agreement of the Guarantors** A General Security Agreement of the Guarantors providing a security interest over all of the present and future assets and undertaking of the Guarantors. The General Security Agreement of 2363823 Ontario Inc. (the “Corporate Guarantor”) shall provide a second (2nd) priority security interest over all of the present and future assets and undertaking of the Corporate Guarantor relating to the Property and/or the Project including, without limitation, all bank accounts in the name of the Corporate Guarantor relating thereto.
5. **Assignment of Insurance** An assignment of the Borrower’s insurance policies relating to the Property.
6. **Assignment of Material Contracts** An assignment of the Borrower’s construction contracts, including without limitation all the Project Documents and the Project Plans.
7. **Assignment and Pledge of Securities** An assignment and pledge of, *inter alia*, all term deposits, guaranteed investment certificates, cash collateral in respect of any Letters of Credit issued and/or the Reserves from the Borrower and the Corporate Guarantor.
8. **Assignment of Leases** A general assignment of leases and rents registered on title to the Property.
9. **Assignment of Agreements of Purchase and Sale** A general assignment of all third-party purchase and sale agreements for the Units together with any other rights, interests and obligations of any kind respecting the Project and reasonably necessary for the completion of the Project as contemplated by the Lender, upon default by the Borrower.
10. **Assignment of Purchaser Deposits** An assignment of all Purchaser Deposits subject only to any prior security interest of the Deposit Insurer, to the extent applicable.
11. **Assignment of Cash Security** An assignment and pledge of all securities posted in relation to the Project and Property, including, but not limited to, cash security posted (i) directly with Tarion (ii) directly with a Governmental Authority, and/or (iii) with a financial institution as security for letters of credit for the Project. The Borrower covenants to deliver the Lender’s form of executed direction to the party holding the cash security accordingly (i.e. Tarion, City/Municipality, Financial Institution, etc.) directing that all releases/reductions in the cash security are delivered to the Lender.
12. **Letter of Credit Indemnity** An indemnification agreement from the Borrower in favour of the Lender in respect of any Letter of Credit issued, to the extent applicable;
13. **Guarantees** An unlimited joint and several guarantees from each of the Guarantors.



- 14. Deficiency Agreement** A joint and several cost overrun and deficiency agreement executed by the Obligors agreeing to fund costs not included or in excess of the Project Budget. This Deficiency Agreement is in addition to the Guarantee.
- 15. Environmental** An unlimited Environmental Undertaking and Indemnity from the Obligors and Environmental Review Checklist from the Borrower. The Environmental Undertaking and Indemnity is in addition to the Guarantee.
- 16. Security Opinion** A favourable letter of opinion from the Borrower's solicitors containing the usual corporate opinions relating to the corporate Obligors, including, without limitation as to the enforceability of the Security.
- 17. Insurance** Proof of appropriate insurance satisfactory to the Lender's insurance consultant and in accordance with the requirements set out in Appendix C.
- 18. Title Insurance** A policy of title insurance satisfactory to the Lender and its solicitors.
- 19. Taxes** Evidence that the realty taxes relating to the Property have been paid to date.
- 20. Postponement** A postponement, subrogation and assignment from each of the shareholders of the Borrower (and such other creditors as the Lender may require upon completion of its due diligence) of all indebtedness owed by and claims against the Borrower to and by the shareholders to the indebtedness and claims of the Lender.
- 21. Priorities Agreements** If required, a priorities agreement in connection with any Permitted Encumbrances, satisfactory to the Lender and the Lender's solicitors.
- 22. PPSA Priorities Agreement** A priorities agreement between the Lender and Scotland Real Estate Venture Limited Partnership. The form and content of the priorities agreement shall be satisfactory to the Lender and the Lender's solicitors.
- 23. Restriction on Register** An authorization from the Borrower to the Lender and its solicitors directing the Lender's solicitors to register a notice pursuant to Section 118 of the *Land Titles Act (Ontario)* on title to the Property restricting the Borrower from further charging the Property without the prior consent of the Lender.
- 24. Further Security** Such further security, guarantors and ancillary documents and agreements as the Lender or its solicitors may, acting reasonably, deem necessary to adequately secure the Loan obligations and complete and perfect the Security.



D. BORROWERS COVENANTS

The Obligors hereby covenant and agree as follows:

1. **Affirmative Covenants** So long as any amount under the Loan is outstanding or available, the Borrower covenants and agrees with the Lender that unless the Lender otherwise consents in writing:
 - 1.1. **Punctual Payment** The Borrower shall duly and punctually pay the principal of all Advances made to it under the Loan, all interest thereon, and all fees and other amounts required to be paid by the Borrower hereunder in the manner specified hereunder.
 - 1.2. **Corporate Existence and Conduct of Business** The Borrower shall, and the Borrower shall cause the corporate Guarantors to, maintain their respective corporate existences in good standing and do or cause to be done all things necessary to keep in full force and effect all properties, rights, franchises, licenses and qualifications to carry on business in any jurisdiction in which it or they carry on business and the Borrowers shall, and the Borrower shall cause the corporate Guarantors to, maintain all of its or their respective properties and assets consistent with industry standards.
 - 1.3. **Compliance with Legislation** The Borrower shall do or cause to be done, and the Borrower shall cause the Guarantors to do or cause to be done, all acts necessary or desirable to comply with all material Applicable Laws, including, without limitation, all requirements of all Environmental Laws and to preserve and keep in full force and effect all franchises, licenses, rights, privileges and permits necessary to enable each of the Obligors to operate and conduct their respective businesses in accordance with standard industry practice and to advise the Lender of any anticipated changes, loss or sale of such franchises, licenses, rights, privileges and permits.
 - 1.4. **Litigation** The Borrower shall promptly give written notice to the Lender of any litigation, proceeding, or dispute affecting it or an of the other Obligors if the result might, in such Borrower's bona fide opinion, have a Material Adverse Effect on the financial condition or operations of any of the Obligors or any of their respective Affiliates and from time to time furnish to the Lender all reasonable information requested by the Lender concerning the status of any such litigation, proceeding, or dispute.
 - 1.5. **Reporting Requirements** The Borrower shall deliver, or cause to be delivered, to the Lender all items specified in Appendix F in the form and at the time specified therein.

The Lender, acting reasonably, may request such other financial information, reporting, certificates, projections of income and cash flow, and any information affecting the financial condition of the Project, the Property and/or the Obligors' business that are not directly specified in Appendix F. This list and the reporting items stated in this Commitment are not exhaustive and the Lender, acting reasonably, may also request such other qualitative information including expected pre-sales, expected closings and associated timing, closed transactions, and editorial updates including Project status, and photos showing progress at a reporting frequency prescribed at the time of request.
 - 1.6. **Rights of Inspection** At any reasonable time and from time to time upon reasonable prior notice, the Borrower shall permit and cause each of the other Obligors to permit, the Lender or any representative(s) thereof, at the expense and risk of the Borrower, to examine and make copies of and abstracts from the records and its physical and computer books of account with respect to the Project and to visit and inspect the Project and to discuss the affairs, finances and accounts of it with any of its officers, senior employees or managers (but not tenants, if applicable).
 - 1.7. **Project Specific** The Borrower shall:
 - a) comply in all relevant aspects with the provisions of the Construction Act;



- b) as and when requested by the Lender, provide the Lender complete records relating to all holdbacks, including cancelled cheques, bank statements, WSIB certificates, statutory declarations, and completion certificates, as the Lender may reasonably require;
- c) provide a covenant that the Borrower will supply to the Lender a statutory declaration in conjunction with each Borrower Draw, confirming the status of the Holdbacks as at the date of the statutory declaration;
- d) substantially complete the Project in accordance with the approved Project Plans, the Project Budget and Project Schedule;
- e) pay its taxes, protect its properties by contest of adverse claims, maintain required insurance, perform its obligations under all contracts and agreements relating to the Project, obtain all necessary approvals for construction and use of the Project, comply with all governmental rules and regulations, permit reasonable inspections, by the Lender and its agents of the Project and all records pertaining to the Project;
- f) make and ensure that all payments due to the architect, general contractor, all contractors, sub-contractors, and all other suppliers of materials and services of any kind to the Project are made when and as they become due in compliance with the terms of their respective contracts and the provisions of the Construction Act;
- g) fund all Project Costs in excess of the Project Budget from cash resources derived from outside the Loan and the Project. In this regard, the Obligors shall be jointly and severally liable to immediately cover any such excesses as soon as same arise and/or are identified by the Lender;
- h) ensure that no liens are registered against the Property or its assets. In the event that a lien aforesaid is registered, the Borrower shall cause such lien to be vacated or discharged within ten (10) days of the earlier of the date (i) of registration (ii) that the Borrower has received written notice thereof and (iii) that the Borrower has been provided written notice thereof by the Lender, with any payment being made from financial resources derived from outside of the Loan; and
- i) grant the Lender the right to approve professional services involved in the Project. Such professional reports and services include, but are not limited to, appraisals, environmental reports, geotechnical reports, quantity surveyors, and auditors.

1.8. Insurance

The Borrower shall maintain, or shall cause to be maintained, appropriate insurance coverage as agreed with the Lender or any insurance consultant engaged by the Lender to assess the required coverage during the Project. All insurance shall be in accordance with the requirements contained within Appendix C.

1.9. Notices

The Borrower shall promptly give notice to the Lender of:

- a) Any fire or other casualty or any notice of expropriation, action or proceeding materially affecting any Project;
- b) All claims, proceedings, suits, actions, or litigation in respect of any Obligor or the Project (whether or not any such claim, proceeding, suit, action, or litigation is covered by insurance) which, if determined adversely could have a Material Adverse Effect;
- c) the occurrence of any Default or Event of Default; and



d) any other matter or event that has a Material Adverse Effect.

1.10. Use of Advances The Borrower shall use all Borrower Draws in accordance with the specific purposes set out herein and in the applicable Advance Request.

1.11. Payment of Taxes, etc. The Borrower shall, and the Borrower shall cause each of the Guarantors to, from time to time:

- a) Pay or cause to be paid all rents, taxes, rates, levies or assessments, ordinary or extraordinary, governmental fees or dues, lawfully levied, assessed or imposed upon any Obligor or any of the assets of any Obligor, as and when the same become due and payable;
- b) Withhold, deduct and collect all taxes required to be withheld, deducted and collected by it, and remit such taxes to the appropriate Governmental Authority at the time and in the manner required; and
- c) Pay and discharge all obligations incidental to any trust imposed upon it, by statute which, if unpaid, might become an encumbrance upon any of the Property, except when and so long as any such rents, taxes, rates, levies, assessments, fees, dues or obligations constitute a Permitted Encumbrance and the validity thereof is in good faith being contested by such Obligor.

1.12. Project Documents, Leases, and Permitted Encumbrances The Borrower shall ensure that all Project Documents and Permitted Encumbrances are kept in good standing in all material respects and will advise the Lender forthwith after being so notified of a material breach or alleged material breach of any material documents or Permitted Encumbrances. The Borrower shall not default under any Lease related to any Property and shall advise the Lender immediately following being so notified of any breach thereof.

1.13. New Project Documents The Borrower will promptly advise the Lender if any Obligor enters into any agreement which could reasonably be expected to be a Project Document and shall provide a copy of such agreement to the Lender.

1.14. Security The Borrower shall, and the Borrower shall cause each of the Guarantors to, provide the Security contemplated hereunder, perfected to the satisfaction of the Lender and its solicitors, in their sole discretion.

1.15. Maintain Security The Borrower will fully and effectually maintain and keep the Security valid and effective at all times during the continuance of this Agreement, and it will not permit or suffer the registration of any debt, lien, privilege or encumbrance whatsoever other than Permitted Encumbrances and the Security, whether of workmen, builders, contractors, engineers, architects or suppliers of material, on or in respect of any Property (except such liens which only affect or purport to affect a tenant's interest in the Property, if applicable).

1.16. Environmental Law The Borrower shall, and the Borrower shall cause each of the Guarantors to, with respect to each Project:

- a) notify the Lender promptly of any event or occurrence that will, or is likely to, give rise to an inquiry or investigation, or any legal proceeding, relating to, or a violation of, the Requirements of Environmental Law;
- b) provide the Lender, on request, such information, certificates or statutory declarations, and shall conduct such environmental audits or site assessments, as may be reasonably necessary to ensure the compliance with all Requirements of Environmental Law; and



- c) execute, and cause each of the Guarantors to execute, all consents, authorizations and directions to appropriate Governmental Authorities that are required to permit the inspections mandated by Applicable Laws of the Property and the release to the Lender, or its representatives, of information relating to the assets or undertakings of each Obligor. The Obligors hereby irrevocably constitute and appoint the Lender the true and lawful attorney of each of them, with full power of substitution, to execute any of the foregoing consents, authorizations and directions; provided however that such power of attorney shall only be exercised during the continuance of an Event of Default.

1.17. Operation and Repair

Except as otherwise permitted herein, the Borrower will ensure the diligent management and operation of the Property and repair and keep in repair and good order and condition, or cause to be so repaired and kept in repair and good order and condition, all buildings, structures, plant, machinery and equipment used in or in connection with the Property and which are necessary in connection with the efficient operation of such business and undertaking up to a modern standard of usage and, subject to the provisions of this Commitment, renew and replace, or cause to be renewed or replaced all and any of the same which may be worn, dilapidated, unserviceable, inconvenient or destroyed, even by a fortuitous event, fire or other cause, and at all reasonable times allow, and cause the Guarantors to allow, the Lender or its representative access to the Property in order to review the state and condition the same are in.

1.18. Maintain and Operate

The Borrower will diligently maintain, use and operate or will cause to be maintained, used and operated the Project, in a proper and efficient manner so as to preserve and protect the Property.

1.19. Payment of Preferred Claims

The Borrower shall, and the Borrower shall cause each of the Guarantors to, from time to time pay or cause to be paid, all amounts related to taxes, wages, workers' compensation obligations, government royalties or pension fund obligations and any other amount which may result in an encumbrance against the assets of any Obligor arising under Applicable Law.

1.20. HST Filings

The Borrower shall file on a monthly basis all returns and other documents necessary to obtain the refund of HST in respect of the Project and apply the amount of any such refund to payment of Project Costs.

1.21. Lease Attornment

Subject to the requirements, if any, within any Leases for the Lender to execute and deliver non-disturbance agreements, the Borrower agrees, at the written request of the Lender, to use all reasonable commercial efforts to obtain from the tenants under such Leases and deliver to the Lender such instruments of attornment, postponement or subordination as the tenants under such Leases are required to provide and as the Lender may reasonably request in a form acceptable to the Lender, acting reasonably, and which is otherwise consistent with the terms of such Leases.

1.22. Expropriation

Any awards or payments received by an Obligor for expropriation of any portion of the Property, which are, in respect of any single payment or award, equal to or greater than \$1,000 shall, unless the Lender otherwise agrees, be forthwith paid to the Lender to repay the Loan.

1.23. Condominium Registration

To the extent applicable, the Borrower shall pursue registration of the Project under the Condominium Act for registration as a condominium thereunder to ensure that the Units may be delivered in a timely basis in accordance with the planned schedule of closings of the Units.



2. Financial Covenants

So long as any amount payable hereunder is outstanding or the Loan is available hereunder, the Obligors covenant and agree with the Lender that:

2.1. Project Net Equity

Prior to construction, the Obligors shall maintain a minimum combined net equity in the Project equal to \$10,042,000; Upon time of construction, the Obligors shall maintain a minimum combined net equity in the Project equal to \$12,043,000. For the purposes of this paragraph "**Project Net Equity**" shall be equal to:

	cost of the Property, as determined by the Lender or the Quantity Surveyor (to a maximum value of \$ 22,000,000)
+	cost of the Project completed to date (exclusive of Property value) as determined by the Lender or the Quantity Surveyor
-	project payables
-	Purchaser Deposits paid into the Project
-	Holdbacks
-	unsubordinated Project financing
-	the aggregate amount of Lender Advances to date under the Loan
-	all recaptured Project expenses, including HST, previously funded by the proceeds of the Loan herein
=	Project Net Equity

2.2. Project Loan to Value Ratio (LTV)

The Borrower shall, at all times, maintain a LTV ratio of less than 85%; notwithstanding the foregoing, for the purposes of calculating this ratio each Fiscal Quarter as required pursuant to the compliance certificate contemplated in **Appendix F** the LTV ratio shall be calculated in accordance with the parameters defined in **Section B. 1.3(r)**.

2.3. Project Loan to Cost Ratio (LTC)

The Borrower shall, at all times, maintain an LTC ratio of less than 90%; notwithstanding the foregoing, for the purposes of calculating this ratio each Fiscal Quarter as required pursuant to the compliance certificate contemplated in **Appendix F**, the LTC ratio shall be calculated in accordance with the parameters defined in **Section B. 1.3(s)**.

2.4. Maximum Borrowing

The Borrower shall ensure that Advances under this Commitment do not exceed the most current calculation of the Maximum Borrowing. "**Maximum Borrowing**" shall be equal to:

	Loan Amount (as defined in Section 1.6)
-	cost to complete Project
-	Holdbacks
+	unadvanced approved Purchaser Deposits to be used in the Project
+	deferred costs as approved by the Lender
+	unadvanced additional approved Project financing
=	Maximum Borrowing



- 3. Negative Covenants** So long as any amount payable hereunder is outstanding or the Loan is available hereunder, the Obligors covenant and agree with the Lender that, unless the Lender otherwise consents in writing:
- 3.1. Sale of Guarantors** The Borrower shall not, and shall cause every other Person with an ownership interest in a Guarantor (other than the Borrower) not to, sell, transfer, assign, convey or otherwise dispose of its ownership interest in any of the Guarantors (other than the Borrower) to any Person except another Affiliate of the Borrower (but only if such Guarantor remains a direct or indirect wholly-owned Subsidiary of the Borrower) or except with the prior written consent of the Lender, such consent not to be unreasonably withheld or delayed.
- 3.2. No Merger, Amalgamation, Etc.** Except as otherwise permitted hereunder, no Obligor shall enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other Person (whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise).
- 3.3. No Sale, etc. of Property Interests** No Obligor shall sell, transfer, assign or otherwise dispose of all or any portion of its respective interest in the Property except pursuant to a Permitted Encumbrance.
- 3.4. No Additional Encumbrances or Financing** No additional encumbrances or financing, subject to **Section A. 1.22**, will be permitted without the prior written consent of the Lender, which consent shall be in its sole discretion. In the event that the foregoing covenant is not complied with, the entire amount of outstanding principal, interest, fees and all other amounts due under the Commitment and the Security shall become immediately due and payable by the Borrower.
- In the event that the Lender consents to any such additional subordinate financing aforesaid, such consent shall be conditional upon the subordinate lender entering into an unconditional postponement, subordination and permanent standstill agreement whereby, *inter alia*, the subordinate lender shall agree to a) issue zero dollar discharges on a per Unit basis and b) execute all postponements and consents as may be required to development the Project, in each case, within two (2) Business Days immediately following request therefor by the Borrower and/or the Lender.
- 3.5. No Dissolution** No Obligor shall liquidate, dissolve or wind-up or take any steps or proceedings in connection therewith, provided, however, that a Guarantor may enter into a transaction designed to wind-up or dissolve such Guarantor into the Borrower upon the Lender's prior written consent, such consent not to be unreasonably withheld or delayed. The parties agree that the Lender's consent will not have been unreasonably withheld if, in the Lender's sole discretion, the Lender's credit risk or the Security will be adversely affected by the proposed transaction.
- 3.6. Non-Arm's Length Transactions** No Obligor shall enter into any contract relating in any manner to the Property with an Affiliate for the sale, purchase, lease or other dealing in any property other than at a consideration which is no more than the fair market value of such property or other than at a fair market rental as regards leased property.
- 3.7. Negative Pledge** Except for the Permitted Encumbrances, no Obligor shall create, issue, incur, assume or permit to exist any mortgage, charge, lien or other encumbrance against the Property without the Lender's prior written consent.
- 3.8. No Changes to Project Documents** No Obligor shall amend, surrender or terminate any Project Document without the prior written consent of the Lender, which consent is not to be unreasonably withheld or delayed.
- 3.9. No Changes to Leases** No Obligor shall terminate or accept a surrender of, or agree to any material amendment to, any Lease, without the consent of the Lender which consent is not to be unreasonably withheld or delayed. For



the sake of clarification, amendments related to the term, rent or premises to be rented shall be considered material.

3.10. Dealing with Leases

Notwithstanding the immediately preceding paragraph above, no Obligor shall enter into any new Leases or amend, renew, terminate, forfeit or cancel any existing Leases, in each case, in respect of all of portion of the Property unless:

- a) such Lease and/or amendment, extension, termination, forfeiture or cancellation are made on arm's length terms and in good faith; and
- b) such Leases and/or amendment, extension, termination, forfeiture or cancellation reflects good business practice, as determined by the Lender, in its sole discretion.

3.11. Concerning Leases Generally

Except in the ordinary course of business and provided such action is prudent in the circumstances, none of the Obligors shall accept or require payment of rent or other moneys payable by a tenant under any Lease that would result in more than three months of such rent or other moneys being prepaid under such Lease other than:

- a) prepaid rent or deposits on account of rent which represent the portion of the cost of construction of the relevant demised premises which exceeds the portion of such cost which was used as the basis for determining the basic rental otherwise payable under such Lease;
- b) amounts representing a bona fide pre-calculation of any amount (which is required to be paid under such Lease) in addition to basic rent, including amounts payable with respect to taxes and maintenance of the applicable Property and overage and percentage rents; or
- c) Lease surrender payments made by the tenant under such Lease; and/or
- d) except for any renewals or extensions of existing Leases pursuant to the terms thereof, each of the Obligors shall not hereafter enter or purport to enter into or suffer to exist any Lease in respect of any Project except if the Security shall have priority over such Lease and such Lease shall provide that it is subordinated to the Security and contain a covenant of the tenant thereunder obligating such tenant if and whenever required by the Lender to attorn to and become the tenant of the Lender or any purchaser from the Lender, for the then unexpired residue of the term of, and upon all of the terms and conditions of such Lease.

3.12. No Waiver

Except as otherwise provided pursuant to **Article F**, no Obligor shall waive, or agree to waive, any failure of any party to any Permitted Encumbrance, Project Document or Lease to perform any material obligation thereunder or suffer or permit anything allowing any party thereto to terminate any such agreement or consent to any assignment thereof by any party thereto unless the same is in the ordinary course of business, is in accordance with good business practice and the same would not have a Material Adverse Effect.

3.13. No Name Change

No Obligor shall change its name without first giving notice to the Lender of its new name and the date when such new name is to become effective.

3.14. No Change of Chief Executive Officer

No Obligor shall change its chief executive office or the location of the offices where it keeps its records respecting receivables and rents or move any of the inventory, securities or equipment from the present locations thereof without prior written notice to the Lender.



The Obligors hereby acknowledge and agree that a breach of any of the foregoing covenants contained in this Article D shall constitute an Event of Default, entitling the Lender to terminate this Commitment subject to and in accordance with the provisions of Article F hereof.

E. TERMINATION PROVISIONS

The Lender shall have the right to terminate this Commitment and its obligation to provide the Loan to the Borrower in the event that any of the following should occur:

1. **Non-Compliance with Terms** The Obligors fail or are unable or unwilling for any reason whatsoever to comply with any of the terms and conditions set out in this Commitment and/or the Security within the time indicated for such compliance.
2. **Non-Execution of Documents** The Obligors fail or refuse to execute any documentation requested by the Lender's solicitors or to deliver such documentation to them.
3. **Outside Date** The Initial Advance has not been fully advanced on or before **April 10, 2022** (the "**Outside Date**").
4. **Non-Acceptance of Borrower Draw** The Borrower refuses to accept either the Initial Advance or a Borrower Draw when so advanced by the Lender.
5. **Default** The Borrower and/or the Guarantors commit a Default that remains uncured in accordance with Article F hereof.
6. **Non-Compliance with Construction Act** The Borrower has not complied with all the provisions of the Construction Act to the satisfaction of the Lender's solicitors.
7. **Non-Satisfaction of Due Diligence** The Lender's solicitors, acting reasonably, are not satisfied with the title to the Property.

If, in accordance with the foregoing, the Lender elects to terminate this Commitment prior to the advance of the entire Loan, the amounts so advanced, if any, together with interest and fees thereon shall become immediately due and payable.



F. DEFAULT PROVISIONS

The content of this Default Provisions section shall be subject to the restrictions of any priority agreement(s) between the Lender and any other Permitted Encumbrance holders.

- 1. Events of Default** The occurrence of any one or more of the following events shall constitute an Event of Default under this Commitment (an “**Event of Default**” or “**Default**”):
- 1.1. Payment of Principal** If the Borrower defaults in the payment of the principal of any Lender Advance made under the Loan when due and payable, without any requirement by the Lender to provide notice of the same;
- 1.2. Payment of Interest and Fees** If the Borrower defaults in the payment of:
- a) any interest (including, if applicable, default interest) due on any Advance under this Commitment;
 - b) any Fees with respect to this Commitment; or
 - c) any other amount not specifically referred to herein payable by the Borrower to the Lender hereunder when due and payable;
- and such default continues for three (3) Business Days after notice of such default has been given by the Lender to the Borrower;
- 1.3. Covenants or Obligations** If any Obligor neglects to observe or perform any covenant or obligation contained in any Document on its part to be observed or performed (other than a covenant or condition whose breach or default in performance is specifically dealt with elsewhere in this **Section F.1**) and, such Obligor shall fail (in the case of those defaults which can be rectified by such Obligor) to remedy such default within a period of **thirty (30)** days after the giving of notice, unless the Lender (having regard to the subject matter of the default) shall have agreed to a longer period and, in such event, within the period agreed to by the Lender;
- 1.4. Cross Default** If a default or an event of default as defined in any indenture or instrument evidencing, or under which, any indebtedness for borrowed money of any Obligor or of any Affiliate (as that term is defined in the Business Corporations Act (Ontario)) of any Obligor has occurred and is continuing; provided, however, that if such default or event of default under such indenture or instrument shall be remedied or cured by such Obligor or Affiliate of such Obligor or be waived by the holders of such indebtedness before any judgment or decree for the payment of the money due shall have been obtained or entered, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been thereupon remedied, cured or waived without further action on the part of the Lender;
- 1.5. Priority Encumbrance Cross Default** If an event of default as defined in any indenture or instrument which is a Permitted Encumbrance on any Property in priority to the Security shall have occurred and be continuing and all applicable cure periods have expired;
- 1.6. Bankruptcy or Insolvency Order** If a decree or order of a court of competent jurisdiction is entered adjudging any Obligor a bankrupt or insolvent, or approving as properly filed a petition seeking the winding-up of such Obligor, under the Companies’ Creditors Arrangement Act (Canada), the Bankruptcy and Insolvency Act (Canada) or the Winding Up and Restructuring Act (Canada) or any other bankruptcy, insolvency or analogous laws or issuing sequestration or process of execution against, or against any substantial part of the assets of any Obligor or material subsidiary or ordering the winding up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of **ten (10) Business Days**;



- 1.7. Insolvency** If any Obligor becomes insolvent, makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the Bankruptcy and Insolvency Act (Canada) or any comparable law, seeks relief under the Companies' Creditors Arrangement Act (Canada), the Winding Up and Restructuring Act (Canada) or any other bankruptcy, insolvency or analogous law, is adjudged bankrupt, files a petition or proposal to take advantage of any act of insolvency;
- 1.8. Trustee or Receiver Appointed** If any proceedings are commenced against, or steps are taken by, any Obligor for the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other Person with similar powers of such Obligor or of all or any substantial portion of its assets, or seeking any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights and in the case of any such proceedings commenced against such Obligor, such proceedings are not stayed or dismissed within **ten (10) days** after the commencement thereof;
- 1.9. Dissolution, Liquidation or Wind-Up Proceedings** If proceedings are commenced for the dissolution, liquidation or winding-up of any Obligor, or for the suspension of the operations of any Obligor, unless such proceedings are stayed or dismissed within **thirty (30) days** of the commencement thereof;
- 1.10. Material Provision or Agreement Null and Void** If any material provision of this Agreement or of any Material Document ceases to be in full force and effect (other than through the normal expiration of the stated term of such Material Document pursuant to the terms thereof) or is declared null and void or invalid or any breach or default shall occur under any Material Document that has a Material Adverse Effect and such breach or default is not remedied within **ten (10) Business Days** of such occurrence or such longer or shorter cure period as may be allowed the applicable Obligor pursuant to the terms of such Material Document;
- 1.11. Judgements** If a judgment or decree for payment of money due in an amount of \$5,000 or more (in any single instance or in the aggregate for all such judgments and decrees against each of the Obligors) shall have been obtained or entered against any Obligor (except in the case of any such judgment or decree in respect of which recourse is limited to property which is not subject to the Security hereunder) and such judgment or decree shall not have been, and remain, vacated, discharged or stayed pending appeal within the applicable appeal period;
- 1.12. Incorrect Representation or Warranty** If any representation or warranty made or deemed to be made by any Obligor in any Document or in any certificate or other document at any time delivered in connection with this Commitment to the Lender shall prove to have been incorrect or misleading in any material respect on and as of the date thereof and with respect to any such incorrect or misleading representation or warranty that is capable of being cured, such incorrectness or misleading aspect continues for a period of **ten (10) Business Days** or more;
- 1.13. Invalid Security** If any of the Security shall cease to be a valid and perfected first priority security interest as against third parties subject only to Permitted Encumbrances and such state continues for more than **two (2) Business Days**;
- 1.14. Material Adverse Effect** If the Lender determines, in their sole discretion acting reasonably, that there has been a material change in the business, assets, properties, liabilities, operations, condition (financial or otherwise) of the Obligors, individually, or its subsidiaries taken as a whole or the ability to perform its obligations under the Commitment (a "**Material Adverse Effect**");
- 1.15. Creditor Seized Property** If the property of any Obligor or a part thereof which is, in the opinion of the Lender, a substantial portion thereof, is seized or otherwise attached by creditors pursuant to any legal process, the enforcement of a secured claim or otherwise or if a distress, execution or any similar process is levied



or enforced against any Obligor and the same is not released, bonded, satisfied, discharged, vacated or stayed within the shorter of a period of **thirty (30) days** or such shorter period as would permit any property or any part thereof to be sold thereunder;

1.16. Assignment, Disposition or Conveyance

If any Obligor makes or agrees to make an assignment, disposition or conveyance, whether by sale or otherwise, of all its assets (or a material portion thereof) in bulk;

1.17. Default Under Permitted Encumbrance or Material Document

If there is a default by any Obligor under any Permitted Encumbrance, or Material Document in respect of the Project and such default has a Material Adverse Effect and is not rectified within **five (5) Business Days**; or

1.18. Financial Covenant Default

If there is a default by the Borrower of any of the Financial Covenants outlined in **Section 4.2**;

1.19. Merger or Amalgamation

If any transaction occurs (whether by reconstruction, reorganization, consolidation, amalgamation, merger, transfer, sale or otherwise) whereby all or substantially all of an Obligor's undertaking, property and assets, or any interest therein becomes the property of any other person, or in the case of any amalgamation, of the continuing company resulting therefrom, or if any Obligor is dissolved; or

1.20. Environmental

If any Obligor violates or breaches any requirements of Environmental Law applicable to the Project (or, in the case of the Guarantor, applicable to all or any material part of its property and assets) or if any Obligor violates or breaches any other Applicable Law and such breach or violation of Applicable Law has or could reasonably be expected to have a Material Adverse Effect and continues for the shorter of a period of **thirty (30) days** or **ten (10) Business Days** less than any such period as would permit the property in question to escheat to the Crown or be sold or otherwise forfeited.

For greater certainty, none of the foregoing events shall constitute an Event of Default hereunder if the default is cured or remedied within the time limited therefor pursuant to the applicable provision of this **Section F.1**.

2. Acceleration and Demand

Upon the occurrence of any Event of Default that has not been cured within the timelines set out herein, the Lender by written notice to the Borrower (an "**Acceleration Notice**") shall be entitled to:

- a) declare the Loan and the right of the Borrower to apply for further Lender Advances and Borrower Draws to be terminated;
- b) declare all Obligations (whether matured or unmatured, drawn or undrawn) of the Borrower to the Lender (including, without limitation, all unpaid fees whether or not deemed earned) to be immediately due and payable (or to be due and payable at such later time as may be stated in such notice) without further demand, presentation, protest or other notice of any kind, all of which are expressly waived by Borrower;

Upon the occurrence of an Event of Default specified in **Section F.1.1**, the Loan shall automatically terminate and all Obligations specified in **Section 1** shall automatically become due and payable, in each case without any requirement that notice be given to the Borrower;

Immediately upon the occurrence of an Event of Default specified in Section F.1 or at the time stated in an Acceleration Notice, the Borrower shall pay to the Lender all amounts owing or payable in respect of all Obligations of such Borrower specified in Section 1, failing which all rights and remedies



of the Lender under the Documents, at law, in equity or otherwise shall thereupon become enforceable and shall be enforced by the Lender.

3. Appointment of Receiver

Upon any default under this Commitment or the Security, that is not cured within the time frames set out herein, the Lender may proceed to realize the Security hereby constituted and to enforce its rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Lender or not, and the Lender may remove any receiver or receivers so appointed and appoint another or others in his or their instead; or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Project or any part thereof; or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Borrower. Any such receiver or receivers so appointed shall have power to take possession of the Project or any part thereof and to carry on the business of the Borrower, and to borrow money required for the maintenance, preservation or protection of the Project or any part thereof, and to further charge the Project in priority to the Security constituted by this Commitment as security for money so borrowed, and to sell, lease or otherwise dispose of the whole or any part of the Project on such terms and conditions and in such manner as he shall determine. In exercising any powers, any such receiver or receivers shall act as agent or agents for the Borrower and the Lender shall not be responsible for his or their actions.

In addition, the Lender may enter upon the applicable premises and lease or sell the whole or any part or parts of the Project. The Borrower agrees that it will be commercially reasonable to sell such part of the Project:

- a) as a whole or in various units;
- b) by a public sale or call for tenders by advertising such sale; and
- c) by private sale.

Any such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Lender in its sole discretion may seem advantageous and such sale may take place whether or not the Lender has taken possession of such property and assets.

No remedy for the realization of the security hereof or for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "receiver" as used in this letter includes a receiver and manager.

4. Application of Payments Following Demand and Acceleration

Except as otherwise agreed to by the Lender in its' sole discretion, any sum received by the Lender at any time after the delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section F.1, which the Lender is obliged to apply in or towards the satisfaction of sums due from the Borrower under any Document shall be applied by the Lender in accordance with amounts owed to the Lender by the Borrower in respect of each category of amounts set forth below, each such application to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category:

- a) in or towards payment of any expenses and fees then due and payable to the Lender hereunder and owing by the Borrower (including, without limitation, in the case of the Borrower, any such fees and expenses owing whether or not deferred or contingent);
- b) in respect of amounts due and payable by such Borrower to the Lender by way of interest and fees (including, without limitation, in the case of the Borrower, any such interest and fees owing whether or not deferred or contingent);



- c) in respect of any other amount (other than Loan) not hereinbefore referred to in this Section F.4 which are then due and payable by the Borrower hereunder such Borrower under any Document (including, without limitation, in the case of the Borrower, any such other amounts owing whether deferred or contingent);
- d) in or towards repayment to the Lender of the principal advanced to such Borrower then outstanding hereunder; and
- e) any remaining amounts to be released to the Borrower or as required by the loan.

For certainty, unless otherwise agreed by the Lender, all amounts owing by the Borrower in each of the above-noted categories (whether directly or indirectly by virtue of Guarantees) shall, within each category, rank *pari passu* and be applied *pro rata* to the Obligations owing by the Borrower within such category based on the respective outstanding amounts.

5. Remedies Cumulative

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Lender under the Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law; any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement therein contained shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for the same default or breach, and any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement therein contained, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default. The Lender may, to the extent permitted by Applicable Law, bring suit at law, in equity or otherwise for any available relief or purpose including but not limited to:

- a) the specific performance of any covenant or agreement contained in the Documents;
- b) enjoining a violation of any of the terms of the Documents;
- c) aiding in the exercise of any power granted by the Documents or by law; or
- d) obtaining and recovering judgment for any and all amounts due in respect of the Advances or amounts otherwise due hereunder or under the Documents.

To the extent permitted by Applicable Law, Borrower hereby waives any rights now or hereafter conferred by statute or otherwise which may limit or modify any of the Lender's rights or remedies under the Documents.

6. Set-Off

In addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, the Lender is authorized at any time after the delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section F.1 which has not theretofore been waived or rescinded by the Lender and from time to time thereafter without notice to Borrower or to any other person, any such notice being expressly waived by the Borrower, to set-off and to appropriate and to apply any and all deposits (general and special) and any other indebtedness at any time held by or owing to the Lender for the account of the Borrower against and on account of the obligations and liabilities of the such Borrower to the Lender or such Lender under this Commitment, including, without limitation, contingent or deferred obligations of the Lender.

7. Cash Collateral Accounts

Upon delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section F.1 and in addition to any other rights or remedies of the Lender hereunder, the Lender shall thereafter be entitled to deposit and retain in an account to be maintained by the Lender, and which for the



purposes hereof shall be considered to be the Lender's account and not the Borrower's account bearing interest for the Borrower at the rates of interest of the Lender as may be applicable in respect of other deposits of similar amounts for similar terms, amounts which are received by the Lender from the Borrower to the extent that and for so long as such amounts either may be required to satisfy any Obligations of such Borrower or are actually used to satisfy any such Obligations; provided that if such amounts are no longer required or not so used, the Lender shall forthwith return the same together with interest accrued thereon to the Borrower.

8. Lender May Perform Covenants

If the Borrower shall fail to perform any covenant on its part herein contained, the Lender may, upon prior notice to the Borrower, perform any of the said covenants capable of being performed by the Lender and, if any such covenant requires the payment or expenditure of money, it may make such payment or expenditure with its own funds and shall be entitled to reimbursement of any such expenditure. All amounts so paid by the Lender hereunder shall be repaid by the Borrower on demand and therefore, shall bear interest at the rate set forth in Section 1.8 from the date paid by the Lender hereunder to and including the date such amounts are repaid in full by the Borrower.

9. Administration Fee Payable in Default

In the event of a default by the Borrower or any Guarantor in their respective obligations under this Commitment, Loan or Security that is not cured within the timeframes set out herein, the Lender shall, notwithstanding anything contained herein to the contrary, be entitled to receive in addition to all other fees, charges and disbursements, an administration and management fee in the amount of \$5,000 for each month or part thereof that the Borrower and/or any Guarantor is in default of its obligations under the Commitment, Loan or Security. The said sum or sums are agreed to be liquidated damages to cover the Lender's administration and management costs and are not intended nor shall they be construed as a penalty. All such sums payable to the Lender shall be a charge upon the Project and its assets and interest shall accrue thereon as if they were Loan principal.

10. Priority of Loan in Default

In the event of a default by the Borrower or any Guarantor in their respective obligations under this Commitment, Loan or Security that is not cured within the timeframes set out herein, the Loan priority shall change to be as follows:

- a) Facility 1 – Construction shall remain in 1st position on all project lands
- b) Facility 2A – Land & Servicing shall be in 2nd position on lands of which have not been discharged by Pre-Payment or Net Sales Proceeds; then
- c) Facility 2B – Land & Servicing shall be in 3rd position on lands of which have not been discharged by Pre-Payment or Net Sales Proceeds.



G. GENERAL PROVISIONS

1. The Lender shall have no obligation to advance funds unless and until all of the above terms and conditions have been deemed by the Lender to be complete, true and otherwise in all respects satisfactory, in the Lender's sole discretion.
2. No term or requirement of this Commitment may be waived or varied orally or by any course of conduct of the Borrower or anyone acting on his behalf or by any officer, employee or agent of the Lender. Any alteration or amendment to this Commitment must be in writing and signed by a duly authorized officer of the Lender and accepted by the Borrower and Guarantors.
3. The Lender's solicitors shall be:
Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9
Attention: Robert Miller
4. The Borrower's solicitors shall be:
Grechi Carter, Hamilton Barristers & Solicitors
235 Highway 8
Stoney Creek, ON, L8G1E2
Attention: Michael Luppino
mluppino@gclaw.ca
(905) 930-9957
5. The Borrower shall bear any and all reasonable legal costs of the Lender.
6. Time is of the essence in this Commitment.
7. This Commitment shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.
8. The Obligors agree that if any one or more of the provisions contained in this Commitment shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Lender, not affect any or all other provisions of this Commitment and this Commitment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
9. The waiver by the Lender of any breach or Default by the Obligors of any provisions contained herein shall not be construed as a waiver of any other or subsequent breach or Default by them. In addition, any failure by the Lender to exercise any rights or remedies hereunder or under the Security shall not constitute a waiver thereof.
10. Notwithstanding the registration of the Security or the advancement of funds, the terms of this Commitment shall not merge with the delivery and/or registration of the Security and shall remain in full force and effect. Any default under the terms of this Commitment shall be deemed a default under the Security and any default under the terms of the Security shall be deemed a default under the terms hereof. In the event of a conflict between the terms of the Security and the terms of this Commitment, the Lender, in its sole discretion may determine which shall take precedence and govern.
11. This Agreement may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument. A facsimile or electronic copy of an executed counterpart shall be deemed to be an original.
12. From time to time, the Lender publishes advertisements or announcements of completed transactions. The advertisements or announcements include, but are not limited to, press releases, paid advertisements, internally displayed tombstones,



social media, investor brochures or information displayed on the internet and/or the Lender's intranet. The Obligors consent to the publication of an advertisement or announcement of the transaction contemplated by this Commitment. The Obligors covenant and agree to permit the Lender to photograph or utilize existing photographs or artistic renderings (for unfinished Projects) of the Property for the possible use in internal or external marketing programs.

13. Any word importing the singular or plural shall include the plural and singular, respectively. If any party is comprised of more than one entity, the obligations of each of such entities shall be joint and several. Any word incorporating persons of either gender, or firms, or corporations shall include persons of other gender, and firms, and corporations were the context so requires.
14. The headings and section numbering appearing in this Commitment are included only for convenience of reference and in no way define, limit, construe, or describe the scope or intent of any provision of this Commitment.

If you are in agreement with the above terms, please indicate such agreement by signing and forwarding to the undersigned a copy of this letter agreement. The execution of this letter does not obligate the Lender to advance any of the agreed funds unless all of the conditions to such advances have been satisfied at the sole discretion of the Lender and its solicitors.

By signing this Commitment, pertaining to **York Estates – MZGI 452** the Borrower and Guarantors agree that the Lender may obtain credit and other financially related information about the Borrower and the Guarantors, including reports from other credit grantors, consumer reporting agencies, and credit bureau.

Unless this Commitment is accepted by the Borrower and all required Guarantors within **five (5) Business Days** of the date hereof by delivery of a fully executed copy to the Lender, then, at the Lender's sole option, the Commitment shall be terminated.

This Commitment is not binding until it has been approved and signed back by an officer of the Lender, MarshallZehr Group Inc.

Yours truly,

DocuSigned by:

6697E6642B774AE...


Cecil Hayes CIM
Chief Operating Officer, Broker



6/23/2022

Acknowledged and agreed at _____ this _____ day of _____, 2022.

Borrower:

2557386 Ontario Inc

DocuSigned by:
Mike Bettiol
Name: _____
EFFF4443B3D54AA...
Title: _____

Per: _____
Name: _____
Title: _____

I/we have authority to bind the Corporation

The following parties execute this Commitment in their capacities as guarantors only.

Guarantors:

2363823 Ontario Inc. (o/a Mariman Homes)

DocuSigned by:
Mike Bettiol
Name: _____
EFFF4443B3D54AA...
Title: _____

Per: _____
Name: _____
Title: _____

I/we have authority to bind the Corporation

DocuSigned by:
Mike Bettiol
Name: _____
EFFF4443B3D54AA... I/S
Michael Bettiol

Witness:



APPENDIX "A"
PROPERTY AND PERMITTED ENCUMBRANCES

- 1. Project Property**
 - a) PART WARNER NELLES TRACT DESIGNATED AS PART 1, 18R-7058; SAVE & EXCEPT PART 1, 18R-7281; T/W EASEMENT OVER PART 2, 18R-7058 AS IN HC252899; TOWNSHIP OF SENECA HALDIMAND COUNTY

- 2. Permitted Encumbrances**
 - a) Not Applicable



APPENDIX "B" DEFINITIONS

1. **"Advances"** means collectively, the Initial Advance, a Lender Advance and a Borrower Draw and **"Advance"** means any one (1) of them as the context so requires.
2. **"Affiliate"** means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate and **"Affiliates"** means more than one (1) of them. A Person shall be deemed to control a Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the term "controlled" shall have a similar meaning.
3. **"Applicable Laws"** means all statutes, laws, by laws, regulations, ordinances, orders, codes, rules and requirements of governmental or other public authorities having jurisdiction in force from time to time and includes all Environmental Law.
4. **"Business Day"** means any day which is not a Saturday, Sunday, or day observed as a holiday under the Applicable Laws in the province in which the Project is located.
5. **"Condominium Act"** means the *Condominium Act, 1998* (Ontario).
6. **"Condominium Documents"** means the declaration, condominium corporation by-laws, shared facilities agreements, insurance trust agreement (if any) and/or other documents relating to the creation and operation of the Project as a condominium.
7. **"Construction Act"** means the *Construction Act* (Ontario).
8. **"Project Schedule"** means the schedule Project activities provided to and approved by the Lender and the Quantity Surveyor, to the extent applicable, as same may be amended from time to time with the consent of the Lender, in its sole discretion.
9. **"Deposit Insurer"** means a deposit bonding and deposit insurance company acceptable to the Lender as the surety for bonds and/or excess deposit insurance issued to Tarion and/or purchasers of Units pursuant to the terms of the agreements of purchase and sale made between the Borrower and such purchasers thereunder.
10. **"Eligible Pre-sales"** means the sale of a Unit in which:
 - a) such sale is made pursuant to a binding and unconditional agreement of purchase and sale, a copy of which has been provided to the Lender and which is in the form satisfactory to the Lender;
 - b) the period in which any right of rescission or right to claim a return of a Purchaser Deposit by the applicable purchasers under such agreement of purchase and sale is expired;
 - c) the purchasers under such agreement of purchase and sale must:
 - (i) be *bona fide*;
 - (ii) be arm's length from the Borrower and the Guarantors;



- (iii) be obligated to make a Purchaser Deposit of not less than 8.00% of the Gross Sale Price to be received prior to occupancy; and
 - (iv) not be in default of its payment obligations (including payments on account of the relevant Purchaser Deposit) under the agreement of purchase and sale or in respect of any mortgage commitment;
 - d) the Lender may, in its sole discretion, exclude foreign purchasers and purchasers who are not natural Persons from Eligible Pre-Sales;
 - e) if the purchaser either individually or in conjunction with a spouse or child (or, in the case of Persons that are not individuals, together with affiliates thereof within the meaning of the *Business Corporations Act* (Ontario)) is purchasing more than three (3) Units, the sale of such Units will not be designated Eligible Pre-Sales unless approved in writing by the Lender in its sole discretion; and
 - f) all Purchaser Deposits are held in trust by designated solicitors acceptable to the Lender in accordance with the agreement of purchase and sale (except those Purchaser Deposits that have been released for application towards Project Costs) at an account with the Lender.
- 11. "Environmental Law"** means the statutes, regulations, policies, directives, orders, approvals, and other legal requirements of any Governmental Authority or the common law which affect the Project, the Property, the Borrower's and/or Guarantors' respective business, and which impose any obligations relating to protection, conservation, or restoration of the environment.
- 12. "Fiscal Quarter"** means the four (4), three (3) month financial accounting periods for the Borrower, commencing on the first day immediately following the Borrower's year end, in each year.
- 13. "Governmental Authority"** means any government, parliament, legislature, municipal council, or other regulatory or legislative authority, agency, commission, department or board of any government, parliament, legislature, municipal council or any political subdivision thereof, or any court or any other law, by-law, regulation or rule-making entity (including self-regulating and industry boards, associations and entities of all kinds empowered by legislation, by-law, proclamation, order, the exercise of prerogative power or regulation charged with the administration, regulation or enforcement of Applicable Laws or such board's, association's or entity's own codes, ordinances, orders, decrees, edicts, rules, by-laws, regulations policies, voluntary restraints, practices or guidelines), having jurisdiction in the relevant circumstances, or any Person acting under the authority of any of the foregoing (including any arbitrator with the authority to bind the parties at law) or any other authority, agency, commission, department, association or board charged with the administration, regulation or enforcement of Applicable Laws.
- 14. "Gross Sale Price"** means the gross sale price (inclusive of HST) set out in an agreement of purchase and sale relating to the sale of a Unit (and any related parking, locker and other ancillary units), net of any pricing incentives.
- 15. "Hard Costs"** means the amounts expended or to be expended for work, services or materials done, performed, placed or furnished in connection with the construction of the Project, all as more particularly set out in the Project Budget.
- 16. "Hazardous Substance"** means any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to any Environmental Law, including pollutants, contaminants, dangerous goods or substances, toxic or hazardous substances or materials, wastes (including solid non-hazardous



wastes and subject wastes), petroleum and its derivatives and by-products and other hydrocarbons, all as defined in or pursuant to any Environmental Law.

17. **"HCRA"** means the Home Construction Regulatory Authority and/or its successors and assigns.
18. **"Holdbacks"** means any amounts required to be retained by or on behalf of the Borrower in respect of the value of work, services and materials actually done, performed, placed or furnished on or in the Project in accordance with the Construction Act.
19. **"HST"** means any goods and services tax, harmonized sales tax or similar value added tax exigible or applicable in the Province of Ontario pursuant to the *Excise Tax Act* (Canada) as amended from time to time and/or any successor legislation.
20. **"Interest Adjustment Date" or "IAD"** means the date that is the first (1st) of the month following the date of the Initial Advance.
21. **"Lease"** means any lease, sublease, agreement to lease, offer to lease, licence or right of occupation granted from time to time by or on behalf of the Borrower entitling the lessee, sublessee or grantee thereunder to use or occupy all or any part of the Property.
22. **"Letter of Credit"** means a standby letter of credit, commercial or letter of guarantee, as applicable, issued by an Affiliate of the Lender under Facility 3, to the extent applicable.
23. **"Permitted Deductions"** means the following amounts, in the aggregate, Purchaser Deposits, reasonable closing costs such as approved legal fees, arm's length realty commissions, realty taxes, and any other closing adjustments acceptable to the Lender, in its sole discretion.
24. **"Person"** means any individual, partnership, corporation, trust, trustee or other entity or any combination of them.
25. **"Project Budget"** means the budget of all Project Costs, which has specified on a line-by-line basis, all Project Costs, as prepared by the Borrower, reviewed by the Quantity Surveyor, to the extent applicable, and approved by the Lender, and as may be amended from time to time with the consent of the Lender, which consent shall be in the Lender's sole discretion.
26. **"Project Costs"** means the aggregate of all Hard Costs and all Soft Costs expended or to be expended to construct the Project in accordance with the Project Documents and Project Schedule.
27. **"Project Documents"** Means the plans and specifications (including all structural, architectural, mechanical, electrical, landscape and interior design and specifications) pertaining to the development and construction of the Project prepared by or at the direction of the Borrower and as approved by the Lender in consultation with the Quantity Surveyor, to the extent applicable, as amended from time to time with the consent of the Lender, in its sole discretion.
28. **"Purchaser Deposits"** means the deposits paid by purchasers of Units under the agreements of purchase and sale.
29. **"Quantity Surveyor"** means a quantity surveyor, as approved by the Lender, in its sole direction, to assist the Lender with respect to the Borrower's construction of the Project.
30. **"Requirements of Environmental Law"** means all requirements of Applicable Laws and of any Governmental Authority relating to environmental or occupational health and safety matters (as they relate to exposure to a Hazardous Substance) and the assets and undertaking of such Person and the intended uses thereof in connection with such matters, including all such requirements relating to: (a) the protection,



preservation or remediation of the natural environment (the air, land, surface water or groundwater);
(b) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation;
(c) consumer, occupational or public safety and health (as they relate to exposure to a Hazardous Substance); and (d) Hazardous Substance or conditions.

- 31. "Soft Costs"** means all amounts expended or to be expended in respect of the Project for consultants, architects, taxes, surveys, insurance, bonding costs, legal fees, promotions of the Project, financing, leasing, pre-operating costs and all other costs related to the Project, except Hard Costs and the cost of acquiring the Property.
- 32. "Tarion"** means Tarion Warranty Corporation and/or its successors and assigns.
- 33. "Unit"** means a "unit" (as defined in the Condominium Act) comprising part of the Project for use as a residence and/or ancillary uses together with the common elements and exclusive use interests appurtenant thereto, to the extent applicable.



APPENDIX "C" INSURANCE REQUIREMENTS

1. General

The following shall be provided with respect to insurance on the Project:

- a) Proof of appropriate Commercial Liability insurance and an assignment of insurance. A certificate of insurance showing the Lender as additional insured and loss payee, and coverage of not less than the amount deemed adequate by the Lender's insurance consultant.
- b) Proof of Builders' All Risks property insurance in connection with the Project, including rental loss insurance, if applicable, with responsible and reputable insurance companies in such amounts equal to 100% of projected Hard Costs and not less than 25% of all Soft Costs, plus 100% of finance charges.
- c) If applicable, Boiler and Pressure Vessel insurance including rental loss, for such amount as may be acceptable to the Lender, all with such deductibles as are customary in the case of businesses of established reputation engaged in the same or similar businesses and, in an event, as are acceptable to the Lender. The Lender shall be added as an additional insured to the liability policies.
- d) Other insurance including, but not limited to, Environmental Insurance, Pollution Insurance, and Key Persons Insurance, as the Lender's insurance consultant may deem necessary given the nature of the Project. The amount of coverage required shall be reasonably determined by the Lender's insurance consultant.

2. Insurance Policies

All such insurance policies shall:

- a) Name the Lender as mortgagee thereunder as its interest may appear;
- b) Name the Lender as additional insured and loss payee;
- c) Have attached the Insurance Bureau of Canada standard mortgage clause;
- d) Provide that no cancellation, termination, or adverse amendment thereof shall take effect unless the insurer concerned has given the Lender not less than thirty (30) days prior written notice of such proposed action;
- e) Provide that proceeds of all insurance for physical damage and rental losses shall be payable to the Lender or as it may direct; and
- f) Otherwise be in such form as the Lender and/or the Lender's insurance consultant shall reasonably require.

3. Application of Proceeds

So long as no Event of Default has occurred and is continuing, the proceeds of all insurance relating to physical damage and rental losses shall be, with the approval of the Lender:

- a) Applied in reduction of amounts outstanding hereunder; or
- b) Released to the Borrower subject to compliance with such conditions as the Lender may require.



4. Other Conditions

- a) If an Event of Default has occurred or is continuing, the proceeds of all insurance relating to physical damage and rental losses shall be payable to the Lender to be applied by it in reduction in the Loan Amount outstanding hereunder.
- b) The proceeds of all insurance held by the Lender shall, unless and until the same are applied or released to the Borrower as aforesaid, constitute continuing collateral security for the Borrower's obligations and liabilities in respect of amounts outstanding hereunder.
- c) In the event that the Lender shall not be obligated hereunder to apply the proceeds of insurance to pay for the cost of repairing the damage or destruction to or replacement of the Property in respect of which the insurance is payable and the Lender elects to apply the proceeds of insurance to the Loan Amount owing by the Borrower hereunder, each of the Borrower (on its own behalf and on behalf of each of the Guarantors), hereby irrevocably waives any and all statutory provisions which may require that proceeds of insurance be used to restore or rebuild the Property.
- d) The Borrower shall deliver or cause to be delivered to the Lender, certificates of insurance signed by the insurers, or other evidence satisfactory to the Lender, acting reasonably, of the insurance coverage required hereunder, including certificates of renewal as soon as they are available.

5. Insurance Consultant

The Borrower acknowledges that all policies of insurance shall be subject to review and approval by an insurance consultant acting on behalf of the Lender and the Borrower agrees to pay for the consultant's fees in connection with such review upon registration of the Security and for each insurance renewal throughout the Term.



6. Broker Contact Information and Release

Please provide the following information for our records:

Insurance Broker	
Brokerage Name:	
Contact Name:	
Address:	
City:	
Phone #:	
Email Address:	

The Borrower and persons otherwise connected with this Commitment, hereby authorize the above noted insurance broker to release insurance information required by the Lender and their insurance consultant for this transaction.

The Borrower and persons otherwise connected with this Commitment, hereby authorize the Lender to release information necessary to determine insurance requirements, as needed, to the Lender's insurance consultant for the purposes of conducting an insurance review.

Borrower:

2557386 Ontario Inc

Per: _____

Name:

Title:

I/we have authority to bind the Corporation



APPENDIX "D"
PROJECT PRO FORMA

Project Revenue		
Gross Residential Revenue	\$	96,143,825
Less: HST	\$	(9,659,000)
Plus: Upgrades & Recoveries	\$	1,848,000
Net Residential Revenue		88,332,825
Non-Land Costs		
Development Charges and Permits	\$	725,000
Servicing Costs	\$	6,420,000
Construction Costs	\$	39,039,000
Consultant & Professional Costs	\$	915,000
Marketing & Advertising Costs	\$	3,973,000
Financing Costs	\$	5,310,000
Contingency	\$	3,058,000
Total non-land costs		59,440,000
Land Costs		
Land	\$	13,250,000
Appraised Land Surplus	\$	8,750,000
Total land-costs		22,000,000
Total Costs		81,440,000
Project Profit		6,892,825
<i>Return of Gross Revenue</i>		7.2%
<i>Return on Project Costs</i>		8.5%



APPENDIX "E"
SUPPORTING MATERIAL REGARDING DISCHARGES

The following units have been identified and are anticipated to fall below the \$344,000 payment requirement (as delineated in A.21 Partial Discharge Provisions). The Lender understands that it is the Borrower's objective to paydown the summation of Facility 2A – Land and Servicing and F2B – Mezzanine by the closing of the 55th unit. As such, the Borrower will be required to paydown these facilities, as delineated in A.21 Partial Discharge Provisions, in the average amount of \$344,000.

The table below has been provided as guidance for anticipated paydown amounts associated with each unit, and each facility.

Purchaser	Purchase Price	Total Deposit	Lot #	Servicing	Construction	Total	HST	Deferred(s)	NSP	F1:	F2A&B:
Devine	870,000	87,000	43	521,000	723,906	1,244,906	-78,850	24,080	680,070	573,743	0
Grecia	870,000	87,000	11	521,000	627,385	1,148,385	-78,850	24,080	680,070	497,244	52,000
Bates	860,000	86,000	8	521,000	609,288	1,130,288	-77,699	24,080	672,221	482,900	62,000
Horvat	910,000	91,000	64	521,000	627,385	1,148,385	-83,451	24,080	711,469	497,244	84,000
Mabee	950,000	95,000	9	521,000	609,288	1,130,288	-88,053	24,080	742,867	482,900	133,000
Periera	945,000	90,000	62	521,000	609,288	1,130,288	-87,478	24,080	743,442	482,900	134,000
Philip	1,299,500	115,000	20	521,000	872,307	1,393,307	-128,261	24,080	1,032,159	691,360	159,000
Gray	1,200,000	180,000	10	521,000	699,776	1,220,776	-116,814	24,080	879,106	554,618	179,000
Manav	1,250,000	125,000	13	521,000	699,776	1,220,776	-122,566	24,080	978,354	554,618	385,000
Pooni	1,327,750	117,500	14	521,000	647,896	1,168,896	-131,511	24,080	1,054,659	513,500	385,000
Shah	1,327,750	117,500	15	521,000	647,896	1,168,896	-131,511	24,080	1,054,659	513,500	385,000
Arora	1,250,000	125,000	16	521,000	699,776	1,220,776	-122,566	24,080	978,354	554,618	385,000
Aestajada	1,412,000	211,800	17	521,000	609,288	1,130,288	-141,204	24,080	1,034,916	482,900	385,000
Mand	1,250,000	125,000	18	521,000	681,196	1,202,196	-122,566	24,080	978,354	539,892	385,000
Antony	1,327,750	117,500	19	521,000	647,896	1,168,896	-131,511	24,080	1,054,659	513,500	385,000
Prakash	1,327,750	117,500	21	521,000	681,196	1,202,196	-131,511	24,080	1,054,659	539,892	385,000
Mathura	1,327,750	117,500	22	521,000	647,896	1,168,896	-131,511	24,080	1,054,659	513,500	385,000
Shah	1,751,500	155,000	23	521,000	699,776	1,220,776	-180,261	24,080	1,392,159	554,618	385,000
Ding	1,700,000	255,000	24	521,000	872,307	1,393,307	-174,336	24,080	1,246,584	691,360	385,000
Xu	1,505,000	225,750	25	521,000	681,196	1,202,196	-151,903	24,080	1,103,267	539,892	385,000
Xin	1,519,500	227,100	26	521,000	699,776	1,220,776	-153,571	24,080	1,114,749	554,618	385,000
Fang	1,435,000	215,250	27	521,000	699,776	1,220,776	-143,850	24,080	1,051,820	554,618	385,000
Thambilpillai	1,299,500	115,000	28	521,000	627,385	1,148,385	-128,261	24,080	1,032,159	497,244	385,000
Healing Touch	1,327,750	117,500	30	521,000	647,896	1,168,896	-131,511	24,080	1,054,659	513,500	385,000
Liao	1,638,500	217,500	32	521,000	699,776	1,220,776	-167,261	24,080	1,229,659	554,618	385,000
Phan	1,460,000	219,000	33	521,000	681,196	1,202,196	-146,726	24,080	1,070,194	539,892	385,000
Shane George	1,500,000	225,000	34	521,000	681,196	1,202,196	-151,327	24,080	1,099,593	539,892	385,000
John George	1,500,000	225,000	35	521,000	681,196	1,202,196	-151,327	24,080	1,099,593	539,892	385,000
Bawa	1,250,000	125,000	36	521,000	699,776	1,220,776	-122,566	24,080	978,354	554,618	385,000
Manocha	1,250,000	125,000	37	521,000	699,776	1,220,776	-122,566	24,080	978,354	554,618	385,000
Pahuja	1,250,000	125,000	38	521,000	681,196	1,202,196	-122,566	24,080	978,354	539,892	385,000
Jakhu	1,550,000	155,000	39	521,000	947,834	1,468,834	-157,080	24,080	1,213,840	751,221	385,000
Singh	1,480,000	222,000	40	521,000	699,776	1,220,776	-149,027	24,080	1,084,893	554,618	385,000
406398 BC	1,480,000	222,000	41	521,000	699,776	1,220,776	-149,027	24,080	1,084,893	554,618	385,000
Kondola	1,480,000	222,000	42	521,000	681,196	1,202,196	-149,027	24,080	1,084,893	539,892	385,000



Thomas	2,498,000	360,000	44	521,000	1,085,859	1,606,859	-266,142	24,080	1,847,778	860,614	385,000
Mogridge	1,350,000	135,000	45	521,000	699,776	1,220,776	-134,071	24,080	1,056,849	554,618	385,000
Sheppard	1,491,500	223,725	46	521,000	681,196	1,202,196	-150,350	24,080	1,093,345	539,892	385,000
Thind	1,150,000	115,000	47	521,000	627,385	1,148,385	-111,062	24,080	899,858	497,244	385,000
Muddadan/Antony	1,150,000	115,000	48	521,000	627,385	1,148,385	-111,062	24,080	899,858	497,244	385,000
1386579 (Bajwa)	1,299,500	115,000	49	521,000	627,385	1,148,385	-128,261	24,080	1,032,159	497,244	385,000
Jose/Joy/George	1,327,750	117,500	50	521,000	872,307	1,393,307	-131,511	24,080	1,054,659	691,360	385,000
Camara	1,350,000	135,000	51	521,000	699,776	1,220,776	-134,071	24,080	1,056,849	554,618	385,000
Skariah	1,175,000	120,000	52	521,000	647,896	1,168,896	-113,938	24,080	916,982	513,500	385,000
Ribeiro	1,445,500	216,750	53	521,000	627,385	1,148,385	-145,058	24,080	1,059,612	497,244	385,000
Richardson	1,494,200	225,000	54	521,000	723,906	1,244,906	-150,660	24,080	1,094,460	573,743	385,000
Shi	1,425,000	20,000	55	521,000	699,776	1,220,776	-142,699	24,080	1,238,221	554,618	385,000
Liu	1,434,000	209,000	56	521,000	699,776	1,220,776	-143,735	24,080	1,057,185	554,618	385,000
Kumarasamy	1,327,750	117,500	57	521,000	723,906	1,244,906	-131,511	24,080	1,054,659	573,743	385,000
Cao	1,480,000	222,000	58	521,000	699,776	1,220,776	-149,027	24,080	1,084,893	554,618	385,000
Antony	1,327,750	117,500	59	521,000	681,196	1,202,196	-131,511	24,080	1,054,659	539,892	385,000
Crawford	1,440,000	215,250	60	521,000	699,776	1,220,776	-144,425	24,080	1,056,245	554,618	385,000
Ronbeck	1,600,000	240,000	61	521,000	872,307	1,393,307	-162,832	24,080	1,173,088	691,360	385,000
Fijomon	1,327,750	117,500	63	521,000	647,896	1,168,896	-131,511	24,080	1,054,659	513,500	385,000
Akbar	1,700,000	255,000	65	521,000	723,906	1,244,906	-174,336	24,080	1,246,584	573,743	385,000
[Purchaser]	1,812,500	210,000	29	521,000	699,776	1,220,776	-187,279	24,080	1,391,141	554,618	
[Purchaser]	1,812,500	210,000	31	521,000	699,776	1,220,776	-187,279	24,080	1,391,141	554,618	
[Purchaser]	2,078,625	240,000	1	521,000	872,307	1,393,307	-217,895	24,080	1,596,650	691,360	
[Purchaser]	2,078,625	240,000	2	521,000	872,307	1,393,307	-217,895	24,080	1,596,650	691,360	
[Purchaser]	2,078,625	240,000	3	521,000	872,307	1,393,307	-217,895	24,080	1,596,650	691,360	
[Purchaser]	2,078,625	240,000	4	521,000	872,307	1,393,307	-217,895	24,080	1,596,650	691,360	
[Purchaser]	2,078,625	240,000	5	521,000	872,307	1,393,307	-217,895	24,080	1,596,650	691,360	
[Purchaser]	1,812,500	210,000	6	521,000	699,776	1,220,776	-187,279	24,080	1,391,141	554,618	
[Purchaser]	1,812,500	210,000	7	521,000	699,776	1,220,776	5	24,080	1,578,425	554,618	
[Purchaser]	1,812,500	210,000	12	521,000	699,776	1,220,776	-187,279	24,080	1,391,141	554,618	
[Purchaser]	1,812,500	210,000	66	521,000	699,776	1,220,776	-187,279	24,080	1,391,141	554,618	



APPENDIX "F"
REPORTING REQUIREMENTS

Annual	
1. Annual Financial Statements of the Corporate Obligor(s)	<p>As soon as available and, in any event, within ninety (90) days after the end of each of the Corporate Obligors' fiscal years, copies of such Obligors' annual Notice to Reader financial statements prepared by an external professional accountant shall be provided to the Lender.</p> <p>Statements shall be prepared on a consolidated basis and, in each case, consisting of a balance sheet, statement of profit and loss, and statement of changes in financial position for each such year, together with the notes thereto, all prepared in accordance with generally accepted accounting principles consistently applied.</p>
2. Annual Project Budget	As soon as available and, in any event, within ninety (90) days after the end of the Borrower's fiscal year, an updated Project Budget shall be provided to the Lender.
3. Annual Corporate Notice of Assessment	<p>As soon as available and, in any event, within sixty (60) days after each of the Corporate Obligors' corporate tax deadline, copies of such Obligors' Notice of Assessment shall be provided to the Lender.</p> <p>If such Notice(s) of Assessment show a balance owing, such Obligor(s) shall provide proof of payment for the balance.</p>
4. Annual Personal Notice of Assessment	<p>As soon as available and, in any event, within sixty (60) days after each of the Personal Obligors' corporate tax deadline, copies of such Obligors' Notice of Assessment shall be provided to the Lender.</p> <p>If such Notice(s) of Assessment show a balance owing, such Obligor(s) shall provide proof of payment for the balance.</p>
5. Annual Personal Net Worth Statement(s)	As soon as available and, in any event, after the anniversary of the previously received personal net worth statement, an updated personal net worth statement with supporting documentation for each of the Personal Obligors shall be provided to the Lender.
Quarterly	
1. Quarterly Compliance Certificates	As soon as available and, in any event, within thirty (30) days after the end of each of the Borrower's Fiscal Quarters, a loan compliance certificate, in a form and substance satisfactory to the Lender, shall be provided to the Lender.
Monthly	
1. Monthly Project Bank Account Statements	As soon as available and, in any event, within seven (7) days after the end of each calendar month, the bank statement detailing the activity in the bank account specifically designated for the Project (inclusive of future deposits) shall be provided to the Lender. Such bank account, and related statement, shall contain activity relating to the Project.



Other	
1. Property Tax Information	<p>As soon as available, the Borrower shall provide a copy of the property tax bill(s) for the Project to the Lender.</p> <p>On each tax instalment date, as specified on the property tax bill(s), the Borrower shall provide proof of property tax payment to the Lender.</p>
2. Insurance	<p>As soon as available and, in any event, no later than thirty (30) days prior to the insurance expiry date(s), the Borrower will provide a certificate of insurance and policy from its insurance broker indicating that all insurance required by the Lender, as specified in Appendix C, is adequate and still in effect.</p>



APPENDIX "G" FEE DETAILS

The Obligors hereby acknowledge (i) having received and had explained to each of them all of the possible fees and charges set forth in this Commitment, including, without limitation, the Fees in this Appendix G, which would be in addition to the principal and interest due hereunder and (ii) that all such fees and charges are reasonable and reflect a reasonable pre-estimate of Lender's actual costs with respect to same.

- 1. Good Faith Deposit** The Good Faith Deposit delivered by the Borrower to the Lender upon execution of the letter of intent shall be non-refundable to the Borrower and is deemed fully earned by the Lender upon delivery of this Commitment to the Obligors. The Obligors hereby acknowledge and agree that the Good Faith Deposit is a reasonable estimate of the fees to be incurred by the Lender in connection with the preparation of this Commitment, which amount is deemed not to be a penalty.
- 2. Lender Fee** The Lender Fee shall be earned by the Lender upon notification of successful agreement on loan servicing or syndication. The Lender Fee less the Good Faith Deposit shall be deducted from the Initial Advance. Failing an Initial Advance, these funds are due and payable by the Obligors. The Obligors hereby acknowledge and agree that the Lender Fee is a reasonable estimate of the fees to be incurred by Lender in connection with the due diligence and underwriting required hereunder, which amount is deemed not to be a penalty.
- 3. Broker Fee** *[Intentionally Deleted]*
- 4. Syndication Fee** *[Intentionally Deleted]*
- 5. Deferred Lender Fee** *[Intentionally Deleted]*
- 6. Administration Fee** The Administration Fee shall be earned by the Lender upon notification of successful agreement of loan servicing or syndication as compensation for the setup of administration files and completion of all regulatory documentation. The Administration Fee shall be deducted from the Initial Advance. Failing an Initial Advance, these funds are due and payable by the Borrower.
- 7. Draw Fee** The Draw shall be paid to the Lender upon each and every Advance Request as an administrative fee associated with preparing and administering such Borrower Draw request.
- 8. Partial Discharge Fee** The Partial Discharge Fee shall be paid to the Lender upon discharge of the Lender's Security from each Unit as compensation for administering such partial discharge.
- 9. Final Discharge Fee** The Final Discharge Fee shall be paid to the Lender upon final discharge of the Security from the Project as compensation for administering the final discharge.
- 10. Pre-Payment Fee** The Pre-Payment Fee shall be paid to the Lender upon each and every pre-payment request.



- 11. Letters of Credit Fee** The Letters of Credit Fee shall be paid to the lender upon the issuance of the Letters of Credit facility. The Letters of Credit Fee shall be calculated on the Letters of Credit facility value issued and active as at the date of issuance. The Letters of Credit Fee will be payable to the Lender on every subsequent anniversary from the date of issuance of the Letters of Credit facility. The Letters of Credit Fee will be recalculated and applied based on the Letters of Credit facility value remaining as at the anniversary date of its issuance. Any reductions, specific circumstances drawing down the facility value, or cancellations of said Letters of Credit will be reflected as reductions to the facility value of the Letters of Credit facility, upon receipt of adequate supporting documentation, and Lender approval.
- 12. Due Diligence Expenses and Fees** The Borrower shall be responsible for the Lender's legal and other, professional fees and out of pocket expenses in connection with the Loan.
- 13. Accrued Interest** The Obligors hereby acknowledge and agree that interest shall accrue as of the date that the Initial Advance and/or a Lender Advance is deposited into the Lender's trust account. In the event that this Commitment is terminated following the date of such deposit aforesaid, the Obligors hereby acknowledge and agree that such interest up to the date of termination shall immediately become due and payable hereunder, notwithstanding no Advance having been made to the Borrower.



**APPENDIX "H"
OTHER TERMS**

- 1. Maximum Rate of Return**

The parties agree that notwithstanding any agreement to the contrary, no interest on the credit advanced will be payable in excess of Applicable Laws. If the effective annual rate of interest calculated in accordance with generally accepted actuarial practices and principles would exceed sixty (60%) percent (or such other rate as the Parliament of Canada may deem from time to time as The Criminal Rate) on the credit advance, then (1) the amount of any fees, bonus, commissions or like charges payable in connection therewith will be reduced to the extent necessary to eliminate such excess; (2) any remaining excess that has been paid will be credited toward prepayment of the credit advanced; and (3) any overpayment that may remain after such crediting will be returned forthwith upon demand. In this paragraph the terms "interest", "Criminal Rate" and "credit advanced" have the meaning ascribed to them in Section 347 of The Criminal Code; and "credit advanced" has the same meaning as "Loan" referred to elsewhere in this Commitment.
- 2. Right of First Opportunity**

The Borrower shall grant to the Lender a right of first opportunity (the "**Right of First Opportunity**") with respect to providing any further financing required for the Project, including, without limitation, arranging replacement or additional financing for the Project as contemplated herein, and financing for any further development of the Project or of any improvements thereon (the "**Further Financing**"). Prior to consulting with any other lender with respect to any Further Financing, the Borrower shall provide to the Lender in writing a request for such Further Financing with all information necessary for the Lender to process the request and the Lender shall have a period of **sixty (60) days** after receipt of same (the "**Opportunity Period**") to provide to the Borrower a mortgage commitment letter to provide the Further Financing. The Borrower hereby undertakes not to communicate with any other lender with respect to provision of the Further Financing during the Opportunity Period, and to fully cooperate with the Lender in good faith during the Opportunity Period to provide such further information as the Lender may require in pursuit of its Right of First Opportunity.
- 3. Right of First Refusal** [intentionally Deleted – N/A]



4. Time and Place of Payments

Payments due by the Borrower under the Commitment are to be made to the Lender by way of:

- a) pre-authorized debit payment;
- b) wire payment;
- c) electronic fund transfer (EFT);
- d) bank draft; and/or
- e) certified cheque.

Payments shall be made no later than 1:00 P.M. (Eastern Daylight Time) on the date scheduled for payment. Payments made after such time shall be treated as having been received on the next Business Day. Whenever any payment is due on a day that is not a Business Day, then such payment will be due on the next Business Day, and interest will accrue to such Business Day.

Payments made in person shall be made at the Lender's offices at 206-465 Phillip Street, Waterloo, Ontario.

5. Principal Payments

There shall be no regularly scheduled principal repayments and the entire outstanding principal amount shall become due and payable at the Maturity Date.

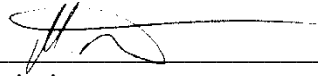
6. Beneficial Owner

In the event that the Borrower holds title to the Property as nominee and bare trustee for the sole use, benefit and advantage of another Person (the "**Beneficial Owner**"), the Borrower and Beneficial Owner shall grant to the Lender a trustee and beneficial owner agreement (in form and content satisfactory to the Lender and its solicitors, in their sole discretion) prior to the Initial Advance, and all the covenants, agreements, rights, obligations, representations, warranties and other provisions set out in this Commitment relating to the Borrower shall apply, *mutatis mutandis*, to the Beneficial Owner.

7. Assignment by the Lender

The Obligors acknowledge and agree that the Lender may transfer and assign, without their consent and without prior notice to them, the Lender's rights and obligations under this Commitment and the Security to any other Person.

THIS IS EXHIBIT "D" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

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

A Commissioner, etc.

Properties

PIN 38148 - 0128 LT *Interest/Estate* Fee Simple
Description PART WARNER NELLES TRACT DESIGNATED AS PART 1, 18R-7058; SAVE & EXCEPT PART 1, 18R-7281; T/W EASEMENT OVER PART 2, 18R-7058 AS IN HC252899; TOWNSHIP OF SENECA; HALDIMAND COUNTY
Address YORK

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 2557386 ONTARIO INC.
Address for Service 314 Rexford Drive, Hamilton, ON L8W
 1P5

A person or persons with authority to bind the corporation has/have consented to the registration of this document.
 This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name MARSHALLZEHR GROUP INC.
Address for Service 412 Albert St., Suite 100, Waterloo, ON N2L 3V3

Provisions

Principal \$35,000,000.00 *Currency* CDN
Calculation Period monthly, interest only
Balance Due Date 2025/08/01
Interest Rate the greater of two times the Prime Rate plus 22.10% per annum and 27.5% per annum

Payments

Interest Adjustment Date 2022 07 01
Payment Date 1st of each and every month
First Payment Date 2022 07 01
Last Payment Date 2025 08 01
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor 2363823 Ontario Inc. and Michael Bettiol

Additional Provisions

See Schedules

Signed By

Alexandra Mary Ann Krancevic 5000 Yonge Street, 10th Floor acting for Signed 2022 06 30
 Toronto
 M2N 7E9
 Chargor(s)

Tel 416-222-8888

Fax 416-218-1860

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

Submitted By

CHAITONS LLP 5000 Yonge Street, 10th Floor 2022 06 30
 Toronto
 M2N 7E9

Tel 416-222-8888

Fax 416-218-1860

Fees/Taxes/Payment

Statutory Registration Fee \$66.30

Fees/Taxes/Payment

Total Paid

\$66.30

SCHEDULE - ADDITIONAL PROVISIONS

1. DEFINITIONS

In this Charge, unless the context requires otherwise:

- (a) **"Act"** means the *Condominium Act, 1998* (Ontario) as amended.
 - (b) **"Applicable Taxes"** means any goods and services tax levied under Part IV of the *Excise Tax Act* (Canada), the provincial portion of harmonized sales tax, value-added tax or any similar tax applicable thereon.
 - (c) **"Business Day"** means any day, other than a Saturday or Sunday, on which Canadian chartered banks are open for domestic and foreign exchange business in the Province of Ontario.
 - (d) **"Charge"** means this charge/mortgage of land (including the attached electronic form of charge/mortgage, this schedule and all other schedules to this charge) as it may be amended, restated or replaced from time to time.
 - (e) **"Chargee"** means MarshallZehr Group Inc.
 - (f) **"Chargor"** means the Person or Persons indicated in the applicable Computer Field.
 - (g) **"Commitment"** means the letter of commitment issued by the Chargee to the Chargor in connection with the borrowing contemplated hereby, as may be subsequently amended from time to time.
 - (h) **"Computer Field"** means a computer data entry field in the attached electronic form of charge/mortgage registered pursuant to Part 111 of the *Land Registration Reform Act* (Ontario) in which the terms and conditions of this Charge may be inserted.
 - (i) **"Condominium Corporation"** means, if applicable, the proposed condominium corporation which may be created on any portion of the Real Property upon registration of a declaration and description by the Chargor.
 - (j) **"Costs"** means all fees, costs, charges and expenses of the Chargee of and incidental to, including without limitation:
 - (i) the collection of any amounts payable hereunder, enforcement of any covenants contained herein, and the realization of the security herein contained;
 - (ii) procuring or attempting to procure payment of any portion of the outstanding principal sum secured hereunder or any other amounts due and payable hereunder, including foreclosure, power of sale or execution proceedings commenced by the Chargee or any other party;
 - (iii) the Chargee having to go into possession of the Real Property and secure, complete and equip any buildings or improvements situate thereon in any way in connection therewith;
 - (iv) the exercise of any of the powers of a Receiver contained herein; and
 - (v) all solicitor's costs, charges and expenses relating to any of the foregoing and any necessary examination of title to the Real Property.
- For greater certainty, Costs shall:
- (i) extend to and include legal costs incurred by the Chargee on a substantial indemnity basis;
 - (ii) be payable forthwith by the Chargor;
 - (iii) bear interest at the Interest Rate; and
 - (iv) be a charge on the Real Property.
- (k) **"Covenantor"** means the Person or Persons indicated in the applicable Computer Field.
 - (l) **"Governmental Authority"** means, when used with respect to any Person, any government, parliament, legislature, regulatory authority, agency, commission, tribunal, department, commission, board, administrative agency, court, arbitration board or arbitrator or other law, regulation or rule making entity having or purporting to have jurisdiction on behalf of, or pursuant to the laws of Canada or any province, municipality or district located therein.
 - (m) **"Hazardous Substance"** means any hazardous waste or substance, pollutant, contaminant, waste or other substance, whether solid, liquid or gaseous in form, which when released into the natural environment may immediately or in the future directly or indirectly cause material harm or degradation to the natural environment or to the health or welfare of any living thing and includes, without limiting the generality of the foregoing:
 - (i) any such substance as defined or designated under any applicable laws and regulations for the protection of the environment or any living thing;
 - (ii) asbestos, urea formaldehyde, poly-chlorinated biphenyl ("**PCB's**") and materials manufactured with or containing the same; and

- (iii) radioactive and toxic substances.
- (n) **"Interest Adjustment Date"** means the date indicated in the applicable Computer Field.
- (o) **"Interest Rate"** means the interest rate set out in the Commitment.
- (p) **"Loan"** means the loan extended by the Chargee to the Chargor pursuant to the terms of the Commitment.
- (q) **"Maturity Date"** means the Balance Due Date as set out in the applicable Computer Field.
- (r) **"Person"** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, and the executors, administrators or other legal representatives of an individual in such capacity.
- (s) **"Project"** means the proposed project intended to be developed by the Chargor on the Real Property, which may consist of the Units together with any ancillary amenities thereto.
- (t) **"Real Property"** means the real property described in the attached electronic form of charge/mortgage, together with all of the present and future interest of the Chargor in the Real Property including, all rights, benefits, agreements, rights-of-way, easements, privileges and right to use or occupy now or hereafter to such real property; and, all fixtures, improvements, buildings and other structures placed, installed or erected from time to time on any such real property (including all such property now or in the future owned, leased, licensed, possessed or acquired by the Chargor, or in which the Chargor now or in the future has any interest or to which the Chargor is now or may in the future become entitled).
- (u) **"Requirements of Environmental Law"** means all requirements of the common law or the statutes, regulations, by-laws, ordinances, treaties, judgments and decrees and (whether or not they have the force of law) rules, policies, guidelines, orders, approvals, notices, permits, directives and the like, of any Governmental Authority relating to environmental, health, fire or safety matters, or any of them and the Real Property and the activities carried out therein (whether in the past, present or the future), including, but not limited to, all such requirements relating to Hazardous Substances.
- (v) **"Taxes"** means all taxes, rates and assessments of whatever nature or kind and to whomever imposed, levied, collected, withheld or assessed as of the date of this Charge or at any time in the future charged or payable with respect to the Real Property by any Governmental Authority having jurisdiction, including local improvement rates and any and all interest, fines and penalties in connection therewith.
- (w) **"Term"** means the term of this Charge, to expire on the Maturity Date.
- (x) **"Unit"** means any portion of the Real Property (i) designated or intended for use as a single family residential dwelling in accordance with the *Planning Act* (Ontario) and/or (ii) consisting of an individual condominium unit created in accordance with the provisions of the Act, and **"Units"** means more than one (1) Unit.

2. **NON-MERGER**

Notwithstanding the registration of this Charge and the advance of funds secured hereunder, the Chargor hereby acknowledges that the terms, conditions, obligations, liabilities, warranties and representations contained in the Commitment shall not merge on the closing, registration and/or delivery of the Loan security, including, without limitation, this Charge, but shall remain binding and effective upon the parties hereto and in full force effect. It is understood and agreed that any default under the Commitment shall be deemed a default under this Charge. In the event of an inconsistency or conflict between any of the terms of this Charge and the terms of the Commitment, the Chargee shall determine, in its sole and unfettered discretion, which shall prevail.

3. **LOAN FACILITY EXTENDED TO THE CHARGOR AND SECURED HEREIN**

- (a) Whereas pursuant to the terms of the Commitment, the Chargee has agreed to extend a loan facility to the Chargor and the Chargor hereby charges the Real Property in favour of the Chargee with the indebtedness owing from time to time pursuant to the Loan up to the principal amount set out in the Commitment, together with interest thereon at the Interest Rate, Costs and other amounts thereon as provided for herein.
- (b) Provided this Charge to be void upon payment to the Chargee of the aggregate of the unpaid balance advanced to the Chargor by the Chargee in lawful money of Canada with interest thereon at the Interest Rate, and, which interest shall be calculated and compounded monthly not in advance as hereinafter set forth, as well after as before maturity and both before and after default and judgment.
- (c) Interest calculated daily and compounded monthly, not in advance, at the Interest Rate on the amount advanced from time to time shall become due and payable monthly on the first (1st) day of

each and every month from and including the first (1st) day of the month immediately following the Interest Adjustment Date to and including the first (1st) day of the month in which the Maturity Date takes place. The aggregate sum advanced to the Chargor by the Chargee, together with interest thereon at the Interest Rate shall become due and payable on the Maturity Date. The first payment of interest to be computed from the Interest Adjustment Date shall be due and payable on the first (1st) day of the month immediately following such date.

- (d) Costs and Taxes and performance of statute labour, and observance and performance of all covenants, provisos and conditions herein contained.

4. **COMPOUND INTEREST**

It is hereby agreed that in case default shall be made in payment of any sum in respect of the Loan to become due for interest at any time appointed for payment thereof as aforesaid, 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 rate aforesaid, and in case the interest and compound interest are not paid in one (1) month from the time of default a rest shall be made, and compound interest at the Interest 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 Real Property.

5. **CAPITALIZED INTEREST**

The Chargee shall have the right at its sole option to capitalize any interest owing from time to time and to add same to the principal amount of the Loan and to treat it as part thereof and charge interest thereon. Such capitalized interest and interest thereon shall at all times be secured under the security granted by the Chargor to the Chargee pursuant to this Loan in first priority in the same manner as accrued interest. The Chargee at its sole option shall have the right to treat such capitalized interest as principal or accrued interest. Notwithstanding anything contained herein to the contrary, the principle of deemed reinvestment of interest shall not apply to any interest calculation in respect of this Charge.

6. **PREPAYMENT**

The Chargor, when not in default hereunder, the Commitment, and/or any other Additional Security, shall have the prepayment rights set out in the Commitment.

7. **PRE-AUTHORIZED DEBIT**

- (a) If so requested by the Chargee from time to time, all or a portion of the payments to be made by the Chargor to the Chargee hereunder shall be made by way of automatic monthly debit withdrawals by the Chargee from a designated bank account of the Chargor, as the Chargor may notify the Chargee in writing. In this regard, the Chargor hereby authorizes and directs the Chargee to automatically debit any bank account designated by the Chargor for amounts payable hereunder. The Chargor hereby further agrees to do, make and execute, or cause to be done, made and executed, all such documents, acts, matters and things as may be reasonably required by the Chargee to give effect to the foregoing, including, without limitation, executing the Chargee's Pre-Authorized Debit Form.
- (b) Alternatively (or in addition), if so requested by the Chargee, the Chargor shall deliver to the Chargee a series of post-dated cheques from time to time at any time during the Term following the delivery to the Chargor by the Chargee of the final advance to be made under the Loan, representing all or a portion of monthly payments on account of interest due and owing on account thereof throughout the then-remaining Term.

8. **PAYMENTS AFTER 1:00 P.M.**

Any payment received by the Chargee after 1:00 P.M. (local time) on any Business Day, shall be deemed for the purpose of calculation of interest, to have been made and received on the immediately following Business Day. For greater certainty, if funds are received (or deemed received) on a Friday after 1:00 P.M. (local time), interest shall be calculated to the following Business Day.

9. **SALE OR CHANGE OF CONTROL**

- (a) In the event that the Chargor directly or indirectly sells, conveys, transfers, assigns or exercises a power of appointment with respect to the Real Property or any portion thereof to a purchaser, transferee or assignee, other than a sale or transfer of individual Units to a purchaser thereof as contemplated by Section 15 hereof, or in the event of a change of shareholders of the Chargor which results in a change of control of the Chargor, or in the event of a change in the legal or beneficial ownership of the Real Property or any portion thereof, other than a sale or transfer of individual Units to a purchaser thereof as contemplated by Section 15 hereof, the Chargee may, at the Chargee's sole option, declare all of the sums secured by this Charge to be immediately due and payable and invoke any remedies permitted by this Charge or law, unless the written consent of the Chargee is first obtained, which consent may be arbitrarily or unreasonably withheld. The right of the Chargee pursuant to this provision shall not be affected or limited in any way by the acceptance of payments due under this Charge from the Chargor or any Person claiming through or under the

Chargor and the rights of the Chargee hereunder shall continue without diminution for any reason whatsoever until such time as the Chargee has consented in writing as required by this provision.

- (b) No sale or other dealings by the Chargor with the equity of redemption in the Real Property or any part thereof shall in any way change the liability of the Chargor for the observance, fulfilment and maintenance of all covenants, terms and provisions herein or in any way alter the rights of the Chargee as against the Chargor or any other Person liable for payment of the moneys hereby secured. No dealing between the Chargee and the Chargor or the owner of the equity of redemption, including extending or renewing this Charge, shall in any way affect, change or prejudice the liability of the Chargor for the observance, fulfilment and maintaining of all covenants, terms, provisos, conditions, agreements and stipulations in this Charge or any amendment or extension thereof or in any way alter the rights of the Chargee as against the Chargor or any other Person liable for payment of the moneys hereby secured, and the Chargor expressly waives all notice of such dealings between the Chargee with the owner of the equity of redemption, including extending or renewing this Charge.

10. **MATERIAL ADVERSE CHANGES**

In the event that at any time while any indebtedness remains outstanding pursuant to the provisions of this Charge, the Chargee discovers that there is or has been any material adverse change, discrepancy or inaccuracy in any written information, statements or representations made or furnished to the Chargee by or on behalf of the Chargor and/or any Covenantor concerning the Real Property or the financial condition and responsibility of the Chargor or any Covenantor, or in the event of default by the Chargor or any Covenantor, then, in the event of such default, or if such material change, discrepancy or inaccuracy cannot be rectified or nullified by the Chargor or such Covenantor within thirty (30) days after written notification thereof by the Chargee to the Chargor or such Covenantor, the Chargee shall be entitled forthwith to withdraw and cancel its obligations hereunder or decline to advance any further funds, as the case may be, and to declare any funds which have been advanced, together with interest, to be forthwith due and repayable in full.

11. **RESTRICTIONS ON FURTHER FINANCING**

The Chargor covenants and agrees that it will not enter into, create, incur, assume, suffer or permit to exist any other charge, pledge or other form of financing against the Real Property and/or in respect of any chattels or other equipment directly related to the Real Property, and not to further encumber same in any manner without the prior written consent of the Chargee, which approval may be unreasonably withheld by the Chargee. Notwithstanding the foregoing and/or anything contained herein to the contrary, the Chargee hereby consents to the registration of a (i) first in priority charge/mortgage of land in favour of Meridian Credit Union Limited and (ii) third in priority charge/mortgage of land in favour of The Sovereign General Insurance Company, in each case, to be granted by the Chargor and registered against title to the Real Property.

12. **CONSENT TO REGISTRATION OF A PLAN OF CONDOMINIUM**

Provided that the Chargor is not in default hereunder, the Commitment, and/or any other Additional Security, the Chargee hereby agrees that it will consent to the Chargor registering a plan of condominium and declaration (the "**Condominium**") pursuant to the Act with respect to a portion of the Real Property provided that the Chargee has received and approved the draft plan of condominium and the declaration.

13. **NON-APPORTIONMENT**

Units into which the Real Property is or may hereafter be divided do and shall stand charged with the whole of the principal amount of this Charge and interest and all other amounts payable under this Charge, and no Person shall have any right to require the principal amount of this Charge or interest or such other amounts to be apportioned upon or in respect of any such Unit, other than as provided for in the Act.

14. **DEVELOPMENT PROVISIONS**

- (a) The Chargor, its agents, employees, and parties authorized by it may not conduct development and construction operations on the Real Property, including, without limitation, demolition and removal of existing structures, survey work, grading and excavation operations, installation of services, construction of a sales pavilion and all other acts incidental to the development of the Project without the prior written consent of the Chargee, in its sole and unfettered discretion. Provided that in the event that the Chargee has approved of any such construction operations on the Real Property and the Chargor is not in default hereunder, the Commitment, and/or any other Additional Security, the Chargee shall, on written request from the Chargor, execute and deliver within five (5) Business Days of written request therefore, without the requirement of payment of any principal or interest under this Charge, all plans, agreements, consents, postponements, releases and other documents so that the Chargor may develop the Real Property, including, without limitation the following:
- (i) engineering, financial, condominium, subdivision, servicing, site plan, development, cost-sharing and reciprocal agreements required by the Governmental Authorities;
 - (ii) consents or authorizations required to have the Real Property or any part thereof rezoned or divided or to comply with the provisions of the *Planning Act* (Ontario);

- (iii) consents or postponements for any easements required to be granted for any public service or other purpose including the realignment of the existing pedestrian and vehicular easement with the adjoining land owner;
 - (iv) consents or partial discharges for or relating to parts of the Real Property required by the Governmental Authorities for the purpose of granting or dedicating roads, road widenings, walkways, reserves, parklands, recreation sites, school sites, drainage areas, buffer strips or other public purposes, provided such conveyances do not negatively impact on continued access to the Real Property; and
 - (v) consents for the registration of the Condominium relating to the Real Property.
- (b) Provided, however, that the Chargee shall not be required to undertake or assume any financial or other obligation as a result thereof and provided further, that with respect to partial discharges or consents required for any of the purposes referred to herein, an amount shall be paid for a partial discharge for such portion of the Real Property equal to the amount if any, received by the Chargor from any third party for the transfer or dedication of any such lands as set out in Section 15 herein.
- (c) The Chargor hereby covenants and agrees that it will:
- (i) indemnify the Chargee and save it harmless from any losses, claims, actions or damages arising as a result of its agreement to execute any of the documentation referred to above; and
 - (ii) bear the Costs of the Chargee's solicitors and consultants in connection with the review of such documentation.

15. **PARTIAL DISCHARGE PROVISIONS**

- (a) The following provisions shall apply in respect of each and every partial discharge of this Charge from any part of the Real Property as may be requested by the Chargor and/or given by the Chargee pursuant to the terms of this Charge:
- (i) notwithstanding anything otherwise contained herein, the Chargor shall not be entitled to request or receive any partial discharge when there is any outstanding material default by the Chargor hereunder;
 - (ii) in addition to all amounts on account of principal required to be paid by the Chargor to the Chargee in respect of any part of the Real Property to be partially discharged, the Chargor shall also pay to the Chargee:
 - a. accrued and unpaid interest on such principal amounts to the date of partial discharge;
 - b. the reasonable legal and other costs incurred by the Chargee in connection with each such partial discharge; and
 - c. any and all other charges due and owing by the Chargor pursuant to the provisions of this Charge;
 - (iii) the Chargor shall not be entitled to request and the Chargee shall not be obliged to give any partial discharge if doing so and registration of the same would result in any of the following:
 - a. a violation of the *Planning Act* (Ontario);
 - b. any undischarged parts of the Real Property becoming landlocked;
 - c. the occupancy and use of any undischarged parts of the Real Property in the same manner as prior to such partial discharge to be in non-compliance with any laws, by-laws or regulations of any Governmental Authority having jurisdiction;
 - (iv) the Chargee hereby agrees to deliver to the Chargor, upon prior written request, execution copies of all instruments and other documents reasonably required to be executed by the Chargee in connection with any partial discharge(s) of this Charge (collectively, the "**Discharge Documents**") contemplated to be registered at any time during the Term, in respect of any portion of the Real Property designated or intended for use as a Unit, provided that any such Discharge Documents so delivered to the Chargor by the Chargee pursuant to this subsection (d) shall be held in escrow by the Chargor's solicitors (provided that the Chargor's solicitors are acceptable to the Chargee) pending (i) the successful sale of any such Unit to a third party purchaser for value and delivery of the applicable Net Closing Proceeds (as hereinafter defined) to the Chargee (or as it may otherwise direct) together with payment of the Chargee's reasonable administrative and legal costs incurred with respect to preparation and delivery of such partial discharge(s), and (ii) written notice

from the Chargee or its solicitors that any such Discharge Documents may be so released. Any other request for partial discharge shall be made by the Chargor upon not less than five (5) Business Days' prior written notice to the Chargee accompanied by execution copies of all Discharge Documents required to be executed by the Chargee in connection therewith; and

- (v) all monies payable to the Chargee in respect of each partial discharge shall be paid by certified cheque, in lawful money of Canada.
- (b) When and if pursuant to exercise of the partial discharge provisions set forth in this Charge, the Chargor has paid to the Chargee all amounts secured by this Charge, then the Chargee acknowledges and agrees that, notwithstanding anything otherwise contained herein, the Chargor shall be entitled to request and obtain from the Chargee one or more partial discharges of this Charge from all parts of the Real Property then remaining undischarged without further payment on account of principal, but subject always to the provisions set forth in this Section 15.
- (c) Notwithstanding the foregoing, but subject always to the provisions set forth in this Section 15(a), the Chargor shall be entitled to request and obtain from the Chargee a partial discharge of any portion of the Real Property designated or intended for use as a Unit upon payment to the Chargee for each such Unit an amount on account of principal which is equal to one hundred (100%) percent of the Net Closing Proceeds from the sale of each such Unit. For the purposes herein, "**Net Closing Proceeds**" shall mean the sale price of such Unit (which sale price shall be approved by the Chargee) less, the aggregate of:
 - (i) deposits used in the Project's financing;
 - (ii) any payments required to be made to a permitted prior lender, if any, to obtain a partial discharge of its security;
 - (iii) approved legal costs in respect of such sale;
 - (iv) approved sales commission in respect of such sale; and
 - (v) any Applicable Taxes payable in respect of the sale of such Unit.

16. **CONDOMINIUM PROVISIONS**

- (a) Provided that if all or any part of the Real Property is or becomes a Unit pursuant to the provisions of the Act, the following covenants and provisions shall apply in addition to all other covenants and provisions set forth in this Charge:
 - (i) for the purposes of all parts of the Real Property comprising one or more such Unit, all references in this Charge to the Real Property shall include the Chargor's appurtenant undivided interest in the common elements and other assets of the Condominium Corporation;
 - (ii) the Chargor shall at all times comply with the Act;
 - (iii) the Chargor shall pay, when due, all monies payable by the Chargor or with respect to the Real Property in accordance with the provisions of the Act and the declaration, by-laws and rules of the Condominium Corporation, including all required contributions to common expenses and any special levies, charges and assessments, and shall provide proof of such payment to the Chargee upon request; and if the Chargor fails to make any such payment, the Chargee may do so at its option and all amounts so paid by the Chargee shall be secured by this Charge and shall be payable by the Chargor to the Chargee forthwith upon demand, together with interest thereon as herein provided;
 - (iv) the Chargee shall not be under any obligation to vote or to consent or to protect the interests of the Chargor;
 - (v) the exercise by the Chargee of its right to vote or to consent or to abstain from doing so shall not constitute the Chargee as a mortgagee or chargee in possession and shall not give rise to any liability on the part of the Chargee;
 - (vi) the Chargor hereby authorizes and directs the Condominium Corporation to permit the Chargee to inspect the records of the Condominium Corporation at any reasonable time;
 - (vii) in addition to and notwithstanding any other provisions of this Charge, the outstanding principal amount and all accrued interest and other charges secured by this Charge shall, at the Chargee's option, become immediately due and payable without notice or demand if any of the following events or circumstances shall occur and be continuing:
 - a. the government of the Condominium Corporation or the government of the Real Property by the Condominium Corporation is terminated;

- b. a vote of the Condominium Corporation authorizes the sale of all or substantially all of its property or assets or all or any part of its common elements or all or any part of the Real Property;
 - c. the Condominium Corporation fails to comply with any provision of the Act or its declaration or any of its by-laws and rules; and/or
 - d. the Condominium Corporation fails to insure its assets, including the Real Property, in accordance with the Act and the declaration and by-laws of the Condominium Corporation, or any insurer thereof cancels or threatens cancellation of any existing obligation to insure the same;
- (viii) the Chargee is hereby irrevocably authorized and empowered to exercise all rights of the Chargor (in its capacity as an owner of any particular Unit forming a part of the condominium development (the "**Condominium**")) to vote or to consent in all matters relating to the affairs of the Condominium Corporation (collectively, the "**Rights**") provided that:
- a. the Chargee may at any time or from time to time give notice in writing to the undersigned and the Condominium Corporation that the Chargee does not intend to exercise the Rights until such time as the Chargee revokes same and the undersigned may exercise its respective Rights. 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; and
 - b. the Chargee shall not by virtue of the assignment to the Chargee of the Rights be under any obligation to vote or consent or to protect the interest of the undersigned;
 - c. the foregoing assignment is made pursuant to the (i) *Land Registration Reform Act*, R.S.O. 1990, Chapter L.4 and (ii) Act.

17. **ENVIRONMENTAL PROVISIONS**

- (a) The Chargor represents and warrants that:
- (i) it has not caused or permitted, and to the best of its knowledge, information and belief after making due inquiry, no other person has caused or permitted, any Hazardous Substance to be manufactured, refined, traded, transported or transformed to or from, handled, produced, processed, placed, stored, located or disposed of on, under or at the Real Property;
 - (ii) it has no knowledge that any owner or occupier of any abutting or neighbouring properties has done any one or more of the matters or things prohibited by subsection (a) hereof;
 - (iii) it and its tenants, invitees and other occupiers of the Real Property have and will at all times carry out, and to the best of their respective knowledge, information and belief after making due inquiry, all prior owners and occupiers of the Real Property have at all times carried out, all business and other activities upon the Real Property in compliance with all applicable laws intended to protect the environment including, without limitation, laws respecting the discharge, emission, spill or disposal of any Hazardous Substance;
 - (iv) no order, direction, enforcement action or other governmental or regulatory action or notice, nor any action, suit or proceeding relating to an Hazardous Substance or the environment has been issued or is otherwise threatened or pending with respect to the Real Property;
 - (v) all of the representations and warranties set out herein shall remain true and accurate in all respects until all amounts secured hereunder are paid in full; and
 - (vi) the Chargee may delay or refuse to make any advance to the Chargor if the Chargee believes that any of the representations and warranties set out herein were not true and accurate when made or at any time thereafter.
- (b) The Chargee or agent of the Chargee may, at any time, before and after default of this Charge, and for any purpose deemed necessary by the Chargee, enter upon the Real Property to inspect the Real Property and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee (or its respective agents) may enter upon the Real Property to conduct any and all tests, inspections, appraisals and environmental audits of the Real Property deemed necessary by the Chargee so as to determine and ensure compliance with the provisions of this Charge including, without limitation, the right to conduct soil tests and to review and copy any records relating to the Real Property or the businesses and other activities conducted thereon at any time and from time to time. The reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Interest Rate, shall be payable by the Chargor forthwith and shall be a charge upon the Real Property. The exercise of any of the powers enumerated in this clause shall not deem the Chargee or its respective agents to be in possession, management or control of the Real Property.

- (c) In consideration of the advance of funds by the Chargee, the Chargor and the Covenantor by way of separate guarantee, hereby agree that, in addition to any liability imposed on the Chargor and the Covenantor under any instrument evidencing or securing the Loan indebtedness, the Chargor and the Covenantor shall be jointly and severally liable for any and all of the costs, expenses, damages or liabilities of the Chargee, its directors and officers (including, without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Real Property of any Hazardous Substances and such liability shall survive foreclosure of the security for the Loan and any other existing obligations of the Chargor and Covenantor to the Chargee in respect of the Loan and any other exercise by the Chargee of any remedies available to it for any default under the Charge.
- (d) The Chargor covenants that it will:
- (i) remedy forthwith, at its own expense, any environment damage that may occur or be discovered on the Real Property in the future;
 - (ii) comply with and monitor, on a regular basis, its compliance and the compliance of any tenant, subtenant, assignee or other occupant of the Real Property with all Requirements of Environmental Law;
 - (iii) notify the Chargee promptly of any event or occurrence that has given, or is likely to give, rise to a report, order, inquiry or investigation relating to a matter that may have an adverse effect on the financial position of the Chargor or the Real Property or any action, suit or proceeding against the Chargor or others having an interest in the Real Property relating to, or a violation of, the Requirements of Environmental Law, including any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of Hazardous Substances into, on or under the Real Property, air and surface and ground water, and will also notify the Chargee promptly of any such above-mentioned information of which the Chargor has or receives knowledge relating to lands adjacent to the Real Property;
 - (iv) not lease or content to any sublease or assignment of any part of the Real Property to a tenant, subtenant or assignee who may engage in, nor permit any tenant, subtenant, assignee or occupant of the Real Property to engage in a business involving the generation of Hazardous Substances or the storing, handling, processing, manufacturing or disposing of Hazardous Substances in, or, under or from the Real Property save and except in accordance with the Requirements of Environmental Law, and any lease, sublease or assignment of any part of the Real Property shall preserve as against any lessee, sublessee or assignee all of the rights of the Chargee herein;
 - (v) save and except for those Hazardous Substances which are present on, in or under the Real Property in accordance with the Requirements of Environmental Law and which have been disclosed to the Chargee in writing remove, in accordance with all Requirements of Environmental Law, any Hazardous Substances from the Real Property forthwith upon their discovery and advise the Chargee forthwith in writing of the procedures taken;
 - (vi) provide to the Chargee upon request such information, certificates or statutory declarations as to compliance with the provisions hereof and all Requirements of Environmental Law and conduct such environmental audits or site assessments as may be reasonably necessary to ensure compliance with the Requirements of Environmental Law, and to provide to the Chargee copies of any environmental, soils, safety or health reports or studies in respect of the Real Property that it receives or possesses from time to time; and
 - (vii) permit the Chargee to conduct such inspections and appraisals of all of any of its records, business and property relating to the Real Property at any time and from time to time to monitor compliance with the Requirements of Environmental Law.
- (e) The Chargor and Covenantor further covenant that they will be liable for and fully indemnify and save harmless the Chargee and its officers, directors, employees, agents and shareholders from and against any and all losses, damages, costs and expenses of any and every nature and kind whatsoever (including legal fees on a substantial indemnity basis and any environmental remediation costs included by the Chargee) which at any time or from time to time may be paid or incurred by or asserted against any of them as a direct or indirect result of:
- (i) a breach of any of the representations, warranties or covenants hereinbefore set out;
 - (ii) the presence of any Hazardous Substance in, on or under the Real Property; or
 - (iii) the discharge, emission, spill or disposal of any Hazardous Substance from the Real Property into or upon any property, the atmosphere, any watercourse, body of water or wetland;

and such losses, damages, costs and expenses include, without limitation:

- (i) the costs of defending, counterclaiming or claiming over against one or more third parties in respect of any action or matter; and
- (ii) any settlement of any action or proceeding entered into by the Chargee with the consent of the Chargor (which consent shall not be unreasonably withheld);

and the provisions of all representations, warranties, covenants and indemnifications set out herein shall survive the release and discharge of this Charge and any other security held by the Chargee and repayment and satisfaction of the Loan. The provisions of this indemnity shall enure to the benefit of the Chargee and its successors and assigns including, without limitation, any assignees of this Charge.

18. **TAXES**

- (a) The Chargor covenants and agrees that in the event the Chargee does not elect to collect the realty taxes imposed for the Real Property that the Chargor shall pay all instalments as they become due and shall provide proof of payment by way of a receipt to the Chargee on or before the due date for each such payment. In the event the Chargee elects to collect the realty taxes levied for the Real Property together with the monthly interest payment hereunder, and subsequently the monthly realty tax payments collected from the Chargor are insufficient to pay any realty tax bill when due, the Chargor covenants to pay all arrears, insufficiencies and instalments to the Chargee within fourteen (14) days of written notice from the Chargee's solicitors to make such payment. In the event that the Chargor fails to provide proof of payment as set out above, the Chargor agrees that the Chargee's solicitors may obtain verbal information from the applicable Governmental Authority, or for those Governmental Authorities which do not provide verbal information pertaining to realty tax accounts, by obtaining a tax certificate, and the Chargor agrees that the cost of obtaining such information shall be borne by the Chargor plus disbursements and Applicable Taxes which cost will be determined by the Chargee and will be added to the principal amount secured by the Charge. In all other respects, the Chargor covenants and agrees with the Chargee that it will comply strictly with every requirement of any Governmental Authority including without limitation, pay all Taxes as and when they are due and deliver to the Chargee evidence of such payment.

19. **INSURANCE**

Insurance shall be provided to the Chargee in accordance with the provisions of Paragraph 16 of Standard Charge Terms 200033 and in accordance with the provisions of the Commitment and shall be subject to the review and approval of the insurance consultant of the Chargee as contemplated in the Commitment.

20. **ACKNOWLEDGEMENT ON ASSIGNMENT**

In the event that the Chargee assigns, transfers or otherwise conveys its interest hereunder, and upon the delivery of notice of same to the Chargor, the Chargor, if so requested, shall without cost, at any time and from time to time, execute an acknowledgment with respect to the terms and conditions of this Charge and the amount outstanding thereunder. Failure to execute the acknowledgment shall be deemed to be default by the Chargor hereunder.

21. **INSPECTION OF REAL PROPERTY**

- (a) The Chargee shall be entitled to inspect the Real Property periodically and/or to appoint a monitor to conduct such inspections. The Chargee and/or any monitor when so appointed shall have the power to:
 - (i) inspect physical status of the Real Property and to make or cause to be made such tests and inspections in connection therewith as it may deem advisable; and
 - (ii) review the management and financial position of the business being conducted at the Real Property, and for such purpose shall have full access to all books and records relating to same.
- (b) The Chargee will not, by virtue of the exercise of the foregoing rights, or in exercising any of the rights given to the Chargee in this Charge, be deemed to be a mortgagee-in-possession of the Real Property.

22. **EXPROPRIATION**

If the Real Property or any part of it is expropriated by any Governmental Authority having powers of expropriation, all money payable in respect of such expropriation shall be paid to the Chargee and, if received by the Chargor, shall be received in trust for the Chargee and forthwith paid over to the Chargee subject to the rights of any prior chargee pursuant to the terms of its charge provided such charge is permitted by this Charge. Such money shall, at the option of the Chargee, be applied against the obligations hereunder or such part of them as the Chargee may determine, or be held unappropriated in a collateral account as continuing security for the full payment and performance of the obligations hereunder. The

Chargor shall forthwith deliver to the Chargee a copy of any notice of expropriation or proposed expropriation received by the Chargor in respect of the Real Property.

23. **LIENS**

The Chargor shall provide such additional security, information, documentation and assurances as may be required from time to time by the Chargee during the currency of this Charge to determine and to establish and preserve, in all respects, the priority of this Charge and all advances made hereunder over any rights of lien claimants pursuant to the provisions of the *Construction Act* (Ontario). If the Chargee makes any payment, in connection with the determination, establishment or preservation of its priority, whether such payment is made to a lien claimant or other Person claiming an interest in the Real Property or is paid into court, then the amount or amounts so paid and all costs, charges and expenses incurred in connection therewith shall be forthwith payable to the Chargee by the Chargor and shall be a charge on the Real Property and shall be added to the debt hereby secured and shall bear interest at the applicable rate and, in default of payment, the powers of sale and other remedies hereunder may be exercised. It is further agreed that the Chargee shall not become a mortgagee in possession by reason only of exercising any of the rights given to it under this Section 23 or in making any payment to preserve, protect or secure the Real Property.

24. **ADDITIONAL SECURITY**

- (a) A General Assignment of Rents, General Security Agreement and other collateral security documents contemplated by the Commitment (collectively, the “**Additional Security**”) are being given as further security to this Charge, which Additional Security is being granted by the Chargor to the Chargee and any default under the Additional Security shall constitute default under this Charge and any default under this Charge shall constitute default under the Additional Security and at the option of the Chargee require the entire principal secured under this Charge, together with all accrued and unpaid interest to become due and payable. Payment under the Additional Security shall constitute payment under this Charge and payment on account of this Charge shall constitute payment under the Additional Security.
- (b) It is agreed that the Chargee’s rights hereunder shall in no way merge or be affected by any proceedings the Chargee may take under the Additional Security and the Chargee shall not be required to take proceedings under such Additional Security or any part thereof before proceeding under this Charge, and conversely, no proceedings under this Charge shall in any way affect the rights of the Chargee under such Additional Security and the Chargee shall not be required to take proceedings under this Charge before proceeding under the Additional Security or any part thereof.
- (c) Upon request from the Chargee, the Chargor agrees forthwith upon delivery from time to time of any chattels in which it has an ownership interest (including replacements thereof) relating to the Real Property, it shall promptly notify the Chargee, and its solicitors, of such delivery and shall forthwith supply the Chargee with all serial numbers and a description which shall include make and model. The Chargor agrees to provide written evidence of proof of purchase of the chattels, free of encumbrances, and of insurance of same, both in the form and content satisfactory to the Chargee.

25. **UNDERTAKINGS**

In the event the Chargor or any Covenantor default with respect to any undertakings delivered to the Chargee in consideration of the advance of funds under this Charge or with respect to any covenant contained in the terms and provisions contained in this Charge or the Additional Security, such default will be an event of default under this Charge.

26. **SALE ON TERMS**

In the event power of sale proceedings are taken, the Chargee, as vendor, may sell the Real Property on terms and if the result is that any mortgages taken back are at a rate lower than the rate for first and/or second mortgages in the industry then the Chargee shall be entitled to sell these charges at a discount and the discount shall form part of the loss incurred by the Chargee and be recoverable against the Chargor.

27. **COSTS**

It is agreed that all Costs of the Chargee incurred in endeavouring to collect any money overdue under this Charge, including all legal costs on a substantial indemnity basis, whether legal proceedings are instituted or not, shall be added to the principal and be payable forthwith by the Chargor. Furthermore, and in addition to any Costs payable by the Chargee as aforesaid, upon default under this Charge resulting in the Chargee entering into or taking possession of the Real Property or any part of it, the Chargee or any Person appointed on its behalf shall be entitled to a management fee equal to five (5%) percent of the outstanding principal indebtedness hereunder plus Applicable Taxes thereon, which fee shall be added to the mortgage indebtedness and shall bear interest at the rate herein set forth. The Chargor acknowledges and agrees that the Costs provided for herein are a genuine pre-estimate of the value of the services performed for same and are not a penalty or additional interest on the Loan secured by this Charge.

28. **MORTGAGE STATEMENT**

Any request for a mortgage statement shall be made in writing allowing the Chargee, at minimum, five (5) Business Days to respond. The Cost of any such statement shall be borne by the Chargor.

29. **EVENTS OF DEFAULT**

- (a) At the option of the Chargee, it shall constitute default hereunder if the Chargor or any Covenantor shall become insolvent or be the subject of any bankruptcy, arrangement with creditors, proposal, amalgamation or any transaction or series of transactions which results in a change in control of the Chargor (subject to Section 9), reorganization (subject to Section 9), or any liquidation, winding-up, dissolution or receivership or without the Chargee's consent, seeks continuation under the laws of any other jurisdiction. In the event of a default by the Chargor under this Charge, the Chargor will, if required by the Chargee, establish a separate bank account for the Project.
- (b) Provided and without in any way limiting anything herein contained, in the event that:
- (a) the Chargor makes default in the payment of any principal or interest or any other monies required to be paid by the Chargor hereunder;
 - (b) the Chargor fails to observe or perform any other covenant or agreement herein contained and/or the Commitment;
 - (c) any representation or warranty made herein and/or in the Commitment by the Chargor is at any time while this Charge is outstanding not true;
 - (d) any construction lien is registered against any portion of the Real Property and is not removed within ten (10) Business Days;
 - (e) an order is made or a resolution is passed for the winding up of the Chargor, or if a petition is filed for the winding up of the Chargor;
 - (f) the Chargor becomes insolvent or makes an unauthorized assignment or bulk sale of the Chargor's assets or if a bankruptcy petition is filed or presented against the Chargor;
 - (g) any proceedings with respect to the Chargor are commenced under the *Companies' Creditors Arrangement Act* (Canada) or other debtor relief legislation;
 - (h) an execution, sequestration, extent or any other process of any court becomes enforceable against the Chargor or if a distress of analogous process is levied against the Real Property or any portion thereof, provided such execution, sequestration, extent, process of court, distress or analogous process is not in good faith being disputed by the Chargor;
 - (i) the Chargor shall permit any sum which has been admitted as due by the Chargor or is not disputed to be due by the Chargor and which forms, or is capable of being made, a charge upon any portion of the Real Property in priority to or raking equally with the charge of this Charge to be or remain unpaid;
 - (j) any charge or encumbrance created or issued by the Chargor having the nature of a fixed and/or floating charge shall become enforceable, whether ranking in priority to, or *pari passu* with this Charge; and/or
 - (k) the Chargor ceases or threatens to cease to carry on its business or if the Chargor commits or threatens to commit any act of bankruptcy;

then, and in any such event, this Charge shall, at the option of the Chargee, be deemed to be in default.

30. **REMEDIES ON DEFAULT**

- (a) Upon the occurrence and during the continuance of default the Chargee may, personally or by agent, at such time or times as the Chargee in its discretion may determine to exercise any one or more of the remedies in and by this Charge or conferred by law in case of default, including the following remedies:
- (a) Possession. Entry into possession and use of the Real Property or any part or parts of it with power, among other things, to exclude the Chargor therefrom, to preserve and maintain the Real Property and to make such repairs, replacements, alterations and additions to the whole or any part of the Real Property that the Chargee may think advisable, to satisfy the whole or any part of any prior charge or any other prior claim or encumbrance then affecting the Real Property, to receive rents, income and profits of all kinds owing to the Chargor in respect of the Real Property and to pay from it all expenses of maintaining, preserving, protecting and operating the Real Property, including payments which may be due for

insurance, Taxes, assessments, charges or liens prior to the charge of this Charge upon the Real Property and for the services of lawyers, agents and other Persons, and all costs, charges and expenses incurred in connection with the execution of the powers contained in this Charge; and to enjoy and exercise all powers necessary to the performance of all functions made necessary or advisable by possession, including the power to advance its own money (with interest payable on it at the Interest Rate) and to enter into contracts and to undertake obligations for the foregoing purposes upon the security of this Charge;

- (b) Court Receiver. Proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Real Property, and removal or replacement from time to time of any such receiver;
 - (c) Private Receiver. Appointment by instrument in writing of a receiver of all or any part of the Real Property, whether before or after entry into possession of the Real Property or any part of it, and removal or replacement from time to time of any such receiver;
 - (d) Distress. The Chargee may distrain for arrears of payments in respect of the principal amount of this Charge, interest or any other amount payable under this Charge;
 - (e) Sale or Lease. Sale, lease or other disposition of all or any part of the Real Property whether before or after entry into possession of the Real Property or any part of it;
 - (f) Foreclosure. Proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Real Property, with or without entry into possession of it;
 - (g) Action on Covenant. Taking any action or proceeding to enforce the performance of any covenant in favour of the Chargor contained in this Charge, whether before or after entry into possession of the Real Property or any part of it;
 - (h) Proof of Claim. Filing of proofs of claim and other documents to establish the claims of the Chargee in any proceeding relating to the Chargor; and
 - (i) Other. Any other remedy or proceeding authorized or permitted by this Charge or at law or in equity.
- (b) No right or remedy of the Chargee under this Charge or that the Chargee may have at law or in equity shall be exclusive or dependent on any other right or remedy, but any one or more of such rights and remedies may from time to time be exercised independently or in combination. The rights, remedies and powers conferred under this Charge are supplementary to and not in substitution for any of the powers that the Chargee may have or be entitled to at law, in equity or otherwise.

31. RECEIVER

- (a) Upon the occurrence of any one or more events of default, the Chargee may, in its discretion, by writing appoint a receiver (which term shall include a receiver and manager) (a "**Receiver**") of the Real Property or any part of it and of the rents and profits from it and may from time to time remove any Receiver and appoint another in his place, and in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor unless the Chargee indicates in writing a contrary intention. The following provisions shall apply in respect of the appointment of any Receiver:
 - (i) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Real Property or any part of it;
 - (ii) such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee and shall have the power to borrow on the security of the Real Property;
 - (iii) the Chargee may from time to time fix the remuneration of such Receiver and direct the payment of such remuneration from out of the proceeds of the Real Property;
 - (iv) such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever;
 - (v) such Receiver shall from time to time have the power to collect, realize, sell or otherwise deal with the Real Property in such manner, upon such terms and conditions and at such time or times as may seem to the Receiver to be advisable and without notice to the Chargor;
 - (vi) such Receiver shall from time to time have the power to lease any portion of the Real Property which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient and, in so doing, such Receiver shall act as the

attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent of the Chargee) and such Receiver shall have authority to execute, under seal or otherwise, any leases of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Real Property; and

- (vii) such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Real Property or any part of it in the name of the Chargor for the purpose of securing the payment of rental from the Real Property or any part of it, including the power to:
- a. take proceedings in the name of the Chargor or otherwise and to make any arrangement or compromise;
 - b. borrow or raise money on all or any part of the Real Property in priority to this Charge or otherwise for such purposes as may be approved by the Chargee;
 - c. give any and all notices to be given by the Chargor under any leases and exercise any and all rights of the Chargor under them;
 - d. do or cause to be done any and all acts and things under any lease and adjust and settle all matters relating to such performance; and
 - e. institute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of the Real Property, defend all suits, proceedings and actions against the Chargor or the Receiver, appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and appeal any suit, proceeding or action.

32. APPLICATION OF PROCEEDS

All money and other proceeds of disposition of any Real Property of the Chargor received by the Chargee or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Chargee rights against the Chargor under this Charge), encumbrances over the Real Property of the Chargor in favour of Persons other than the Chargee, borrowings, Taxes and other outgoings affecting the Real Property of the Chargor or which are considered advisable by the Chargee or the Receiver to protect, preserve, repair, process, maintain or enhance the Real Property of the Chargor or prepare it for sale, lease or other disposition, or to keep in good standing any encumbrances on the Real Property ranking in priority to the Charge from the Chargor, or to sell, lease or otherwise dispose of the Real Property of the Chargor. The balance of such proceeds, if any, may, at the sole discretion of the Chargee, be held as security for the obligations of the Chargor hereunder or be applied to such of the obligations (whether or not they are due and payable) in such manner and at such times as the Chargee considers appropriate (including in such manner as may be required to comply with any priority, subordination or security sharing arrangements between any one or more of those for whom the Chargee is the chargee) and thereafter will be accounted for as required by law.

33. ATTORNEY OF THE CHARGOR

- (a) Under Leases. The Chargee, as attorney or agent for the Chargor and in its name, may at any time and from time to time after default, exercise any of the rights, powers, authorities and discretion which under the terms of any of the leases could be exercised by the Chargor.
- (b) On Sale. In case of any sale under this Charge, whether by the Chargee or by a Receiver or under any judicial proceedings, the Chargor agrees that it will, forthwith upon request, execute and deliver to the purchaser such deeds, assurances, conveyances and receipts as may be necessary to transfer good title to the Real Property or any part or parts of it sold, and if in case of any such sale the Chargor shall fail to do so forthwith after request, the Chargee or such Receiver may execute and deliver to the purchaser of the Real Property or any part or parts of it such deeds, assurances, conveyances and receipts as may be necessary to transfer good and sufficient title to it, the Chargee or, if appointed, the Receiver being hereby irrevocably constituted the attorney of the Chargor for the purpose of making such sale and executing all deeds, assurances, conveyances, receipts and documents pertaining thereto.

34. LIMITATION OF OBLIGATIONS

The Chargee shall not, nor shall any Receiver appointed by it, be responsible or liable, otherwise than as a trustee, for any debts contracted by it or for salaries during any period during which the Chargee or such Receiver is managing the Real Property or any part or parts of it upon or after entry, as provided for in this Charge, nor shall the Chargee nor the Receiver be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession might be liable.

35. **CHARGEЕ'S COSTS**

- (a) The Chargee may (but shall not be obliged to) pay all costs, charges and expenses (including agents' charges and solicitors' fees and disbursements on a solicitor and his own client basis) incurred from time to time in taking, recovering and keeping possession of the Real Property or in performing work in respect of the buildings, erections, structures and improvements situate on it or in inspecting it and generally in any other proceedings taken to realize the money secured by this Charge or in protecting the security for such money, whether any action or other judicial proceeding to enforce such payment has been taken or not. Any and all amounts so paid shall be added to the obligation and shall be payable forthwith by the Chargor to the Chargee with interest at the Interest Rate from the date of payment by the Chargee.
- (b) The Chargor shall immediately pay to the Chargee all amounts paid or incurred by or on behalf of the Chargee and all costs and expenses of preparing, executing and registering the Charge and any other related instruments, inspecting, protecting, repairing, completing, insuring, taking, keeping possession of and managing all or any part of the Real Property, preparing the Real Property for sale or lease, selling or leasing the Real Property, collecting all or any part of the Principal amount of this Charge, the exercise of any of the rights of a Receiver appointed pursuant to the provisions of this Charge and such Receiver's fees and expenses, agents' costs and expenses, legal fees and disbursements on a solicitor and his own client basis, and any other costs and expenses of exercising or protecting the Chargee's rights (under this Charge or otherwise) or all or any part of the Real Property.

36. **ADDITIONAL REMEDIES**

The rights, powers, and remedies conferred herein are supplementary to and not in substitution for any of the powers which the Chargee may have or be entitled to at law or otherwise. Any one or more remedies may from time to time be exercised independently of or in combination with any of the others, as often and in such order as the Chargee considers appropriate and the remedies include, but are not limited to, the Chargee's right to commence court proceedings to foreclose the Chargor's right, title and equity of redemption to the Real Property and the Chargee's right to ask the court to order the sale of the Real Property under the court's supervision. Such rights, powers and remedies shall not be capable of being waived or varied except by virtue of an expressed waiver or variation in writing signed by an officer of the Chargee. In particular, any failure to exercise or any delay in exercising any of such rights and remedies shall not operate as a waiver or variation of that or any other such right or remedy, any defective or partial exercise of any of such rights shall not preclude any other or future exercise of that or any other such right or remedy and no act or course of conduct or negotiation on the part of the Chargee or on its behalf shall in any way preclude it from exercising any such right or remedy or constitute a suspension or variation of any such right or remedy.

37. **CONSENT TO PERSONAL INFORMATION AS PER PRIVACY POLICY**

The Chargor and each Covenantor agrees that any information, personal or otherwise, either that the Chargor and each Covenantor has provided or will provide to the Chargee or that the Chargee has on file about the Chargor and each Covenantor shall be retained and may be used as the Chargee deems necessary in its sole discretion for the mortgage placement herein, collection of any arrears or deficiencies in the event of a default and any renewals or extensions of same. The Chargor and each Covenantor also agree to any credit bureau search being carried out by the Chargee from time to time as the Chargee deems necessary in its sole and unfettered discretion. By signing this Charge, the Chargor and each Covenantor agree that the Chargee shall have the right to seek any information from any Governmental Authority at any time either before or after the registration of the Charge and before and after default including to request site inspections or any information on file about the Chargor and each Covenantor and/or the Real Property and the Chargee shall have the right to retain such information which may be used as the Chargee deems necessary in its sole and unfettered discretion. The Chargor and each Covenantor also agree that the Chargee may retain all information provided to it in accordance with the provisions of this Section 37 on file for as long as the Chargee deems appropriate.

38. **SEVERABILITY OF ANY INVALID PROVISIONS**

If in the event that any covenant, term or provision contained in this Charge is held to be invalid, illegal or unenforceable in whole or in part, then the validity, legality and enforceability of the remaining covenants, provisions and terms shall not be affected or impaired thereby, and all such remaining covenants, provisions and terms shall continue in full force and effect. All covenants, provisions and terms hereof are declared to be separate and distinct covenants, provisions or terms as the case may be.

39. **INDEMNIFICATION OF CHARGEЕ**

In the event the Chargee shall, without fault on its part, be made a party to any litigation commenced by or against the Chargor, the Chargor shall protect and hold the Chargee harmless therefrom and shall pay all costs, expenses and solicitors' fees on a substantial indemnity basis. Such costs shall be a charge on the Real Property and may be added to the Loan.

40. **HEADINGS**

The headings herein are not to be considered part of this Charge and are included solely for the convenience of reference and are not intended to be full or accurate descriptions of the contents of the paragraphs to which they relate.

41. **BREACH OF COVENANT**

A breach of any covenant contained in this Charge shall constitute a default hereunder and at the option of the Chargee, it may avail itself of the remedies contained in this Charge or available at law.

42. **TIME OF ESSENCE**

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

43. **GOVERNING LAW**

This Charge shall be governed by the laws of the Province of Ontario.

44. **SUCCESSORS AND ASSIGNS**

This Charge shall enure to the benefit of and be binding on the parties and their respective successors and permitted assigns.

45. **AGREEMENTS IN WRITING**

No agreement for modification to this Charge or to any other security agreement provided to the Chargee, including any renewals hereof for extension of the time for payment of the indebtedness due hereunder shall result from, or be implied from, any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the Maturity Date, or of any subsequent term agreed to in writing between the Chargor and the Chargee, and that no modification, amendment, renewal hereof of extension of the time for payment of any indebtedness due hereunder shall result from, or be implied from, any other act, matter or thing, save only an express agreement in writing between the Chargor and the Chargee.

46. **CURRENCY REFERENCES**

All dollar amounts referred to in this Charge are stated in lawful money of Canada.

47. **CONFLICT/AMBIGUITY**

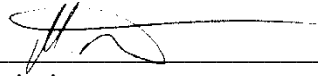
In the event of any inconsistency between the terms of this schedule to this Charge and the terms of Standard Charge Terms 200033, the terms of this schedule to this Charge shall prevail and the inclusion of any term in Standard Charge Terms 200033 that is not set out in this schedule to this Charge shall not be an inconsistency.

48. **BLANKET CHARGE**

(a) The Chargor hereby acknowledges and agrees that the indebtedness owing from time to time pursuant to the Loan shall be secured by all of the Real Property described under Properties field in the electronic form to which this Schedule is attached. For purposes hereof, each of the parcels of land comprising of the Real Property and designated by the Land Titles Office in which this Charge is registered shall hereinafter be referred to as a "**Parcel**" and collectively referred to as the "**Parcels**". The Chargor hereby further acknowledges and agrees that:

- (i) the Charge shall be registered against each of the Parcels;
- (ii) each Parcel shall be charged with the whole of the principal sum secured hereby together with interest thereon at the Interest Rate and Costs and other amounts thereon as provided herein; and
- (iii) the Chargor shall not be entitled to apportion any principal amount due under the Loan in respect of any of the Parcels.

THIS IS EXHIBIT "E" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be "J. Hayes", written over a horizontal line.

A Commissioner, etc.

GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated as of June 30, 2022.

TO: MARSHALLZEHR GROUP INC.

WHEREAS:

- A. 2557386 Ontario Inc. (the “**Debtor**”) is, or may become, indebted or liable to MarshallZehr Group Inc. (the “**Creditor**”); and
- B. To secure the payment and performance of the Liabilities (this term, and other capitalized terms used in this Agreement, have the meanings set forth in Section 1), the Debtor has agreed to grant to the Creditor security interests in respect of the Collateral in accordance with the terms of this Agreement.

For good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditor as follows:

1. Definitions. Capitalized terms used in this Agreement have the respective meanings ascribed thereto in this section:

- (a) “**Accessions**”, “**Account**”, “**Chattel Paper**”, “**Consumer Goods**”, “**Document of Title**”, “**Equipment**”, “**Goods**”, “**Instrument**”, “**Intangible**”, “**Inventory**” and “**Proceeds**” have the meanings given to them in the PPSA;
- (b) “**Books and Records**” means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor’s behalf) has access;
- (c) “**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the “**Governing Law**” section of this Agreement;
- (d) “**Collateral**” means all of the present and future undertaking, Personal Property (including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditor in connection with this Agreement) and real property (including any real property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditor in connection with this Agreement and including all fixtures and all buildings placed, installed or erected from time to time on any such real property) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located;
- (e) “**Contracts**” means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement;
- (f) “**Default**” means the occurrence of any of the following events or conditions:
 - (i) the Debtor does not pay any of the Liabilities when due;
 - (ii) the Debtor does not observe or perform any of the Debtor’s obligations under this Agreement or any other agreement or document existing at any time between the Debtor and the Creditor;

- (iii) any representation, warranty or statement made by or on behalf of the Debtor to the Creditor, in this Agreement or otherwise, is untrue in any material respect when made;
 - (iv) the Debtor ceases or threatens to cease to carry on in the normal course all or any material part of the Debtor's business;
 - (v) the Debtor becomes insolvent or bankrupt, or makes or files a proposal, a notice of intention to make a proposal or an assignment for the benefit of creditors under the *Bankruptcy and Insolvency Act* (Canada) or comparable legislation in Canada or any other jurisdiction; a petition in bankruptcy is filed against the Debtor; or, if the Debtor is a corporation, proceedings are initiated under any legislation by or against the Debtor seeking its liquidation, winding-up, dissolution or reorganization or any arrangement or composition of its debts;
 - (vi) a Receiver, trustee, custodian or other similar official is appointed in respect of the Debtor or any of the Collateral;
 - (vii) any Person holding a Security Interest in respect of any part of the Collateral takes possession of all or any material part of the Collateral, or a distress, execution or other similar process is levied against all or any material part of the Collateral;
 - (viii) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the Security Interests created by this Agreement; or
 - (ix) the Creditor, acting in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance of any of the Liabilities is or is about to be impaired or that all or any material part of the Collateral is or is about to be placed in jeopardy;
- (g) **"Intellectual Property Rights"** means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights;
- (h) **"Liabilities"** means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Debtor to the Creditor, wherever and however incurred, and any unpaid balance thereof;
- (i) **"Money"** has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency;
- (j) **"PPSA"** means the *Personal Property Security Act* of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation);
- (k) **"Permits"** means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business;
- (l) **"Person"** will be broadly interpreted and includes an individual, a corporation, a limited liability company, a partnership, a trust, a joint venture, an association, an unincorporated organization, the government of a country or any political subdivision thereof, any agency or department of any such government, a regulatory agency or any other juridical entity and the heirs, executors, administrators or other legal representatives of an individual;
- (m) **"Personal Property"** means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Securities;
- (n) **"Receiver"** means a receiver, a manager or a receiver and manager;

- (o) **"Securities"** has the meaning given to it in the PPSA, or if there is no such meaning given in the PPSA but the PPSA defines "security" instead, it means the plural of that term; and
- (p) **"Security Interest"** means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. Grant of Security Interest. As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns to the Creditor, and grants to the Creditor a security interest in, the Collateral.

3. Limitations on Grant of Security Interest. If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditor and, on exercise by the Creditor of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Creditor. In addition, the Security Interests created by this Agreement do not extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditor and, on the exercise by the Creditor of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Creditor.

4. Attachment; No Obligation to Advance. The Debtor confirms that value has been given by the Creditor to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Creditor have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditor to advance any funds or any additional funds.

5. Representations and Warranties. The Debtor represents and warrants to the Creditor that:

(a) **Places of Business, Name, Location of Collateral.** The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement.

(b) **Title; No Other Security Interests.** Except for (i) the Security Interests created by this Agreement, and (ii) any other Security Interests permitted in writing by the Creditor, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings in favour of, or permitted in writing by, the Creditor.

(c) **Amount of Accounts.** The amount represented by the Debtor to the Creditor from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Creditor at that time, will be owed free of any dispute, set-off or counterclaim.

(d) **Authority; Consents.** The Debtor has full power and authority to grant to the Creditor the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Creditor, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor and classified as Equipment is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All Intellectual Property Rights owned by the Debtor, and all rights of the Debtor to the use of any Intellectual Property Rights, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by the Creditor and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditor and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. Covenants. The Debtor covenants and agrees with the Creditor that:

(a) Further Documentation. The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Creditor may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Creditor will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Creditor authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Creditor Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) Delivery of Certain Collateral. Promptly upon request from time to time by the Creditor, the Debtor will deliver (or cause to be delivered) to the Creditor, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Creditor may reasonably request, any and all Instruments, Securities, Documents of Title and Chattel Paper included in or relating to the Collateral as the Creditor may specify in its request.

(c) Payment of Expenses; Indemnification. The Debtor will pay on demand, and will indemnify and save the Creditor harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a solicitor and own client basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Creditor in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its

obligations under this Agreement, or (iii) incurred by the Creditor in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) Maintenance of Records. The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Creditor, the Debtor will mark any Collateral specified by the Creditor to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Creditor may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Creditor may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Creditor with such clerical and other assistance as may be reasonably requested by the Creditor to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Creditor, and the Debtor will defend the right, title and interest of the Creditor in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Creditor's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditor and will be immediately paid to the Creditor.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditor, or (ii) fail to exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditor.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Creditor, and will (i) contain a breach of warranty clause in favour of the Creditor, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Creditor, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditor, and (iv) name the Creditor as loss payee as its interest may appear. The Debtor will, from time to time at the Creditor's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Creditor. If the Debtor does not obtain or maintain such insurance, the Creditor may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Creditor for all payments made by the Creditor in connection with obtaining and maintaining such insurance, and until

reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditor nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Creditor such statements and schedules further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Creditor may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Creditor promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Creditor) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless all filings have been made and all other actions taken that are required in order for the Creditor to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Creditor, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Creditor may request to evidence the Creditor's Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

(o) Limitation on Loans and Guarantees. The Debtor will not, without the Creditor's prior written consent, lend money to or guarantee the obligations of any other third party.

(p) Limitation on Investments or Acquisitions. The Debtor will not, without the Creditor's prior written consent, make any investments or acquisitions other than in the normal course of business.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditor, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditor may, personally or by agent, at such time or times as the Creditor in its discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditor at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditor to be assembled and made available and/or delivered to the Creditor at any place designated by the Creditor.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Creditor may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Creditor deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Creditor or elsewhere, on such terms and conditions as the Creditor may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. At any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and, upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Creditor, the Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Creditor and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Creditor and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Creditor deems appropriate in the circumstances.

(k) Transfer of Securities. Transfer any Securities forming part of the Collateral into the name of the Creditor or its nominee, with or without disclosing that the Securities are subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Securities forming part of the Collateral as if the Creditor were the absolute owner of such Securities.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Creditor for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Creditor for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Creditor under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Creditor will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Creditor.

(p) **Court-Appointed Receiver.** Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) **Consultants.** Require the Debtor to engage a consultant of the Creditor's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Creditor and to disclose to the Creditor any and all information obtained in the course of such consultant's employment.

The Creditor may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Creditor to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Creditor which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Creditor;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Creditor may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Creditor to exercise its rights and remedies under Section 8 when the Creditor is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Creditor an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Securities. The Creditor is authorized, in connection with any offer or sale of any Securities forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Securities. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Creditor will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Securities are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Creditor or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Creditor's rights under this Agreement), Security Interests in favour of Persons other than the Creditor, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Creditor or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of

the Creditor, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Creditor considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Creditor's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Creditor and any officer or agent of the Creditor, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Creditor's discretion after a Default, to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditor as secured party or any other Person on the Creditor's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification agreements and other documents relating to the Collateral and this Agreement as the Creditor or such other Person considers appropriate.

14. Performance by Creditor of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Creditor incurred in connection with any such performance or compliance will be payable by the Debtor to the Creditor immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Creditor under this Agreement is not paid when due, the Debtor will pay to the Creditor, immediately on demand, interest on such amount from the date due until paid, at a nominal annual rate equal at all times 24%. All amounts payable by the Debtor to the Creditor under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) **Limitations on Creditor's Liability.** The Creditor will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Creditor, a Receiver nor any agent of the Creditor (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Collateral in its possession. Neither the Creditor nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Creditor or any Receiver) caused for any reason other than the gross negligence or willful misconduct of the Creditor or such Receiver.

(b) **Debtor Remains Liable under Accounts and Contracts.** Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Creditor will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Creditor of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Creditor will not

be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) **Collections on Accounts and Contracts.** The Creditor hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Creditor at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and, in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Creditor if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditor, segregated from other funds of the Debtor. All such amounts while held by the Creditor (or by the Debtor in trust for the Creditor) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred and is continuing, the Creditor may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Creditor may elect. At the Creditor's request, the Debtor will deliver to the Creditor any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) **Analysis of Accounts.** The Creditor will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Creditor may require in connection therewith. The Creditor may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Creditor's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Creditor reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Creditor. The Creditor will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Creditor may consider desirable. The Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Creditor may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Creditor under this Agreement. The powers conferred on the Creditor under this Agreement are solely to protect the interests of the Creditor in the Collateral and will not impose any duty upon the Creditor to exercise any such powers.

19. Communication. Any communication required or permitted to be given under this Agreement will be in writing and will be effectively given if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by facsimile transmission or other similar means of electronic communication, in each case to the address or facsimile number of the Debtor or Creditor set out in this Agreement. Any communication so given will be deemed to have been given and to have been received on the day of delivery if so delivered, or on the day of facsimile transmission or sending by other means of recorded electronic communication provided that such day is a Business Day and the communication is so delivered or sent prior to 4:30 p.m. (local time at the place of receipt). Otherwise, such communication will be deemed to have been given and to have been received on the following Business Day. Any communication sent by mail will be deemed to have been given and to have been received on the fifth Business Day following mailing, provided that no disruption of postal service is in effect. The Debtor and the Creditor may from time to time change their respective addresses or facsimile numbers for notice by giving notice to the other in accordance with the provisions of this Section.

20. Release of Information. The Debtor authorizes the Creditor to provide a copy of this Agreement and such other information as may be requested of the Creditor by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waivers and Indemnity. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against the Creditor arising out of the exercise by the Creditor or any Receiver of any rights or remedies under this Agreement or at law, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Creditor. The Creditor will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Creditor, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Creditor of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Creditor would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger or any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor agrees to indemnify the Creditor from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or willful misconduct of the Creditor or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Creditor and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

22. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

23. Governing Law; Attornment. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario. Without prejudice to the ability of the Creditor to enforce this Agreement in any other proper jurisdiction, the Debtor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, the Debtor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such Province.

24. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Creditor or is to be acceptable to the Creditor, such consent, approval or determination of acceptability will be in the sole discretion of the Creditor. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

25. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditor and its successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Creditor. If the Debtor or the Creditor is an individual, then the term "Debtor" or "Creditor", as applicable, will also include his or her heirs, administrators and executors.

26. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

27. Electronic Transmission. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[remainder of this page intentionally left blank]

DATED as of the date first written above.

2557386 ONTARIO INC.

Per: 
Name: Michael Bettiol
Title: President

I have authority to bind the Corporation.

Address: 314 Rexford Drive, Hamilton, ON L8W 1P5

Attention: Michael Bettiol
E-mail: mikeb@marimanhomes.com

SCHEDULE A

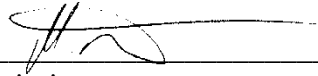
Locations of Collateral (Paragraph 5(a))

314 Rexford Drive, Hamilton, ON L8W 1P5
30 Front Street, Haldimand, ON

Locations of Real Property (Paragraph 5(a))

314 Rexford Drive, Hamilton, ON L8W 1P5
30 Front Street, Haldimand, ON

THIS IS EXHIBIT "F" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

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

A Commissioner, etc.

GUARANTEE

THIS GUARANTEE dated of as June 30, 2022.

TO: MARSHALLZEHR GROUP INC. (the "**Lender**")

WHEREAS:

- A. The Lender has agreed to extend a loan in the principal amount not exceeding Twenty Six Million Eight Hundred and Forty Nine Thousand (\$26,849,000) Dollars (the "**Loan**") in favour of 2557386 Ontario Inc. (the "**Borrower**") on the terms and subject to the conditions as set out in the commitment letter dated March 29, 2022 issued in connection with the Loan (the "**Commitment**"); and
- B. The Loan is being advanced to the Borrower by the Lender on the condition that 2363823 Ontario Inc. and Michael Bettiol (collectively, the "**Covenantor**") execute and deliver this Guarantee.

NOW THEREFORE in consideration of the Lender making the advance of the Loan and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto), the Covenantor hereby acknowledges and agrees as follows:

- 1. The Covenantor hereby guarantees as if the Covenantor was a principal debtor and not merely a surety, the due and punctual payment to the Lender of the Loan including, without limitation, all present and future indebtedness and liability owing by the Borrower to the Lender on account of the Loan whether direct or indirect, absolute or contingent, matured or not including, without limitation:
 - (a) all amounts expressed to be owing to the Lender pursuant to the Commitment and all agreements, instruments and other documents, whether referred to in the Commitment or otherwise, that are now or may hereafter be delivered or assigned to the Lender in connection with or as security for the Loan (the Commitment and any such instrument and other documents are sometimes hereinafter collectively called the "**Loan Documents**");
 - (b) all commissions, costs, charges, fees and other expenses (including legal fees and disbursements on a substantial indemnity basis) arising out of or incurred by the Lender in connection with any one or more of the following:
 - (i) the collection of the amounts owing by the Borrower to the Lender on account of the Loan;
 - (ii) the enforcement of this Guarantee; and
 - (iii) any action or other proceeding instituted by the Lender, the Borrower, the Covenantor or any other person in any way relating to this Guarantee, the Loan, the Loan Documents or any part thereof,
- 2. This Guarantee is a specific guarantee of the Loan and shall only apply to and secure the amounts referred to in paragraph 1 hereof (hereinafter collectively called the "**Liabilities**") and any ultimate balance due or remaining unpaid to the Lender thereunder. This Guarantee is irrevocable, absolute and unconditional and the obligation of the Covenantor hereunder is not cancellable or terminable by the Covenantor (whether or not the entire Loan has been advanced).
- 3. All indebtedness and liability, present and future, of the Borrower to the Covenantor are hereby assigned to the Lender and postponed to the Liabilities, and all moneys received by the Covenantor in respect thereof shall be received in trust for the Lender and forthwith upon receipt shall be paid over to the Lender, the whole without in any way limiting or lessening the liability of the Covenantor under this Guarantee; and this assignment and postponement is independent of this Guarantee

and shall remain in full effect notwithstanding that the liability of the Covenantor under this Guarantee may be extinct.

4. The Covenantor's liability to make payment under this Guarantee shall arise forthwith after demand for payment has been given to the Covenantor. Such demand may be given by personal delivery to the Covenantor or by sending such demand to the Covenantor by telecopier or by prepaid registered mail to the last address of the Covenantor known to the Lender. If mailed, such demand shall be deemed to have been effectually made on the fourth day after an envelope containing such demand addressed to the Covenantor is mailed.
5. The Covenantor expressly waives notice of the acceptance of this Guarantee and notice of non-performance, non-payment or non-observance on the part of the Borrower under the Loan or under the Loan Documents or any part thereof.
6. This Guarantee and the rights of the Lender hereunder shall not be released, discharged, mitigated, impaired or affected by:
 - (a) any grant of time, renewals, extensions, compromises, indulgences or modifications to; extending or failing to extend credit to; making or failing to make Loans or advances to; taking or failing to take securities from; releasing or discharging any securities to; failing to perfect or keep perfected or otherwise taking advantage of any securities received from; accepting compositions from; and releasing, discharging or otherwise dealing with; the Borrower, the Covenantor or any other person whatsoever;
 - (b) any failure of the Lender to prove a claim against the estate of the Borrower or any waiver or failure to enforce any of the terms, conditions or other provisions of, or any loss, diminution of value or unenforceability of, any of the Loan Documents;
 - (c) the application by the Lender of any monies received from the Borrower, the Covenantor or any other person or from securities on account of such part or parts of the Liabilities in such manner as the Lender deems best and the changing of such application in whole or in part at any time or from time to time;
 - (d) the death, incapacity, receivership, bankruptcy, insolvency, winding-up, dissolution or the loss of corporate existence of the Borrower or the Covenantor, the release or discharge of the Borrower or the Covenantor by operation of law or otherwise, any change in the name, objects, capital structure or constitution of the Borrower or any transfer of the assets or businesses of the Borrower to a partnership or to a corporation or any incorporation, amalgamation, continuance, arrangement or reorganization of the Borrower or the Covenantor; and/or
 - (e) the distribution of the assets of the Borrower (whether voluntary or compulsory) or upon the occurrence of a bulk sale of any of the Borrower's assets or any composition with the Lender or any scheme of arrangement; and in any such event the Lender shall have the right to rank in all respects in priority to the Covenantor for its full claim against the Borrower and to receive all dividends or other payments in respect thereof until the Lender's claim and all Liabilities have been paid in full; and the retention by the Lender of all or any part or parts of the Loan Documents shall not, as between the Lender and the Covenantor, be considered a purchase of such securities, or payment, satisfaction or reduction of the Liabilities or any part thereof.
7. Without prejudice to any of the rights or recourses which the Lender may have against the Borrower, the Covenantor expressly waives any right to require the Lender to initiate or exhaust any rights, remedies or recourses against the Borrower, the Covenantor or any other person, value, realize upon or dispose of any of the Loan Documents; or initiate or exhaust any other remedy which the Lender may have at law or in equity before requiring or becoming entitled to demand and

enforce payment from the Covenantor under this Guarantee; and the Covenantor renounces all benefits of discussion and division.

8. If for any reason the Borrower has no legal existence, or if the Borrower is or becomes under no legal obligation to discharge the Liabilities or if any of the Liabilities becomes statute barred or otherwise irrecoverable from the Borrower whether by operation of law or for any reason whatsoever including, without limitation, as a result of any lack or limitation of power, capacity or disability of the Borrower or its directors, partners, officers or agents or as a result of any irregularity, fraud, defect or informality in the obtaining of any advances, credits or renewals from the Lender (whether or not the Lender should have had knowledge thereof), this Guarantee and the covenants, agreements and obligations of the Covenantor set out herein shall nevertheless be binding upon the Covenantor as principal debtor until such time as such monies have been paid in full to the Lender and all Liabilities have been discharged and the Covenantor shall be responsible for the payment thereof to the Lender upon demand.
9. The Covenantor hereby agrees to indemnify, save, hold and keep the Lender harmless from any and all claims, losses, damages, costs and expenses resulting from the non-payment to the Lender of all monies herein secured, and the liability of the Covenantor shall not be released, discharged, extinguished or diminished by any act whatsoever of the Borrower or any loss, avoidance, termination by operation of law or otherwise of the obligations of the Borrower or any other person, including, without limitation, any act of bankruptcy or insolvency, or any other act, matter or thing whatsoever, save only full payment in cash of all monies herein secured and full performance and observance of all covenants, terms and obligations pursuant to this Guarantee and all Loan and security documents related thereto.
10. The Covenantor agrees to file all claims against the Borrower in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law with respect to any indebtedness owing by the Borrower to the Covenantor and will assign to the Lender all of the Covenantor's rights thereunder on demand. If the Covenantor does not file any such claim, the Lender, as attorney in fact of the Covenantor, is authorized to do so in the name of the Covenantor or in the Lender's discretion to assign the claim to and cause proof of claim to be filed in the name of the Lender's nominee. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to the Lender the full amount of such claim in the proceeding before making any payment to any of the Covenantor, and to the full extent necessary for that purpose the Covenantor agrees to assign to the Lender on demand all of the Covenantor's right to any payments or distributions to which the Covenantor otherwise would be entitled. If the amount so paid is greater than the guaranteed obligations then outstanding, the Lender will pay the amount of the excess to the party entitled thereto.
11. All compositions and payments received by the Lender from the Borrower or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the Covenantor to claim the benefit thereof in reduction of the Liabilities. The Covenantor shall not have any right to be subrogated to any rights of the Lender until all Liabilities have been discharged to the satisfaction of the Lender.
12. Upon this Guarantee bearing the signature of the Covenantor and being received by the Lender or any officer, agent or employee thereof, this Guarantee shall be deemed to be a deed signed and delivered by the Covenantor under seal and shall not be subject to or affected by any promise or condition affecting or limiting the Covenantor's liability hereunder except as may be expressly provided for herein. No statement, representation, warranty, agreement or promise on the part of any officer, employee or agent of the Lender, unless expressly set out herein, forms any part of this Guarantee or has induced the entering into or execution of this Guarantee or shall be deemed in any way to affect the Covenantor's liability hereunder.
13. The Lender may, without notice of any kind, sell, assign or transfer all or any part of the Liabilities and, in such event, each and every immediate and successive assignee, transferee or holder of all or any part of the Liabilities shall have the right to enforce this Guarantee as fully and effectively as

if such assignee, transferee or holder were specifically named herein in place of or together with the Lender.

14. No action or proceeding brought or instituted under this Guarantee and no recovery or judgment in pursuance thereof shall be a bar or defence to any further action or proceeding which may be brought under this Guarantee by reason of any further default or defaults under this Guarantee or in the payment of the Liabilities.
15. No failure to exercise and no delay in exercising, on the part of the Lender, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other rights, powers or privileges. The rights and remedies herein provided for are cumulative and not exclusive of any rights or remedies provided at law or in equity.
16. This Guarantee shall be in addition to and not in substitution for the Loan Documents and any other guarantees which the Lender may now or hereafter hold in respect of the Liabilities and the Lender shall be under no obligation to marshal in favour of the Covenantor any other guarantees or other securities or any moneys or other assets which the Lender may be entitled to receive or may have a claim upon.
17. Any term, condition or provision of this Guarantee which is held or deemed to be void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be severable herefrom and be ineffective to the extent of such avoidance, prohibition or unenforceability without invalidating the remaining terms, conditions and provisions hereof and any such avoidance, prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such term, condition or provision in any other jurisdiction.
18. This Guarantee shall be exclusively governed by and construed in accordance with the laws of the Province of Ontario.
19. No modification of this Guarantee shall be effective unless it is in writing and signed by the Covenantor and the Lender.
20. The Lender shall not be concerned to see or inquire into the existence, powers or capacities of the Borrower, the Covenantor or their respective officers, directors or agents, acting or purporting to act on their respective behalf.
21. All terms, agreements and conditions of this Guarantee shall extend to and be binding upon the Covenantor and the Borrower and their respective successors and permitted assigns and shall enure to the benefit of and may be enforced by the Lender and its successors and assigns.
22. All nouns and personal pronouns herein including the defined terms "Covenantor" and "Borrower" shall be read and construed as the number and gender may require in each case and the verb shall be read and construed as agreeing with such noun or pronoun.
23. The words "herein", "hereof", "hereunder", "herefrom", "the Guarantee" and "this Guarantee" refer to this entire agreement and not to any particular paragraph or subparagraph unless the context so requires.
24. The Covenantor acknowledges receipt of a copy of this Guarantee.
25. This Guarantee may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[remainder of this page intentionally left blank]

DATED as of the date first written above.

2363823 ONTARIO INC.


Per: 
Name: Angela Bettiol
Title: President

I have authority to bind the Corporation.

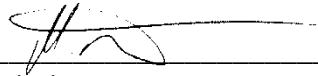
Witness:

Name: 

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)
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)
)


Michael Bettiol

THIS IS EXHIBIT "G" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be "A. Commissioner", written over a horizontal line.

A Commissioner, etc.

GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated as of June 30, 2022.

TO: MARSHALLZEHR GROUP INC.

WHEREAS:

- A. 2363823 Ontario Inc. (the “**Debtor**”) is, or may become, indebted or liable to MarshallZehr Group Inc. (the “**Creditor**”); and
- B. To secure the payment and performance of the Liabilities (this term, and other capitalized terms used in this Agreement, have the meanings set forth in Section 1), the Debtor has agreed to grant to the Creditor security interests in respect of the Collateral in accordance with the terms of this Agreement.

For good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditor as follows:

1. Definitions. Capitalized terms used in this Agreement have the respective meanings ascribed thereto in this section:

- (a) “**Accessions**”, “**Account**”, “**Chattel Paper**”, “**Consumer Goods**”, “**Document of Title**”, “**Equipment**”, “**Goods**”, “**Instrument**”, “**Intangible**”, “**Inventory**” and “**Proceeds**” have the meanings given to them in the PPSA;
- (b) “**Books and Records**” means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor’s behalf) has access;
- (c) “**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the “**Governing Law**” section of this Agreement;
- (d) “**Collateral**” means all of the present and future undertaking, Personal Property (including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditor in connection with this Agreement) and real property (including any real property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditor in connection with this Agreement and including all fixtures and all buildings placed, installed or erected from time to time on any such real property) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located;
- (e) “**Contracts**” means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement;
- (f) “**Default**” means the occurrence of any of the following events or conditions:
 - (i) the Debtor does not pay any of the Liabilities when due;
 - (ii) the Debtor does not observe or perform any of the Debtor’s obligations under this Agreement or any other agreement or document existing at any time between the Debtor and the Creditor;

- (iii) any representation, warranty or statement made by or on behalf of the Debtor to the Creditor, in this Agreement or otherwise, is untrue in any material respect when made;
 - (iv) the Debtor ceases or threatens to cease to carry on in the normal course all or any material part of the Debtor's business;
 - (v) the Debtor becomes insolvent or bankrupt, or makes or files a proposal, a notice of intention to make a proposal or an assignment for the benefit of creditors under the *Bankruptcy and Insolvency Act* (Canada) or comparable legislation in Canada or any other jurisdiction; a petition in bankruptcy is filed against the Debtor; or, if the Debtor is a corporation, proceedings are initiated under any legislation by or against the Debtor seeking its liquidation, winding-up, dissolution or reorganization or any arrangement or composition of its debts;
 - (vi) a Receiver, trustee, custodian or other similar official is appointed in respect of the Debtor or any of the Collateral;
 - (vii) any Person holding a Security Interest in respect of any part of the Collateral takes possession of all or any material part of the Collateral, or a distress, execution or other similar process is levied against all or any material part of the Collateral;
 - (viii) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the Security Interests created by this Agreement; or
 - (ix) the Creditor, acting in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance of any of the Liabilities is or is about to be impaired or that all or any material part of the Collateral is or is about to be placed in jeopardy;
- (g) **"Intellectual Property Rights"** means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights;
- (h) **"Liabilities"** means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Debtor to the Creditor, wherever and however incurred, and any unpaid balance thereof;
- (i) **"Money"** has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency;
- (j) **"PPSA"** means the *Personal Property Security Act* of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation);
- (k) **"Permits"** means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business;
- (l) **"Person"** will be broadly interpreted and includes an individual, a corporation, a limited liability company, a partnership, a trust, a joint venture, an association, an unincorporated organization, the government of a country or any political subdivision thereof, any agency or department of any such government, a regulatory agency or any other juridical entity and the heirs, executors, administrators or other legal representatives of an individual;
- (m) **"Personal Property"** means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Securities;
- (n) **"Receiver"** means a receiver, a manager or a receiver and manager;

- (o) **"Securities"** has the meaning given to it in the PPSA, or if there is no such meaning given in the PPSA but the PPSA defines "security" instead, it means the plural of that term; and
- (p) **"Security Interest"** means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. Grant of Security Interest. As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns to the Creditor, and grants to the Creditor a security interest in, the Collateral.

3. Limitations on Grant of Security Interest. If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditor and, on exercise by the Creditor of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Creditor. In addition, the Security Interests created by this Agreement do not extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditor and, on the exercise by the Creditor of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Creditor.

4. Attachment; No Obligation to Advance. The Debtor confirms that value has been given by the Creditor to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Creditor have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditor to advance any funds or any additional funds.

5. Representations and Warranties. The Debtor represents and warrants to the Creditor that:

(a) **Places of Business, Name, Location of Collateral.** The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement.

(b) **Title; No Other Security Interests.** Except for (i) the Security Interests created by this Agreement, and (ii) any other Security Interests permitted in writing by the Creditor, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings in favour of, or permitted in writing by, the Creditor.

(c) **Amount of Accounts.** The amount represented by the Debtor to the Creditor from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Creditor at that time, will be owed free of any dispute, set-off or counterclaim.

(d) **Authority; Consents.** The Debtor has full power and authority to grant to the Creditor the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Creditor, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor and classified as Equipment is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All Intellectual Property Rights owned by the Debtor, and all rights of the Debtor to the use of any Intellectual Property Rights, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by the Creditor and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditor and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. Covenants. The Debtor covenants and agrees with the Creditor that:

(a) Further Documentation. The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Creditor may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Creditor will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Creditor authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Creditor Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) Delivery of Certain Collateral. Promptly upon request from time to time by the Creditor, the Debtor will deliver (or cause to be delivered) to the Creditor, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Creditor may reasonably request, any and all Instruments, Securities, Documents of Title and Chattel Paper included in or relating to the Collateral as the Creditor may specify in its request.

(c) Payment of Expenses; Indemnification. The Debtor will pay on demand, and will indemnify and save the Creditor harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a solicitor and own client basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Creditor in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its

obligations under this Agreement, or (iii) incurred by the Creditor in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) Maintenance of Records. The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Creditor, the Debtor will mark any Collateral specified by the Creditor to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Creditor may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Creditor may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Creditor with such clerical and other assistance as may be reasonably requested by the Creditor to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Creditor, and the Debtor will defend the right, title and interest of the Creditor in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Creditor's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditor and will be immediately paid to the Creditor.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditor, or (ii) fail to exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditor.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Creditor, and will (i) contain a breach of warranty clause in favour of the Creditor, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Creditor, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditor, and (iv) name the Creditor as loss payee as its interest may appear. The Debtor will, from time to time at the Creditor's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Creditor. If the Debtor does not obtain or maintain such insurance, the Creditor may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Creditor for all payments made by the Creditor in connection with obtaining and maintaining such insurance, and until

reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditor nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Creditor such statements and schedules further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Creditor may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Creditor promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Creditor) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless all filings have been made and all other actions taken that are required in order for the Creditor to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Creditor, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Creditor may request to evidence the Creditor's Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

(o) Limitation on Loans and Guarantees. The Debtor will not, without the Creditor's prior written consent, lend money to or guarantee the obligations of any other third party.

(p) Limitation on Investments or Acquisitions. The Debtor will not, without the Creditor's prior written consent, make any investments or acquisitions other than in the normal course of business.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditor, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditor may, personally or by agent, at such time or times as the Creditor in its discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditor at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditor to be assembled and made available and/or delivered to the Creditor at any place designated by the Creditor.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Creditor may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Creditor deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Creditor or elsewhere, on such terms and conditions as the Creditor may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. At any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and, upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Creditor, the Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Creditor and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Creditor and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Creditor deems appropriate in the circumstances.

(k) Transfer of Securities. Transfer any Securities forming part of the Collateral into the name of the Creditor or its nominee, with or without disclosing that the Securities are subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Securities forming part of the Collateral as if the Creditor were the absolute owner of such Securities.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Creditor for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Creditor for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Creditor under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Creditor will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Creditor.

(p) **Court-Appointed Receiver.** Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) **Consultants.** Require the Debtor to engage a consultant of the Creditor's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Creditor and to disclose to the Creditor any and all information obtained in the course of such consultant's employment.

The Creditor may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Creditor to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Creditor which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Creditor;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Creditor may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Creditor to exercise its rights and remedies under Section 8 when the Creditor is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Creditor an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Securities. The Creditor is authorized, in connection with any offer or sale of any Securities forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Securities. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Creditor will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Securities are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Creditor or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Creditor's rights under this Agreement), Security Interests in favour of Persons other than the Creditor, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Creditor or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of

the Creditor, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Creditor considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Creditor's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Creditor and any officer or agent of the Creditor, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Creditor's discretion after a Default, to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditor as secured party or any other Person on the Creditor's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification agreements and other documents relating to the Collateral and this Agreement as the Creditor or such other Person considers appropriate.

14. Performance by Creditor of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Creditor incurred in connection with any such performance or compliance will be payable by the Debtor to the Creditor immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Creditor under this Agreement is not paid when due, the Debtor will pay to the Creditor, immediately on demand, interest on such amount from the date due until paid, at a nominal annual rate equal at all times 24%. All amounts payable by the Debtor to the Creditor under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) **Limitations on Creditor's Liability.** The Creditor will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Creditor, a Receiver nor any agent of the Creditor (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Collateral in its possession. Neither the Creditor nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Creditor or any Receiver) caused for any reason other than the gross negligence or willful misconduct of the Creditor or such Receiver.

(b) **Debtor Remains Liable under Accounts and Contracts.** Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Creditor will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Creditor of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Creditor will not

be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) **Collections on Accounts and Contracts.** The Creditor hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Creditor at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and, in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Creditor if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditor, segregated from other funds of the Debtor. All such amounts while held by the Creditor (or by the Debtor in trust for the Creditor) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred and is continuing, the Creditor may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Creditor may elect. At the Creditor's request, the Debtor will deliver to the Creditor any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) **Analysis of Accounts.** The Creditor will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Creditor may require in connection therewith. The Creditor may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Creditor's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Creditor reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Creditor. The Creditor will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Creditor may consider desirable. The Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Creditor may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Creditor under this Agreement. The powers conferred on the Creditor under this Agreement are solely to protect the interests of the Creditor in the Collateral and will not impose any duty upon the Creditor to exercise any such powers.

19. Communication. Any communication required or permitted to be given under this Agreement will be in writing and will be effectively given if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by facsimile transmission or other similar means of electronic communication, in each case to the address or facsimile number of the Debtor or Creditor set out in this Agreement. Any communication so given will be deemed to have been given and to have been received on the day of delivery if so delivered, or on the day of facsimile transmission or sending by other means of recorded electronic communication provided that such day is a Business Day and the communication is so delivered or sent prior to 4:30 p.m. (local time at the place of receipt). Otherwise, such communication will be deemed to have been given and to have been received on the following Business Day. Any communication sent by mail will be deemed to have been given and to have been received on the fifth Business Day following mailing, provided that no disruption of postal service is in effect. The Debtor and the Creditor may from time to time change their respective addresses or facsimile numbers for notice by giving notice to the other in accordance with the provisions of this Section.

20. Release of Information. The Debtor authorizes the Creditor to provide a copy of this Agreement and such other information as may be requested of the Creditor by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waivers and Indemnity. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against the Creditor arising out of the exercise by the Creditor or any Receiver of any rights or remedies under this Agreement or at law, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Creditor. The Creditor will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Creditor, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Creditor of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Creditor would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger or any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor agrees to indemnify the Creditor from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or willful misconduct of the Creditor or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Creditor and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

22. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

23. Governing Law; Attornment. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario. Without prejudice to the ability of the Creditor to enforce this Agreement in any other proper jurisdiction, the Debtor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, the Debtor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such Province.

24. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Creditor or is to be acceptable to the Creditor, such consent, approval or determination of acceptability will be in the sole discretion of the Creditor. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

25. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditor and its successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Creditor. If the Debtor or the Creditor is an individual, then the term "Debtor" or "Creditor", as applicable, will also include his or her heirs, administrators and executors.

26. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

27. Electronic Transmission. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[remainder of this page intentionally left blank]

DATED as of the date first written above.

2363823 ONTARIO INC.

Per: 
Name: Angela Bettiol
Title: President

I have authority to bind the Corporation.

Address: 558 Upper Gage Avenue, Suite 363
Hamilton, Ontario L8V 4J6

Attention: Angela Bettiol
E-mail: angela@marimanhomes.com

SCHEDULE A

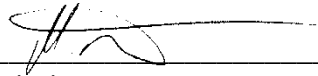
Locations of Collateral (Paragraph 5(a))

558 Upper Gage Avenue, Suite 363, Hamilton, Ontario
30 Front Street, Haldimand, ON

Locations of Real Property (Paragraph 5(a))

558 Upper Gage Avenue, Suite 363, Hamilton, Ontario
30 Front Street, Haldimand, ON

THIS IS EXHIBIT "H" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be a stylized name, positioned above a horizontal line.

A Commissioner, etc.

GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated as of June 30, 2022.

TO: MARSHALLZEHR GROUP INC.

WHEREAS:

- A. Michael Bettiol (the “**Debtor**”) is, or may become, indebted or liable to MarshallZehr Group Inc. (the “**Creditor**”); and
- B. To secure the payment and performance of the Liabilities (this term, and other capitalized terms used in this Agreement, have the meanings set forth in Section 1), the Debtor has agreed to grant to the Creditor security interests in respect of the Collateral in accordance with the terms of this Agreement.

For good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditor as follows:

1. Definitions. Capitalized terms used in this Agreement have the respective meanings ascribed thereto in this section:

- (a) “**Accessions**”, “**Account**”, “**Chattel Paper**”, “**Consumer Goods**”, “**Document of Title**”, “**Equipment**”, “**Goods**”, “**Instrument**”, “**Intangible**”, “**Inventory**” and “**Proceeds**” have the meanings given to them in the PPSA;
- (b) “**Books and Records**” means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor’s behalf) has access;
- (c) “**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the “**Governing Law**” section of this Agreement;
- (d) “**Collateral**” means all of the present and future undertaking, Personal Property (including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditor in connection with this Agreement) and real property (including any real property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditor in connection with this Agreement and including all fixtures and all buildings placed, installed or erected from time to time on any such real property) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located;
- (e) “**Contracts**” means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement;
- (f) “**Default**” means the occurrence of any of the following events or conditions:
 - (i) the Debtor does not pay any of the Liabilities when due;
 - (ii) the Debtor does not observe or perform any of the Debtor’s obligations under this Agreement or any other agreement or document existing at any time between the Debtor and the Creditor;

- (iii) any representation, warranty or statement made by or on behalf of the Debtor to the Creditor, in this Agreement or otherwise, is untrue in any material respect when made;
 - (iv) the Debtor ceases or threatens to cease to carry on in the normal course all or any material part of the Debtor's business;
 - (v) the Debtor becomes insolvent or bankrupt, or makes or files a proposal, a notice of intention to make a proposal or an assignment for the benefit of creditors under the *Bankruptcy and Insolvency Act* (Canada) or comparable legislation in Canada or any other jurisdiction; a petition in bankruptcy is filed against the Debtor; or, if the Debtor is a corporation, proceedings are initiated under any legislation by or against the Debtor seeking its liquidation, winding-up, dissolution or reorganization or any arrangement or composition of its debts;
 - (vi) a Receiver, trustee, custodian or other similar official is appointed in respect of the Debtor or any of the Collateral;
 - (vii) any Person holding a Security Interest in respect of any part of the Collateral takes possession of all or any material part of the Collateral, or a distress, execution or other similar process is levied against all or any material part of the Collateral;
 - (viii) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the Security Interests created by this Agreement; or
 - (ix) the Creditor, acting in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance of any of the Liabilities is or is about to be impaired or that all or any material part of the Collateral is or is about to be placed in jeopardy;
- (g) **"Intellectual Property Rights"** means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights;
- (h) **"Liabilities"** means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Debtor to the Creditor, wherever and however incurred, and any unpaid balance thereof;
- (i) **"Money"** has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency;
- (j) **"PPSA"** means the *Personal Property Security Act* of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation);
- (k) **"Permits"** means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business;
- (l) **"Person"** will be broadly interpreted and includes an individual, a corporation, a limited liability company, a partnership, a trust, a joint venture, an association, an unincorporated organization, the government of a country or any political subdivision thereof, any agency or department of any such government, a regulatory agency or any other juridical entity and the heirs, executors, administrators or other legal representatives of an individual;
- (m) **"Personal Property"** means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Securities;
- (n) **"Receiver"** means a receiver, a manager or a receiver and manager;

- (o) **"Securities"** has the meaning given to it in the PPSA, or if there is no such meaning given in the PPSA but the PPSA defines "security" instead, it means the plural of that term; and
- (p) **"Security Interest"** means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. Grant of Security Interest. As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns to the Creditor, and grants to the Creditor a security interest in, the Collateral.

3. Limitations on Grant of Security Interest. If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditor and, on exercise by the Creditor of any of its rights under this Agreement following Default, assigned by the Debtor as directed by the Creditor. In addition, the Security Interests created by this Agreement do not extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditor and, on the exercise by the Creditor of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Creditor.

4. Attachment; No Obligation to Advance. The Debtor confirms that value has been given by the Creditor to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Creditor have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditor to advance any funds or any additional funds.

5. Representations and Warranties. The Debtor represents and warrants to the Creditor that:

(a) Places of Business, Name, Location of Collateral. The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement.

(b) Title; No Other Security Interests. Except for (i) the Security Interests created by this Agreement, and (ii) any other Security Interests permitted in writing by the Creditor, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings in favour of, or permitted in writing by, the Creditor.

(c) Amount of Accounts. The amount represented by the Debtor to the Creditor from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Creditor at that time, will be owed free of any dispute, set-off or counterclaim.

(d) Authority; Consents. The Debtor has full power and authority to grant to the Creditor the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constating documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Creditor, neither the Debtor nor (to

the best of the Debtor's knowledge) any other party to any Account or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor and classified as Equipment is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All Intellectual Property Rights owned by the Debtor, and all rights of the Debtor to the use of any Intellectual Property Rights, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by the Creditor and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditor and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. Covenants. The Debtor covenants and agrees with the Creditor that:

(a) Further Documentation. The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Creditor may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Creditor will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Creditor authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Creditor Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) Delivery of Certain Collateral. Promptly upon request from time to time by the Creditor, the Debtor will deliver (or cause to be delivered) to the Creditor, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Creditor may reasonably request, any and all Instruments, Securities, Documents of Title and Chattel Paper included in or relating to the Collateral as the Creditor may specify in its request.

(c) Payment of Expenses; Indemnification. The Debtor will pay on demand, and will indemnify and save the Creditor harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a solicitor and own client basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Creditor in the preparation, registration, administration or enforcement of this Agreement, (ii) with

respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its obligations under this Agreement, or (iii) incurred by the Creditor in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) Maintenance of Records. The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Creditor, the Debtor will mark any Collateral specified by the Creditor to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Creditor may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Creditor may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Creditor with such clerical and other assistance as may be reasonably requested by the Creditor to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Creditor, and the Debtor will defend the right, title and interest of the Creditor in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Creditor's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditor and will be immediately paid to the Creditor.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditor, or (ii) fail to exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditor.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Creditor, and will (i) contain a breach of warranty clause in favour of the Creditor, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Creditor, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditor, and (iv) name the Creditor as loss payee as its interest may appear. The Debtor will, from time to time at the Creditor's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Creditor. If the Debtor does not obtain or maintain such insurance, the Creditor may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Creditor for all

payments made by the Creditor in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditor nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Creditor such statements and schedules further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Creditor may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Creditor promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Creditor) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless all filings have been made and all other actions taken that are required in order for the Creditor to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Creditor, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Creditor may request to evidence the Creditor's Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

(o) Limitation on Loans and Guarantees. The Debtor will not, without the Creditor's prior written consent, lend money to or guarantee the obligations of any other third party.

(p) Limitation on Investments or Acquisitions. The Debtor will not, without the Creditor's prior written consent, make any investments or acquisitions other than in the normal course of business.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditor, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditor may, personally or by agent, at such time or times as the Creditor in its discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditor at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditor to be assembled and made available and/or delivered to the Creditor at any place designated by the Creditor.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Creditor may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Creditor deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Creditor or elsewhere, on such terms and conditions as the Creditor may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. At any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and, upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Creditor, the Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Creditor and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Creditor and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Creditor deems appropriate in the circumstances.

(k) Transfer of Securities. Transfer any Securities forming part of the Collateral into the name of the Creditor or its nominee, with or without disclosing that the Securities are subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Securities forming part of the Collateral as if the Creditor were the absolute owner of such Securities.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Creditor for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Creditor for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Creditor under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Creditor will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Creditor.

(p) **Court-Appointed Receiver.** Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) **Consultants.** Require the Debtor to engage a consultant of the Creditor's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Creditor and to disclose to the Creditor any and all information obtained in the course of such consultant's employment.

The Creditor may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Creditor to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Creditor which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Creditor;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Creditor may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Creditor to exercise its rights and remedies under Section 8 when the Creditor is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Creditor an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Securities. The Creditor is authorized, in connection with any offer or sale of any Securities forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Securities. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Creditor will not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Securities are sold in compliance with any such limitation or restriction.

11. Application of Proceeds. All Proceeds of Collateral received by the Creditor or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Creditor's rights under this Agreement), Security Interests in favour of Persons other than the Creditor, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Creditor or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of

the Creditor, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Creditor considers appropriate and thereafter will be accounted for as required by law.

12. Continuing Liability of Debtor. The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. Creditor's Appointment as Attorney-in-Fact. The Debtor constitutes and appoints the Creditor and any officer or agent of the Creditor, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Creditor's discretion after a Default, to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditor as secured party or any other Person on the Creditor's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification agreements and other documents relating to the Collateral and this Agreement as the Creditor or such other Person considers appropriate.

14. Performance by Creditor of Debtor's Obligations. If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Creditor incurred in connection with any such performance or compliance will be payable by the Debtor to the Creditor immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. Interest. If any amount payable to the Creditor under this Agreement is not paid when due, the Debtor will pay to the Creditor, immediately on demand, interest on such amount from the date due until paid, at a nominal annual rate equal at all times 24%. All amounts payable by the Debtor to the Creditor under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. Rights of Creditor; Limitations on Creditor's Obligations.

(a) **Limitations on Creditor's Liability.** The Creditor will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Creditor, a Receiver nor any agent of the Creditor (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Collateral in its possession. Neither the Creditor nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Creditor or any Receiver) caused for any reason other than the gross negligence or willful misconduct of the Creditor or such Receiver.

(b) **Debtor Remains Liable under Accounts and Contracts.** Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Creditor will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Creditor of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Creditor will not

be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) **Collections on Accounts and Contracts.** The Creditor hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Creditor at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and, in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Creditor if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditor, segregated from other funds of the Debtor. All such amounts while held by the Creditor (or by the Debtor in trust for the Creditor) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred and is continuing, the Creditor may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Creditor may elect. At the Creditor's request, the Debtor will deliver to the Creditor any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) **Analysis of Accounts.** The Creditor will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Creditor may require in connection therewith. The Creditor may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Creditor's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Creditor reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Creditor. The Creditor will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Creditor may consider desirable. The Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Creditor may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Creditor under this Agreement. The powers conferred on the Creditor under this Agreement are solely to protect the interests of the Creditor in the Collateral and will not impose any duty upon the Creditor to exercise any such powers.

19. Communication. Any communication required or permitted to be given under this Agreement will be in writing and will be effectively given if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by facsimile transmission or other similar means of electronic communication, in each case to the address or facsimile number of the Debtor or Creditor set out in this Agreement. Any communication so given will be deemed to have been given and to have been received on the day of delivery if so delivered, or on the day of facsimile transmission or sending by other means of recorded electronic communication provided that such day is a Business Day and the communication is so delivered or sent prior to 4:30 p.m. (local time at the place of receipt). Otherwise, such communication will be deemed to have been given and to have been received on the following Business Day. Any communication sent by mail will be deemed to have been given and to have been received on the fifth Business Day following mailing, provided that no disruption of postal service is in effect. The Debtor and the Creditor may from time to time change their respective addresses or facsimile numbers for notice by giving notice to the other in accordance with the provisions of this Section.

20. Release of Information. The Debtor authorizes the Creditor to provide a copy of this Agreement and such other information as may be requested of the Creditor by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waivers and Indemnity. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against the Creditor arising out of the exercise by the Creditor or any Receiver of any rights or remedies under this Agreement or at law, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Creditor. The Creditor will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Creditor, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Creditor of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Creditor would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger or any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor agrees to indemnify the Creditor from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or willful misconduct of the Creditor or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Creditor and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

22. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

23. Governing Law; Attornment. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario. Without prejudice to the ability of the Creditor to enforce this Agreement in any other proper jurisdiction, the Debtor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, the Debtor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such Province.

24. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Creditor or is to be acceptable to the Creditor, such consent, approval or determination of acceptability will be in the sole discretion of the Creditor. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

25. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditor and its successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Creditor. If the Debtor or the Creditor is an individual, then the term "Debtor" or "Creditor", as applicable, will also include his or her heirs, administrators and executors.

26. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

27. Electronic Transmission. This Agreement may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[remainder of this page intentionally left blank]

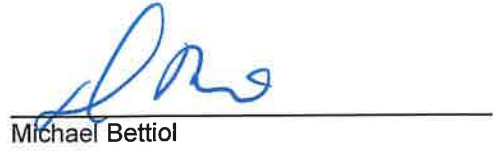
DATED as of the date first written above.

Witness:

Name:



)
)
)
)
)


Michael Bettiol

Address: 3500 Cemetery Road
Binbrook, ON L0R 1C0

Attention: Michael Bettiol
E-mail: mikeb@marimanhomes.com

SCHEDULE A

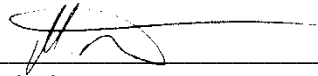
Locations of Collateral (Paragraph 5(a))

3500 Cemetery Road, Binbrook, ON
30 Front Street, Haldimand, ON

Locations of Real Property (Paragraph 5(a))

3500 Cemetery Road, Binbrook, ON
30 Front Street, Haldimand, ON

THIS IS EXHIBIT "I" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be "C. Hayes", written over a horizontal line.

A Commissioner, etc.

LAND
REGISTRY
OFFICE #18

38148-0128 (LT)

PAGE 1 OF 4
PREPARED FOR Lynda001
ON 2023/04/26 AT 15:58:46

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PART WARNER NELLES TRACT DESIGNATED AS PART 1, 18R-7058; SAVE & EXCEPT PART 1, 18R-7281; T/W EASEMENT OVER PART 2, 18R-7058 AS IN HC252899; TOWNSHIP OF SENECA; HALDIMAND COUNTY

PROPERTY REMARKS: "FOR THE PURPOSE OF THE QUALIFIER THE DATE OF REGISTRATION OF ABSOLUTE TITLE IS 2013/06/06."

ESTATE/QUALIFIER:
FEE SIMPLE
LT ABSOLUTE PLUS

RECENTLY:
DIVISION FROM 38148-0126

PIN CREATION DATE:
2015/09/03

OWNERS' NAMES
2557386 ONTARIO INC.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2015/09/03 **						
**SUBJECT TO SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPHS 3 AND 14 AND *						
** PROVINCIAL SUCCESSION DUTIES AND EXCEPT PARAGRAPH 11 AND ESCHEATS OR FORFEITURE **						
** TO THE CROWN UP TO THE DATE OF REGISTRATION WITH AN ABSOLUTE TITLE. **						
NOTE: THE NO DEALINGS INDICATOR IS IN EFFECT ON THIS PROPERTY						
HC286624	2005/06/01	TRANSFER		*** DELETED AGAINST THIS PROPERTY ***	GRAND YORK PROPERTIES LTD.	
CH1577	2007/01/17	TRANSFER REL&ABAND		*** DELETED AGAINST THIS PROPERTY *** GRAND YORK PROPERTIES LTD.	1712179 ONTARIO INC.	
REMARKS: RE: HC222966; PLANNING ACT STATEMENT						
CH39273	2012/05/18	TRANSFER REL&ABAND		*** DELETED AGAINST THIS PROPERTY *** HOLT, BRENDA MAE	GRAND YORK PROPERTIES LTD.	
REMARKS: HC222966.						
CH45516	2013/04/17	TRANSFER REL&ABAND		*** DELETED AGAINST THIS PROPERTY *** GRAND YORK PROPERTIES LTD.	LOPRIENO, GIUSEPPE LOPRIENO, MELANIE LEAH	
REMARKS: HC222966. PLANNING ACT STATEMENTS.						
18R7058	2013/06/06	PLAN REFERENCE				C
CH46464	2013/06/06	APL ABSOLUTE TITLE		GRAND YORK PROPERTIES LTD.		C
CH53839	2014/07/11	CHARGE		*** DELETED AGAINST THIS PROPERTY *** GRAND YORK PROPERTIES LTD.	BINBROOK HOLDINGS LIMITED	
CH67015	2016/06/06	CHARGE		*** COMPLETELY DELETED *** GRAND YORK PROPERTIES LTD.	METRIC GROUP LIMITED	

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
CH67025	2016/06/07	DISCH OF CHARGE		*** COMPLETELY DELETED *** BINBROOK HOLDINGS LIMITED		
	<i>REMARKS: CH53839.</i>					
CH72717	2017/02/16	CAU AGR PUR & SALE		*** COMPLETELY DELETED *** GRAND YORK PROPERTIES LTD.	2557386 ONTARIO INC.	
	<i>REMARKS: 60 DAYS FROM 2017/02/28</i>					
CH73581	2017/04/05	CHARGE		*** COMPLETELY DELETED *** GRAND YORK PROPERTIES LTD.	POCRNIC REALTY ADVISORS INC.	
CH73620	2017/04/07	DISCH OF CHARGE		*** COMPLETELY DELETED *** METRIC GROUP LIMITED		
	<i>REMARKS: CH67015.</i>					
CH74760	2017/05/30	RESTRICTIONS ORDER		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE	2557386 ONTARIO INC.	
	<i>REMARKS: RESTRICT AND RESTRAIN THE DEFENDANT, GRAND YORK PROPERTIES LTD. FROM CONVEYING, REGISTERING, CAUSING TO REGISTERED, ENCUMBERING OR OTHERWISE DEALING WITH THE PROPERTY IN ANYWAY FROM THE DATE UPON WHICH THIS ORDER IS REGISTERED UNTIL JUNE 1, 2017;</i>					
CH74857	2017/06/02	RESTRICTIONS ORDER		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE	2557386 ONTARIO INC.	
	<i>REMARKS: RESTRICT AND RESTRAIN THE DEFENDANT, GRAND YORK PROPERTIES LTD. FROM CONVEYING, REGISTERING, CAUSING TO REGISTERED, ENCUMBERING OR OTHERWISE DEALING WITH THE PROPERTY IN ANYWAY FROM THE DATE UPON WHICH THIS ORDER IS REGISTERED UNTIL JUNE 29, 2017;</i>					
CH75600	2017/06/29	RESTRICTIONS ORDER		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE	2557386 ONTARIO INC.	
	<i>REMARKS: SHALL ENJOIN, RESTRICT AND RESTRAIN THE DEFENDANT, GRAND YORK PROPERTIES LTD., FROM CONVEYING, REGISTERING, CAUSING TO BE REGISTERED, ENCUMBERING OR OTHERWISE DEALING WITH THE PROPERTY IN ANYWAY FROM THE DATE UPON WHICH THIS ORDER IS REGISTERED UNTIL AUGUST 3, 2017.</i>					
CH76638	2017/08/03	RESTRICTIONS ORDER		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE	2557386 ONTARIO INC.	
	<i>REMARKS: ENJOIN, RESTRICT AND RESTRAIN GRAND YORK PROPERTIES LTD., FROM CONVEYING, REGISTERING, CAUSING TO BE REGISTERED, ENCUMBERING OR OTHERWISE DEALING WITH THE PROPERTY IN ANYWAY FROM THE DATE UPON WHICH THIS ORDER IS REGISTERED UNTIL SEPTEMBER 28, 2017.</i>					
CH78114	2017/09/28	RESTRICTIONS ORDER		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE	2557386 ONTARIO INC.	
CH78871	2017/10/26	RESTRICTIONS ORDER		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE	2557386 ONTARIO INC.	
	<i>REMARKS: ENJOIN, RESTRICT AND RESTRAIN THE DEFENDANT, GRAND YORK PROPERTIES LTD., FROM CONVEYING, REGISTERING, CAUSING TO BEREGERED, ENCUMBERING OR OTHERWISE DEALING WITH THE PROPERTY IN ANYWAY FROM THE DATE UPON WHICH THIS ORDER IS REGISTERED UNTIL NOVEMBER 28, 2017</i>					

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
CH80317	2017/12/21	WITHDRAWAL CAUTION		*** COMPLETELY DELETED *** 2557386 ONTARIO INC.		
	<i>REMARKS: CH72717.</i>					
CH80318	2017/12/21	APL AMEND ORDER		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE	2557386 ONTARIO INC.	
	<i>REMARKS: CH74760, CH74857, CH75600, CH76638, CH78114, CH78871</i>					
CH86154	2018/09/21	CHARGE		*** COMPLETELY DELETED *** GRAND YORK PROPERTIES LTD.	902878 ONTARIO LIMITED	
CH86155	2018/09/21	DISCH OF CHARGE		*** COMPLETELY DELETED *** POCRNIC REALTY ADVISORS INC.		
	<i>REMARKS: CH73581.</i>					
CH87614	2018/11/21	LR'S ORDER		LAND REGISTRAR, HALDIMAND		C
	<i>REMARKS: AMENDING DESCRIPTION T/W DELETING CH1577, CH39273, CH45516</i>					
CH90500	2019/04/08	CHARGE		*** COMPLETELY DELETED *** GRAND YORK PROPERTIES LTD.	NORTHBANK FINANCIAL INC. MORRIS WRIGHT MORTGAGE COMPANY LTD.	
CH90513	2019/04/09	DISCH OF CHARGE		*** COMPLETELY DELETED *** 902878 ONTARIO LIMITED		
	<i>REMARKS: CH86154.</i>					
CH93250	2019/08/09	TRANSFER OF CHARGE		*** COMPLETELY DELETED *** NORTHBANK FINANCIAL INC.	E8 CAPITAL INC.	
	<i>REMARKS: CH90500.</i>					
CH95349	2019/11/01	TRANSFER OF CHARGE		*** COMPLETELY DELETED *** E8 CAPITAL INC.	E8 CAPITAL INC. MORRIS WRIGHT MORTGAGE COMPANY LTD.	
	<i>REMARKS: CH93250.</i>					
CH100375	2020/07/20	TRANSFER OF CHARGE		*** COMPLETELY DELETED *** E8 CAPITAL INC. MORRIS WRIGHT MORTGAGE COMPANY LTD.	MORRIS RIGHT MORTGAGE COMPANY LTD.	
	<i>REMARKS: CH95349.</i>					
CH105714	2021/02/19	TRANSFER	\$13,250,000	GRAND YORK PROPERTIES LTD.	2557386 ONTARIO INC.	C
	<i>REMARKS: PLANNING ACT STATEMENTS.</i>					

LAND
REGISTRY
OFFICE #18

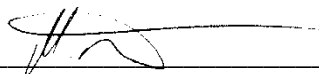
38148-0128 (LT)

PREPARED FOR Lynda001
ON 2023/04/26 AT 15:58:46

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
CH105715	2021/02/19	CHARGE		*** COMPLETELY DELETED *** 2557386 ONTARIO INC.	FIRST SOURCE FINANCIAL MANAGEMENT INC.	
CH105716	2021/02/19	NO ASSGN RENT GEN <i>REMARKS: CH105715.</i>		*** COMPLETELY DELETED *** 2557386 ONTARIO INC.	FIRST SOURCE FINANCIAL MANAGEMENT INC.	
CH105717	2021/02/19	CHARGE		*** COMPLETELY DELETED *** 2557386 ONTARIO INC.	GRAND YORK PROPERTIES LTD.	
CH105718	2021/02/19	DISCH OF CHARGE <i>REMARKS: CH90500.</i>		*** COMPLETELY DELETED *** MORRIS RIGHT MORTGAGE COMPANY LTD.		
CH118769	2022/06/30	CHARGE	\$35,000,000	2557386 ONTARIO INC.	MARSHALLZEHR GROUP INC.	C
CH118770	2022/06/30	NO ASSGN RENT GEN <i>REMARKS: CH118769.</i>		2557386 ONTARIO INC.	MARSHALLZEHR GROUP INC.	C
CH118771	2022/06/30	RESTRICTION-LAND <i>REMARKS: PROHIBITING ANY FURTHER CHARGE OF SUCH LANDS</i>		2557386 ONTARIO INC. <i>WITHOUT THE CONSENT OF MARSHALLZEHR GROUP INC.</i>		C
CH118776	2022/06/30	DISCH OF CHARGE <i>REMARKS: CH105715.</i>		*** COMPLETELY DELETED *** FIRST SOURCE FINANCIAL MANAGEMENT INC.		
CH118803	2022/07/04	DISCH OF CHARGE <i>REMARKS: CH105717.</i>		*** COMPLETELY DELETED *** GRAND YORK PROPERTIES LTD.		

THIS IS EXHIBIT "J" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be a stylized name, positioned above a horizontal line.

A Commissioner, etc.



PERSONAL PROPERTY SECURITY REGISTRATION
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for : Chaitons LLP - Lynda Christodoulou
Reference : 69701
Search ID : 918697
Date Processed : 4/26/2023 3:49:00 PM
Report Type : PPSA Electronic Response
Search Conducted on : 2557386 ONTARIO INC.
Search Type : Business Debtor

DISCLAIMER :

This report has been generated using data provided by the Personal Property Registration Branch, Ministry of Government Services, Government of Ontario. No liability is undertaken regarding its correctness, completeness, or the interpretation and use that are made of it.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2557386 ONTARIO INC.

FILE CURRENCY: April 25, 2023

RESPONSE CONTAINS: APPROXIMATELY 2 FAMILIES and 3 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS
WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME
IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE
OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT
ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2557386 ONTARIO INC.

FILE CURRENCY: April 25, 2023

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 2 ENQUIRY PAGE : 1 OF 3

SEARCH : BD : 2557386 ONTARIO INC.

00 FILE NUMBER : 784481436 EXPIRY DATE : 30JUN 2027 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20220630 1008 1590 9512 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: 2557386 ONTARIO INC.
OCN :
04 ADDRESS : 314 REXFORD DRIVE
CITY : HAMILTON PROV: ON POSTAL CODE: L8W 1P5
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
MARSHALLZEHR GROUP INC.
09 ADDRESS : 412 ALBERT ST., SUITE 100
CITY : WATERLOO PROV: ON POSTAL CODE: N2L 3V3
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X
YEAR MAKE MODEL V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

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16 AGENT: CHAITONS LLP (GAR/69701/JW)

17 ADDRESS : 5000 YONGE STREET, 10TH FLOOR

CITY : TORONTO PROV: ON POSTAL CODE: M2N 7E9

END OF FAMILY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2557386 ONTARIO INC.

FILE CURRENCY: April 25, 2023

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 2 ENQUIRY PAGE : 2 OF 3

SEARCH : BD : 2557386 ONTARIO INC.

00 FILE NUMBER : 784481472 EXPIRY DATE : 30JUN 2027 STATUS :
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20220630 1009 1590 9513 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: 2557386 ONTARIO INC.
OCN :
04 ADDRESS : 314 REXFORD DRIVE
CITY : HAMILTON PROV: ON POSTAL CODE: L8W 1P5
05 IND DOB : IND NAME:
06 BUS NAME: 2363823 ONTARIO INC.
OCN :
07 ADDRESS : 314 REXFORD DRIVE
CITY : HAMILTON PROV: ON POSTAL CODE: L8W 1P5

08 SECURED PARTY/LIEN CLAIMANT :
MARSHALLZEHR GROUP INC.
09 ADDRESS : 412 ALBERT ST., SUITE 100
CITY : WATERLOO PROV: ON POSTAL CODE: N2L 3V3
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

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14

15

16 AGENT: CHAITONS LLP (GSA/69701/JW)

17 ADDRESS : 5000 YONGE STREET, 10TH FLOOR

CITY : TORONTO PROV: ON POSTAL CODE: M2N 7E9

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2557386 ONTARIO INC.

FILE CURRENCY: April 25, 2023

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 2 ENQUIRY PAGE : 3 OF 3

SEARCH : BD : 2557386 ONTARIO INC.

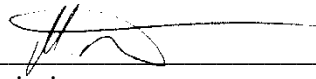
00 FILE NUMBER : 784481472 EXPIRY DATE : 30JUN 2027 STATUS :
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20220630 1009 1590 9513 REG TYP: REG PERIOD:
02 IND DOB : 08AUG1963 IND NAME: MICHAEL BETTIOL
03 BUS NAME:
OCN :
04 ADDRESS : 3500 CEMETERY ROAD
CITY : BINBROOK PROV: ON POSTAL CODE: L0R 1C0
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
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YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
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16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:
LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

THIS IS EXHIBIT "K" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

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

A Commissioner, etc.



PERSONAL PROPERTY SECURITY REGISTRATION
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for : Chaitons LLP - Lynda Christodoulou
Reference : 69701
Docket : 69701
Search ID : 919020
Date Processed : 4/28/2023 11:12:45 AM
Report Type : PPSA Electronic Response
Search Conducted on : 2363823 ONTARIO INC.
Search Type : Business Debtor

DISCLAIMER :

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MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2363823 ONTARIO INC.

FILE CURRENCY: April 27, 2023

RESPONSE CONTAINS: APPROXIMATELY 3 FAMILIES and 6 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS
WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME
IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE
OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT
ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2363823 ONTARIO INC.

FILE CURRENCY: April 27, 2023

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 3 ENQUIRY PAGE : 1 OF 6

SEARCH : BD : 2363823 ONTARIO INC.

00 FILE NUMBER : 702923913 EXPIRY DATE : 13JAN 2025 STATUS :
01 CAUTION FILING : PAGE : 001 OF 002 MV SCHEDULE ATTACHED :
REG NUM : 20150113 0803 1862 8984 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: 2363823 ONTARIO INC.
OCN : 2363823
04 ADDRESS : 314 REXFORD DR.
CITY : HAMILTON PROV: ON POSTAL CODE: L8W 1P5
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
SCOTLAND REAL ESTATE VENTURE LIMITED PARTNERSHIP BY ITS GP 2441026 ONTA
09 ADDRESS : 55 HYDE PARK DR.
CITY : RICHMOND HILL PROV: ON POSTAL CODE: L4B 1X1
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X X 1750000 31DEC2018
YEAR MAKE MODEL V.I.N.

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12
GENERAL COLLATERAL DESCRIPTION
13 ALL PRESENT AND AFTER ACQUIRED PROPERTY
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15
16 AGENT: LEON EFRAIM
17 ADDRESS : 28-B ALBERT ST.
CITY : OSHAWA PROV: ON POSTAL CODE: L1H 8S5

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2363823 ONTARIO INC.

FILE CURRENCY: April 27, 2023

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 3 ENQUIRY PAGE : 2 OF 6

SEARCH : BD : 2363823 ONTARIO INC.

00 FILE NUMBER : 702923913 EXPIRY DATE : 13JAN 2025 STATUS :
01 CAUTION FILING : PAGE : 002 OF 002 MV SCHEDULE ATTACHED :
REG NUM : 20150113 0803 1862 8984 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
RIO INC.
09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
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16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2363823 ONTARIO INC.

FILE CURRENCY: April 27, 2023

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 3 ENQUIRY PAGE : 3 OF 6

SEARCH : BD : 2363823 ONTARIO INC.

FILE NUMBER 702923913

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20190920 0938 1862 8318

21 REFERENCE FILE NUMBER : 702923913

22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: 2363823 ONTARIO INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

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16 NAME : 110

17 ADDRESS : 50 RICHMOND ST. E., UNIT 110

CITY : OSHAWA PROV : ON POSTAL CODE : L1G7C7

END OF FAMILY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2363823 ONTARIO INC.

FILE CURRENCY: April 27, 2023

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 3 ENQUIRY PAGE : 4 OF 6

SEARCH : BD : 2363823 ONTARIO INC.

00 FILE NUMBER : 784481391 EXPIRY DATE : 30JUN 2027 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20220630 1008 1590 9511 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: 2363823 ONTARIO INC.
OCN :
04 ADDRESS : 314 REXFORD DRIVE
CITY : HAMILTON PROV: ON POSTAL CODE: L8W 1P5
05 IND DOB : 08AUG1963 IND NAME: MICHAEL BETTIOL
06 BUS NAME:
OCN :
07 ADDRESS : 3500 CEMETERY ROAD
CITY : BINBROOK PROV: ON POSTAL CODE: L0R 1C0

08 SECURED PARTY/LIEN CLAIMANT :
MARSHALLZEHR GROUP INC.
09 ADDRESS : 412 ALBERT ST., SUITE 100
CITY : WATERLOO PROV: ON POSTAL CODE: N2L 3V3
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X
YEAR MAKE MODEL V.I.N.

11
12

GENERAL COLLATERAL DESCRIPTION

13 ASSIGNMENT AND POSTPONEMENT OF CLAIM IN RESPECT OF 2557386 ONTARIO
14 INC.

15

16 AGENT: CHAITONS LLP (GURANT/69701/JW)

17 ADDRESS : 5000 YONGE STREET, 10TH FLOOR

CITY : TORONTO PROV: ON POSTAL CODE: M2N 7E9

END OF FAMILY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2363823 ONTARIO INC.

FILE CURRENCY: April 27, 2023

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 3 OF 3 ENQUIRY PAGE : 5 OF 6

SEARCH : BD : 2363823 ONTARIO INC.

00 FILE NUMBER : 784481472 EXPIRY DATE : 30JUN 2027 STATUS :
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20220630 1009 1590 9513 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: 2557386 ONTARIO INC.
OCN :
04 ADDRESS : 314 REXFORD DRIVE
CITY : HAMILTON PROV: ON POSTAL CODE: L8W 1P5
05 IND DOB : IND NAME:
06 BUS NAME: 2363823 ONTARIO INC.
OCN :
07 ADDRESS : 314 REXFORD DRIVE
CITY : HAMILTON PROV: ON POSTAL CODE: L8W 1P5

08 SECURED PARTY/LIEN CLAIMANT :
MARSHALLZEHR GROUP INC.
09 ADDRESS : 412 ALBERT ST., SUITE 100
CITY : WATERLOO PROV: ON POSTAL CODE: N2L 3V3
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

13

14

15

16 AGENT: CHAITONS LLP (GSA/69701/JW)

17 ADDRESS : 5000 YONGE STREET, 10TH FLOOR

CITY : TORONTO PROV: ON POSTAL CODE: M2N 7E9

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2363823 ONTARIO INC.

FILE CURRENCY: April 27, 2023

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 3 OF 3 ENQUIRY PAGE : 6 OF 6

SEARCH : BD : 2363823 ONTARIO INC.

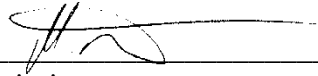
00 FILE NUMBER : 784481472 EXPIRY DATE : 30JUN 2027 STATUS :
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20220630 1009 1590 9513 REG TYP: REG PERIOD:
02 IND DOB : 08AUG1963 IND NAME: MICHAEL BETTIOL
03 BUS NAME:
OCN :
04 ADDRESS : 3500 CEMETERY ROAD
CITY : BINBROOK PROV: ON POSTAL CODE: L0R 1C0
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:
LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

THIS IS EXHIBIT "L" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be 'J. Hayes', written over a horizontal line.

A Commissioner, etc.

PROPERTY DESCRIPTION: PT LT 19 CON 4 SE STONEY CREEK RD SENECA AS IN HC68736; HALDIMAND COUNTY

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2006/06/19

OWNERS' NAMES
2363823 ONTARIO INC.

CAPACITY SHARE

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
<p>** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2006/06/16 **</p> <p>**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:</p> <p>** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES * AND ESCHEATS OR FORFEITURE TO THE CROWN.</p> <p>** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY CONVENTION.</p> <p>** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.</p> <p>**DATE OF CONVERSION TO LAND TITLES: 2006/06/19 **</p>						
HC68736	1968/04/05	TRANSFER		*** COMPLETELY DELETED ***	DI BENEDETTO, PELINO DI BENEDETTO, ARMIDA	
CH31234	2011/04/18	TRANSMISSION-LAND		*** COMPLETELY DELETED *** DI BENEDETTO, ARMIDA DI BENEDETTO, PELINO	CONZ, DANIELA VELENOSI, GABRIELLA DI BENEDETTO, LUIGI DI BENEDETTO, PELINO - ESTATE	
CH31494	2011/05/02	TRANS PERSONAL REP		*** COMPLETELY DELETED *** CONZ, DANIELA DI BENEDETTO, LUIGI VELENOSI, GABRIELLA	GOELLER, SHERRY	
		REMARKS: PLANNING ACT STATEMENTS				
CH121959	2022/11/04	TRANSFER	\$800,000	GOELLER, SHERRY	2363823 ONTARIO INC.	C
		REMARKS: PLANNING ACT STATEMENTS.				

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

LAND
REGISTRY
OFFICE #18

38147-0005 (LT)

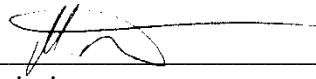
PAGE 2 OF 2
PREPARED FOR Lynda001
ON 2023/04/28 AT 11:18:45

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

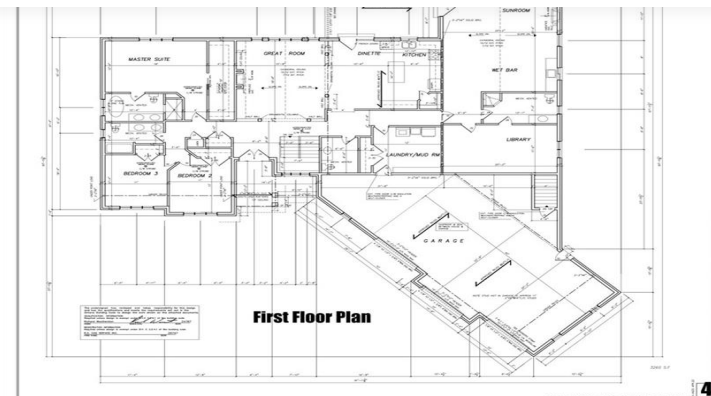
REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
CH121960	2022/11/04	CHARGE	\$1,500,000	2363823 ONTARIO INC.	MORRIS WRIGHT MORTGAGE COMPANY LTD.	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

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AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

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

A Commissioner, etc.



178 Moores Road
 York - Seneca
 Detached, Freehold

For Sale Listed for: **\$ 2,300,000**
 Listed in Apr 2023

Estimated value **?**
\$2,222,029
 As of 2023-05

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 Watch this listing and get notified when it's sold



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 Receive updates for Detached, Freehold homes in Seneca - York

[Watch](#)

Listing History

Buy/sell history for 178 Moores Road, York (Detached, Freehold)

Date Start	Date End	Price	Event	Listing ID
2023-04-04		\$2,300,000	For Sale	H4159949
2022-09-02	2022-11-09	\$1,999,000	Terminated	H4145223 
2022-06-02	2022-09-02	\$2,200,000	Terminated	H4137201 
This listing is not available to public.			Inactive	H4135794

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Key facts for 178 Moores Road, Seneca, York

Tax:	\$- / 2022	Listing #:	H4159949
Property Type:	Detached, Freehold, Bungalow	Data Source:	RAHB
Building Age:	-	Days on Market:	36 days
Size:	3260 feet ²	Status Change:	1 month ago
Lot Size:	263 x 1635 feet	Listed on:	2023-04-04
Parking:	3 garage, 9 parking	Updated on:	2023-04-04
Basement:	Unfinished	Market Demand:	

[Buyer's Market](#)[Balanced](#)[Seller's Market](#)

Description:

TO BE BUILT! Use this 3,260 sq. ft. bungalow floor plan or bring one of your own! This property is just over 10 acres and is the perfect location to build your dream home!

Home Value



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SigmaEstimate ?

\$2,222,029

Estimated Date ?

2023-05-09

Rental Estimate ?

\$4,305

Rental Yield ?

1.85%

Rental Dom ?

24 day(s)

1 Yr Growth ★ ★ ★ ★ ★

Rental ★ ★ ★ ★ ★

Sold Comparables
Rent Comparables

Street
Satellite

View in Full Map

Navigate

Leaflet | © MapTiler © OpenStreetMap contributors

Sold Comparables (no data)

Homes near 178 Moores Road, York



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Home Price:	\$ 2222029	<h3>Mortgage Payment</h3> <h2>\$ 9,881</h2>
Term:	25 years ▾	
Rate:	4.5 %	
Down Payment:	\$ 444406 20 %	

* Source: Calculation formula is compiled by HouseSigma. This is for educational use only.

Cash Flow Analysis		
Mortgage Payment:	\$9,881	
Monthly Payment:	\$9881	
Break Even Down Payment:	66%	
		Cash Flow -\$5,576

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Rental Income:

\$

4305

* Source: Calculation formula is compiled by HouseSigma. This is for educational use only.

Property Details

Property details for 178 Moores Road, York. (Listed for \$ 2,300,000 on 2023-04-04)

Property

Property Type:	Detached, Freehold
Style:	Bungalow
Community:	Seneca
Municipality:	York
Assessment Year:	2016
Fronting on:	East

Building

Size:	3260 feet ²
Direction:	Take Stoney Creek Road to Moores Road
Roof Type:	Asphalt Shingle
Exterior:	Brick, Stone
Foundation:	Poured Concrete

Parking



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Rooms: 9

Rooms Above Grade: 9

Rooms Below Grade: 0

2 Piece Bathrooms: 1

3 Piece Bathrooms: 1

4 Piece Bathrooms: 0

Basement Finish: Unfinished

Basement Size: Full

Baths Full: 3

Baths Half: 1

Baths Total Rooms: 4

Beds Total: 4

Beds Above Grade: 4

Beds Below Grade: 0

Parking Features: Attached

Parking Drive: Gravel

Drive: Private Double Wide

Driveway Spaces: 6.0

Highlights

Features Area Influences: Quiet Area

Land

Sewers: Septic

Acres Range: 10 - 24.99

Frontage Length: 263.40

Depth: 1635.03

Lot Shape: Rectangular

Lot Size Code: Feet



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KITCHENS BELOW GRADE: U

Sqft Range:

3001 TO 4000

Utilities

Sqft Source:

Builder floor plan(s)

Cross Street:

Stoney Creek Road

Air Conditioning Type: Central Air

Heat Type: Forced Air

Fireplace Type: Natural Gas

Fireplace Stove Operational: Y

Heat Source: Gas

Water: Cistern

Laundry Access: In-Suite

Lockbox: Y

Rooms

[Change To Metres](#)

Room details for 178 Moores Road, York. (Listed for \$ 2,300,000 on 2023-04-04)

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Schools Nearby

Schools near 178 Moores Road, York

Currently no schools available

Community Stats

Overview of Community Stats for Detached, Freehold in Seneca, York

April 2023 Median Price	April 2023 New Listings	April 2023 Median Days on Market	1 Year Value Change	+1.5%
\$1295417	2	33	5 Year Value Change	+90%
			10 Year Value Change	+268%

Community Median Price(Detached, Freehold) *



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Sold Price Distribution (recent 6 months) *

Overview of sold price for **Detached, Freehold** in **Seneca, York** in the last 6 months:

Current Listing	# of Sold
-----------------	-----------



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Property Type Distribution (York / Seneca) *

[View More Stats](#)

* Source: Based on analysis of information from past listings from respective real estate boards.

Demographics by Statistics Canada



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Contact HouseSigma Agent

Tour with HouseSigma Agent

Sorry we don't have a community agent working in this area

Are you a realtor working actively in this community?

[Join us to become a HouseSigma Agent in York.](#)



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Watch



Receive updates for Detached, Freehold homes in Seneca - York

Watch

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Tour with HouseSigma Agent

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Are you a realtor working actively in this community?

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Listed by RE/MAX Escarpment Realty Inc.

We're Hiring

[JOIN OUR TEAM](#)



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HouseSigma Inc. Brokerage



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housesigma is a leading technology platform that utilizes artificial intelligence technology to correctly estimate Canadian home values in real time.

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Market

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Careers

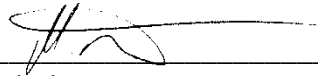
Terms & Conditions



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App Version: 5.16.3

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AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be 'A. Commissioner', written over a horizontal line.

A Commissioner, etc.

From: [Jason Simon](#)
To: [Mike Bettiol](#); [Lisa Evans](#); [Angela Bettiol](#)
Cc: [Cecil Hayes](#)
Subject: RE: York Estates - MZGI 452 Interest Invoice
Date: Friday, February 24, 2023 2:42:13 PM
Attachments: [image001.png](#)

Mike,

We've had further discussions internally to review the email from your counsel regarding Scotland. I'm afraid the email simply provides a description of the events and does not speak to the details of a resolution. The email concludes with "Mariman is exploring its options to fully resolve these matters."

As I've explained in the past, one of our primary concerns is with our guarantor, Mariman, and its exposure to potential enforcement proceedings resulting from the Scotland lender dispute. While we understand that there are substantial funds available via the signed APSs, to payout the 3 lenders, we've not seen anything to confirm there is a viable transaction that results in a resolution of the dispute and no enforcement against Mariman. Until we have the clarity on the path to resolution (steps, timeline, risk mitigation, etc.), or until the matter is fully resolved, it appears that we will not be able to complete another draw.

I've Cc'd Cecil as I think our next step will be a meeting or a call to discuss the path forward. I know you're away, but we could set up a zoom and have the discussion early next week.



Jason Simon CPA, CMA
Vice President, Business Development
T 519-497-0437
marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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From: Mike Bettiol <mikeb@marimanhomes.com>
Sent: February 24, 2023 11:17 AM
To: Lisa Evans <levans@marshallzehr.com>; Angela Bettiol <angie@marimanhomes.com>
Cc: MarshallZehr Accounting <accounting@marshallzehr.com>; Jason Simon <jsimon@marshallzehr.com>
Subject: RE: York Estates - MZGI 452 Interest Invoice

Hi Lisa,

I am counting on our draw to finally be processed by the end of day February 24, 2023, to make this payment.

From: Lisa Evans <levans@marshallzehr.com>
Sent: Friday, February 24, 2023 10:56 AM
To: Angela Bettiol <angie@marimanhomes.com>; Mike Bettiol <mikeb@marimanhomes.com>
Cc: MarshallZehr Accounting <accounting@marshallzehr.com>; Jason Simon <jsimon@marshallzehr.com>
Subject: RE: York Estates - MZGI 452 Interest Invoice

Hi Mike,

We have the payment for the interest set up as a PAD like last month, want to confirm with you the method of payment. Will you be wiring the payment instead?

If you have not sent the wire by March 1st we will proceed to PAD your account.

Please let us know by end of day Monday so we can ensure that the PAD is cancelled if you intend to send a wire.

Thank you,



Lisa Evans

Manager - Project Management

T 519 342 1000 **X** 243

C 519-580-4326

marshallzehr.com | [email](mailto:levans@marshallzehr.com)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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From: MarshallZehr Accounting <accounting@marshallzehr.com>
Sent: Friday, February 24, 2023 9:12 AM
To: Angela Bettiol <angie@marimanhomes.com>; Jason Simon <jsimon@marshallzehr.com>; Lisa Evans <levans@marshallzehr.com>
Subject: York Estates - MZGI 452 Interest Invoice

Good morning,

Please find attached the March 1, 2023 Interest Invoice.

Thank you.

CHANGE OF ADDRESS EFFECTIVE MARCH 7, 2022 - 412 Albert St., Suite 100 Waterloo, ON N2L 3V3



Vickie Sangrar

Manager - Accounting

T 519 342 1000 **X** 223

C 519 616 9400

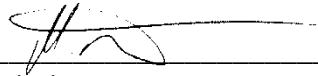
marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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THIS IS EXHIBIT "O" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be a stylized name, positioned above a horizontal line.

A Commissioner, etc.

From: [Lisa Evans](#)
To: [Mike Bettiol](#); [Angela Bettiol](#)
Cc: [Cecil Hayes](#); [Murray Snedden](#); [Sean Atkinson](#); [Jason Simon](#)
Subject: York Estates - MZGI 452 - Default Notice
Attachments: [2023-03-06 York Estates - Default Notice.pdf](#)

Good afternoon Mike,

Please find the attached Default Notice due to nonpayment of March 1st, 2023 interest.

As detailed in the notice, nonpayment of interest is considered an Event of Default as per the Commitment Letter. Please read the notice in full as it provides details of when this payment is required to avoid further action.

Please contact Cecil if you wish to discuss further.



Lisa Evans

Manager - Project Management

T 519 342 1000 **X** 243

C 519-580-4326

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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WITHOUT PREJUDICE - PRIVATE AND CONFIDENTIAL

Monday, March 6, 2023

2557386 Ontario Inc.
588 Upper Gage Ave #363
Hamilton, ON, L8V 4J6
Attention: Michael Bettiol

Dear Michael Bettiol

RE: **Financing:** York Estates – MZGI 452
 Default: Missed Interest Payment
 Borrower: 2557386 Ontario Inc.
 Property Address: 30 Front Street, Haldimand, ON
 Current Maturity Date: August 1st, 2025

We refer to the Commitment Letter dated June 23, 2022 (the "Agreement") signed by you in relation to the financing (the "Loan") arranged and administered by MarshallZehr Group Inc. ("the Lender") with respect to the above referenced property (the "Project").

Pursuant to Section F, Subsection 1.2 of the Commitment Letter, the following is considered an Event of Default:

"If the Borrower defaults in the payment of:

a) Any interest (including, if applicable, default interest) due on any Advance under this Commitment;

b) Any Fees with respect to this Commitment; or

c) Any other amount not specifically referred to herein payment by the Borrower to the Lender hereunder when due and payable;

And such default continues for three (3) Business Days after notice of such default has been given by the Lender to the Borrower."

You advised the Lender on February 28th, 2023 that we were not to withdraw the March 1st, 2023 interest payment from the Project bank account on file with the Lender, despite same having been already authorized via Pre Authorize Debit ("PAD") form signed by the Borrower. You were advised on February 28th, 2023 that we would not PAD for the March 1st, 2023 payment, however, the payment was to be wired to MarshallZehr's trust account by no later than 1pm on March 1st, 2023 in order to comply with the terms of the Commitment Letter and avoid an Event of Default. The payment was not received on March 1st, 2023 and as of the date of this letter continues to be outstanding.

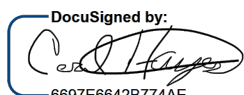
The Lender hereby formally notifies you of the said Default(s) and makes Demand for payment of all overdue amounts by no later than 1pm on Thursday, March 9th, 2023. The total overdue amount (missed March 1st interest payment) is \$149,501.80, plus compounded interest to be billed on your next invoice cycle. The Lender preserves all rights and remedies under any and all agreements and security provided in connection with the Loan, including right to cancel and demand all amounts owing under the Loan and enforcement of the Loan Security.



Please reach out to the undersigned at your earliest availability to discuss.

Sincerely,

MARSHALLZEHR GROUP INC.

DocuSigned by:

6697E6642B774AE

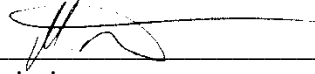
Per: _____

Name: Cecil

Title: President

I have the authority to bind the Corporation

THIS IS EXHIBIT "P" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be "J. R. Hayes", written over a horizontal line.

A Commissioner, etc.



Mortgage Application

DEVELOPER INFORMATION			
Developer Name Mariman Homes		Tarion Warranty # 43313	
Head Office Address 558 Upper Gage Ave #363	City Hamilton	Province Ont	Postal Code L8V 4J6
Beneficial Owners <i>(please provide organizational chart indicating all beneficial owners and their ownership share)</i> Michael Bettiol			
IMPORTANT: The Developer must provide the company's Articles of Incorporation, Shareholder Register, Organizational Chart indicating all beneficial owners and their ownership share, and both Corporate Tax Filing and Financial Statements for the most recently ended 2 fiscal years.			
Name of Contact Person Michael Bettiol		Contact Phone No. 9055151122	
Title of Contact Person President		Contact Email mikeb@accesshomes.on.ca	
DEVELOPER DISCLOSURE			
1	Has the developer ever been party to a project that has had a mortgage default and power of sale proceeding commenced?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
2	Have/are any of the principal(s) of the developer such as directors, owners, or partners ever been convicted, found guilty of or currently charged with any criminal or regulatory offence under any law of any province, territory, state or country?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
3	Have/are any of the principal(s) of the developer such as directors, owners, or partners currently the subject of any civil proceedings or any unsatisfied judgements imposed by a civil court, in Canada or elsewhere, against them personally or against a business in which they have an interest of at least ten percent in the equity shares or ownership interests of the business?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
4	Has the developer begun bankruptcy proceedings within the past 7 years?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
5	Does the developer owe any taxes to the Canadian Revenue Agency?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes to any of the above, explain:			

I hereby certify the above responses to be true.

X

Name: Mike Bettiol

Title: President

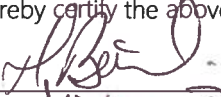
I have the authority to bind the Corporation.

Feb 24, 2022

Date (yyyy-mm-dd)

BORROWER DISCLOSURE			
1	Has the borrower ever been party to a project that has had a mortgage default and power of sale proceeding commenced?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
2	Have/are any of the principal(s) of the borrower such as directors, owners, or partners ever been convicted, found guilty of or currently charged with any criminal or regulatory offence under any law of any province, territory, state or country?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
3	Have/are any of the principal(s) of the borrower such as directors, owners, or partners currently the subject of any civil proceedings or any unsatisfied judgements imposed by a civil court, in Canada or elsewhere, against them personally or against a business in which they have an interest of at least ten percent in the equity shares or ownership interests of the business?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
4	Has the borrower begun bankruptcy proceedings within the past 7 years?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
5	Does the borrower owe any taxes to the Canadian Revenue Agency?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes to any of the above, explain:			

I hereby certify the above responses to be true.

X 
 Name: Mike Bettiol
 Title: President

Feb 24. 2022
 Date (yyyy-mm-dd)

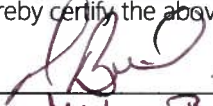
I have the authority to bind the Corporation.

Attention Borrowers: This package is designed to streamline the mortgage approval and funding process. Failure to provide accurate information may result in funding delays.



CORPORATE GUARANTOR INFORMATION <i>(to be completed individually for each corporate guarantor)</i>			
Guarantor Name Mariman Homes		Date of Incorporation	
Fiscal Year End	CRA Business Number	Tarion Warranty # (if applicable) 43313	
Head Office Address 558 Upper Gage Ave #363	City Hamilton	Province ON	Postal Code L8V 4J6
Beneficial Owners (please provide organizational chart indicating all beneficial owners and their ownership share) Michael Bettiol is sole owner and shareholder			
IMPORTANT: The Borrower must provide the company's Articles of Incorporation, Shareholder Register, Organizational Chart indicating all beneficial owners and their ownership share, and both Corporate Tax Filing and Financial Statements for the most recently ended 2 fiscal years. The guarantor also consents to the lender conducting a Commercial Credit Report.			
Name of Contact Person Michael Bettiol		Contact Phone No. 9055151122	
Title of Contact Person President		Contact Email mikeb@accesshomes.on.ca	
GUARANTOR DISCLOSURE			
1	Has the guarantor ever been party to a project that has had a mortgage default and power of sale proceeding commenced?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
2	Have/are any of the principal(s) of the guarantor such as directors, owners, or partners ever been convicted, found guilty of or currently charged with any criminal or regulatory offence under any law of any province, territory, state or country?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
3	Have/are any of the principal(s) of the guarantor such as directors, owners, or partners currently the subject of any civil proceedings or any unsatisfied judgements imposed by a civil court, in Canada or elsewhere, against them personally or against a business in which they have an interest of at least ten percent in the equity shares or ownership interests of the business?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
4	Has the corporate guarantor begun bankruptcy proceedings within the past 7 years?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
5	Does the corporate guarantor owe any taxes to the Canadian Revenue Agency?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes to any of the above, explain:			

I hereby certify the above responses to be true.

X 
 Name: Mike Bettiol
 Title: President
 I have the authority to bind the Corporation.

Feb 24, 2022
 Date (yyyy-mm-dd)

PERSONAL GUARANTOR INFORMATION (To be completed for each Guarantor along with Personal Net Worth Statement)			
IMPORTANT: The Guarantor must provide Notice of Assessments for the most recently ended 2 taxation years.			
Guarantor Name Michael Bettiol		Date of Birth (yyyy-mm-dd) 1963-08-08	
Occupation Builder/Developer		Social Insurance Number 476157904	
Employer Mariman Homes		Length of Employment 33 Years Months	
Guarantor Phone No. 9055151122		Guarantor Email mikeb@accesshomes.on.ca	
Residential Address 3500 Cemetery Rd		City Binbrook	Province Ont
		Postal Code L0R1C0	
Residence:	<input checked="" type="checkbox"/> Own	<input type="checkbox"/> Rent	<input type="checkbox"/> Other
		How long at present address? 15 Years Months	
Marital Status:	<input type="checkbox"/> Married	<input checked="" type="checkbox"/> Unmarried	<input type="checkbox"/> Separated
		Number of dependents: 0	
SPOUSAL INFORMATION			
Spouse's Name		Date of Birth (yyyy-mm-dd)	
Occupation		Social Insurance Number	
Employer		Length of Employment Years Months	
Spousal Phone No.		Spousal Email	
GUARANTOR DISCLOSURE			
1	Has the guarantor ever been party to a project that has had a mortgage default and power of sale proceeding commenced?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
2	Has/is the guarantor ever been convicted, found guilty of or currently charged with any criminal or regulatory offence under any law of any province, territory, state or country?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
3	Has/is the guarantor currently the subject of any civil proceedings or any unsatisfied judgements imposed by a civil court, in Canada or elsewhere, against them personally or against a business in which they have an interest of at least ten percent in the equity shares or ownership interests of the business?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
4	Has the guarantor begun bankruptcy proceedings within the past 7 years?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
5	Does the guarantor or any of their companies owe any taxes to the Canadian Revenue Agency?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes to any of the above, explain:			

PERSONAL NET WORTH STATEMENT (Page 1 of 2)

Name Mike Bettiol		Date of Birth	SIN #	Driver License #	
Home Address 3500 Cemetery Rd		City Binbrook		Province Ont	Postal Code L0R1C0
Employer Address				Employer Tel. #	
Personal Residence (Name of Registered Owner)		How Long Lived there	Home Tel. #		
Spouse's Name		Date of Birth	Spouse's SIN #	Spouse's Driver License #	
Spouse's Employer		Spouse's Occupation		Spouse's Business Tel. #	

PERSONAL FINANCIAL INSTITUTION	
Name TD Bank	Address Upper Wentworth Ave, Hamilton
Account Numbers	

FINANCIAL INFORMATION (Supporting documents such as RRSP statements, tax assessments, company financial statements, bank statements, etc. should accompany the information, otherwise they will be discounted from the total assets)

ASSETS		LIABILITIES	
	Value		Balance Owing
Personal Residence <i>(attach either tax assessment or Transfer Deed of land clearly showing ownership and value)</i>		Personal Residence Mortgage <i>(submit mortgage statement)</i>	
Real Estate <i>(attach either tax assessment or Transfer Deed of land) if there is more than 1 property, please identify separately)</i>		Real Estate Mortgage <i>(list municipal address with current mortgage statements)</i>	\$7,435,000.00
Cash/GIC <i>(provide statements clearly showing date & ownership)</i>		Personal Loan/Lines of Credit <i>(amount outstanding and current statements)</i>	
RRSP/Stocks & Bonds <i>(attach statements clearly showing date & ownership)</i>		Credit Cards <i>(outstanding balance only)</i>	
Business Interests <i>(please list business legal names and submit externally prepared year end financial statements with % ownership)</i>	Mariman Homes <i>(Mariman Homes currently has 4 major projects on the go, consisting of 135 custom homes. All 135 being pre-sold. Sales amounting to \$162,000,000, with a profit margin of 30 percent.)</i>	Other Liabilities: <i>(Personal Income Tax Owing, Alimony and Child Support)</i>	
Total Assets (A)		Total Liabilities (B)	

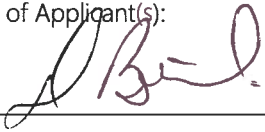
Total Personal Net Worth (A - B):
See attached

PERSONAL NET WORTH STATEMENT (Page 2 of 2)

I warrant and confirm that the information given above the mortgage application is true and correct. I authorize MarshallZehr Group Inc. to obtain any information required to evaluate and respond to my request for mortgage financing from other sources (including, for example, credit bureau) and each source is hereby authorized to provide you with such information. I also understand, acknowledge and agree that the information given in the mortgage application as well as other information you obtain in relation to my credit history may be disclosed to potential mortgage lenders, mortgage insurers, other service providers, organizations providing technological or other support services required in relation to this application and any other parties with whom I propose to have a financial relationship.

I further acknowledge and agree that each potential mortgage lender, mortgage insurer or service provider to whom you provide the mortgage application and/or my personal information is permitted to receive such application and information and maintain records relating to me and my mortgage application and to hold, use, communicate and disclose personal information about me, including my Social Insurance Number (SIN) if I provide it, and collect personal information from me, you and from third persons, including credit bureau, credit reporting and collection agencies, financial institutions, my past and present employers, creditors and tenants, my spouse or any other person who has information about me for the purpose of recording, evaluating and responding to my application for mortgage financing or related activities and I specifically consent to the release and disclosure of personal information by such persons to and among you and each potential mortgage lender, mortgage insurer or other service provider.

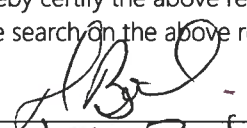
Signature of Applicant(s):



Date: Feb 24, 2022

PRIMARY PROPERTY		
Municipal Address 30 Front Street	City York	Province Ont
Current Property Owner (include Vendor and Purchaser if sale is pending) 2557386 Ontario Inc		
Legal Description PART WARNER NELLES TRACT DESIGNATED AS PART 1, 18R-7058; SAVE & EXCEPT PART 1, 18R-7281; T/W EASEMENT OVER PART 2, 18R - 7058 AS IN HC252899; TOWNSHIP OF SENECA HALDIMAND COUNTY		
Current Property Improvements		
Charges on Title		
Please indicate the current status of property taxes: <input type="checkbox"/> Paid in full incl. the current year <input type="checkbox"/> Installments remaining for current year In arrears of \$		
If the applied for mortgage proceeds will purchase an existing mortgage or portion of an existing mortgage, is the mortgage now in default?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Has the existing mortgage been in default in the last twelve months?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes to any of the above, explain:		
<i>Please provide us with proof of paid property taxes (tax bill stamped by bank teller or accompanied by bank statements) as well as the Insurance Policy for the property. We will require an insurance certificate listing MarshallZehr Group Inc. as loss payee upon execution of the Commitment Letter.</i>		
DEVELOPMENT INFORMATION		
Brief description of intended property development (incl. # of units) The creation of 66 executive style new home building lots	<input checked="" type="checkbox"/> Freehold <input type="checkbox"/> Condominium <input type="checkbox"/> Rental	
Description of sales/leasing activity to date 55 pre-sales in place		
Status of Approvals Draft Plan approved		

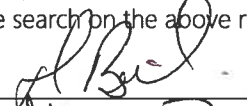
I hereby certify the above responses to be true. I authorize MarshallZehr Group Inc. and their legal representation to perform a title search on the above referenced property upon receipt of the executed Commitment Letter and Good Faith Deposit.

X 
 Name: **Mike Belfiori**
 Title: **President**
 I have the authority to bind the Corporation.

Feb 24, 2022
 Date (yyyy-mm-dd)

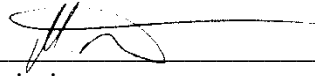
COLLATERAL PROPERTY (if applicable)		
Municipal Address	City	Province
Current Property Owner (include Vendor and Purchaser if sale is pending)		
Legal Description		
Current Property Improvements		
Charges on Title		
Please indicate the current status of property taxes: <input type="checkbox"/> Paid in full incl. the current year <input type="checkbox"/> Installments remaining for current year In arrears of \$		
Please provide us with proof of paid property taxes (tax bill stamped by bank teller or accompanied by bank statements) as well as the Insurance Policy for the property. We will require an insurance certificate listing MarshallZehr Group Inc. as loss payee upon execution of the Commitment Letter.		
DEVELOPMENT INFORMATION		
Brief description of intended property development (incl. # of units)	<input type="checkbox"/> Freehold <input type="checkbox"/> Condominium <input type="checkbox"/> Rental	
Description of sales/leasing activity to date		
Status of Approvals		

I hereby certify the above responses to be true. I authorize MarshallZehr Group Inc. and their legal representation to perform a title search on the above referenced property upon receipt of the executed Commitment Letter and Good Faith Deposit.

X 
 Name: Mike Behr
 Title: President
 I have the authority to bind the Corporation.

Feb 24, 2022
 Date (yyyy-mm-dd)

THIS IS EXHIBIT "Q" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be "J. R. [unclear]", written over a horizontal line.

A Commissioner, etc.

MarshallZehr Group Inc. Michael Bettiol – Hamilton Ontario Superior Court
Updated as of December 5, 2022

No.	Case Number	Case Name	Amount	Description	Credit Parties	Comments
1.	CV13000424560000	Edwards et al v. 2233765 Ontario Inc. et al	\$257,288.93	Civil – Mortgage of Charge	2233765 Ontario Inc. – Defendant Aim Waste Management Inc. (Removed by way of orc issued June 3/14) – Plaintiff Michael Bettiol – Defendant Rita Edwards – Plaintiff	Inactive – Opened July 31, 2013 February 7, 2014 – Judgement default (against all defendants)
2.	CV13000428650000	Edwards v. Overbaugh et al	\$484,000.00	Civil – Mortgage or Charge	Michael Bettiol – Defendant Ray Edwards – Plaintiff Karen Alice Overbaugh – Defendant Jody Allan Thompson – Defendant	Inactive – Opened August 28, 2013 October 18, 2013 – Judgment default (against all defendants) October 29, 2013 – Motion without notice November 1, 2013 – Order to issue Writ
3.	CV130004383000A1	Edwards et al v. Hamilton Teachers Credit Union Limited	\$0	Civil – Mortgage or Charge	1519515 Ontario Inc. – 3P 2072581 Ontario Limited – 3P Grisenthwaite-Kanuka Limited – Plaintiff Hamilton Teachers Credit Union Limited – Defendant Michael Bettiol - 3P Ray Edwards – Plaintiff	Inactive – Opened December 11, 2013 April 21, 2015 – Motion (unopposed/consent) April 24, 2015 - Judgment
4.	CV14000468440000	PDS Electric Inc. v. 2233765 Ontario Inc. carrying on business as Marimat Homes et al	\$47,152.08	Civil – Collection of liquidated debt	223765 Ontario Inc. carrying on business as Marimat Homes – Defendant Michael Bettiol – Defendant PDS Electric Inc. – Plaintiff	Inactive – Opened April 22, 2014 July 18, 2018 – Trial Scheduling/assignment list May 16, 2018 – Trial Scheduling/assignment list August 16, 2018 – Motion on Notice September 6, 2018 – Motion on Notice October 9, 2018 – Motion on Notice October 12, 2018 – Motion on Notice October 29, 2018 – Order giving directions & Order addition deletion or substitution of a party March 18, 2019 – Pre-trial Conference March 18, 2019 – Order giving directions & Order amendment of a pleading May 13, 2019 – Trial June 27, 2019 – Motion on Notice June 27, 2019 – Order giving directions August 29, 2019 – Motion on Notice October 8, 2019 – Motion on Notice October 25, 2019 – Motion (unopposed/consent) October 25, 2019 – Order case dismissed (on consent)
5.	CV14000477680000	Edwards et al v. Tandem Financial Credit Union Limited (Formerly Hamilton Teachers Credit Union Limited) et al	\$85,471.88	Civil – Mortgage or Charge	2072581 Ontario Limited – Respondent Grisenthwaite-Kanuka Limited – Appellant Michael Bettiol – Respondent Ray Edwards – Appellant Tandem Financial Credit Union Limited (Formerly Hamilton Teachers Credit Union Limited) – Respondent	Inactive – Opened June 16, 2014 July 15, 2014 – Hearing – Application on notice August 19, 2014 – Hearing – Application on notice October 7, 2014 – Hearing – Application on notice November 20, 2014 – Hearing – Application on notice December 9, 2014 – Hearing – Application on notice December 16, 2014 – Hearing – Application on notice January 6, 2015 – Hearing – Application on notice January 13, 2015 – Hearing – Application on notice January 22, 2015 – Hearing – Application on notice January 22, 2015 – Order case discontinued (against all defendants)
6.	CV14000483440000	Bettiol et al v. Tandem Financial Credit Union Limited (Formerly Hamilton Teachers Credit Union Limited)	\$0	Civil – Mortgage or Charge	Michael Bettiol – Appellant Brenda Lee Quallo – Appellant Tandem Financial Credit Union (Formerly Hamilton Teachers Credit Union Limited) - Respondent	Inactive – Opened July 22, 2014 August 7, 2014 – Hearing – Application on notice August 14, 2014 – Hearing – Application on notice August 19, 2014 – Hearing – Application on notice October 7, 2014 – Hearing – Application on notice November 20, 2014 – Hearing – Application on notice December 9, 2014 – Hearing – Application on notice

No.	Case Number	Case Name	Amount	Description	Credit Parties	Comments
						December 16, 2014 – Hearing – Application on notice January 6, 2015 – Hearing – Application on notice January 13, 2015 – Hearing – Application on notice January 22, 2015 – Hearing – Application on notice February 5, 2015 – Hearing – Application on notice February 5, 2015 – Order giving directions May 13, 2015 – Motion on Notice May 13, 2015 – Order case dismissed (on consent)
7.	CV170006286500SR	Dag Holdings Inc. v. 2363823 Ontario Inc. et al	\$96,000.00	Civil – Contract Law	2363823 Ontario Inc. – Defendant Dag Holdings Inc. – Plaintiff Michael Bettiol – Defendant	Active – Opened October 4, 2017 August 15, 2018 – Trial Scheduling/Assignment list December 5, 2018 – Pre-trial Conference February 4, 2019 - Trial
8.	CV18000645930000	Nedd v. 2363823 Ontario Inc. o/a Mariman Homes et al	\$523,007.50	Civil – Mortgage or Charge	2363823 Ontario Inc. o/a Mariman Homes – Defendant Angela Bettiol – Defendant Michael Bettiol – Defendant Anne Nedd – Plaintiff Brenda Quallo – Defendant	Active – Opened February 26, 2018 (No activity)
9.	CV1900068760000	Scotland Real Estate Venture Limited Partnership v. 2363823 Ontario Inc. et al	\$1,001.00	Mortgage or Charge	2094060 Ontario Inc. – Respondent 2363823 Ontario Inc. – Respondent 2496582 Ontario Inc. – Respondent Angela Bettiol – Respondent Michael Bettiol – Respondent Olympia Trust Company – Respondent Scotland Real Estate Venture Limited Partnership – Appellant	Active – Opened March 14, 2019 May 7, 2019 – Hearing – Application on notice May 8, 2019 – Order giving directions September 15, 2019 – Hearing – Application on notice October 6, 2019 – Hearing – Application on notice October 27, 2019 – Hearing – Application on notice October 29, 2019 – Motion on notice October 29, 2019 – Order giving directions & Order for fulfillment of undertaking on examination November 28, 2019 – Motion on notice December 3, 2019 – Motion on notice December 8, 2019 – Hearing – Application on notice December 17, 2019 – Motion on notice January 12, 2020 – Hearing – Application on notice January 23, 2020 – Motion on notice January 23, 2020 – Order on consent, Order for fulfillment of undertaking on examination & Order costs February 2, 2020 – Hearing – Application on notice February 23, 2020 – Hearing – Application on notice March 29, 2020 – Hearing – Application on notice August 19, 2020 – Motion on notice August 28, 2020 – Motion on notice September 22, 2020 – Hearing – Application on notice September 22, 2020 – Order case dismissed & Judgment summary (against all parties) September 23, 2020 – Motion on notice
10.	CV19000687810000	Ortega et al. v. Quallo et al	\$140,547.02	Civil – Mortgage or Charge	Michael Bettiol – Defendant Alba Guarne – Plaintiff Joaquin Ortega – Plaintiff Brenda Quallo – Defendant	Active – Opened March 26, 2019 March 12, 2020 – Motion on notice April 2, 2020 – Motion on notice June 3, 2020 – Motion on notice July 7, 2020 – Motion on notice September 16, 2020 – Motion on notice
11.	CV19000692890000	Cisternino et al v. 2363823 Ontario Inc. o/a Marimat Homes et al	\$325,000.00	Civil – Trusts/Fiduciary Duty	2363823 Ontario Inc. o/a Marimat Homes – Defendant Angela Bettiol – Defendant	Active – Opened May 16, 2019 (No Activity)

No.	Case Number	Case Name	Amount	Description	Credit Parties	Comments
					Michael Bettiol – Defendant Giovanni Cisternino – Plaintiff Vanessa Cisternino, formerly Vanessa Meulendyks – Plaintiff	
12.	CV19000694870000	Celernus Investment Partners Inc. v. 2363823 Ontario Inc. et al	\$1,541,134.69	Civil – Mortgage or Charge	2363823 Ontario Inc. – Defendant Celernus Investment Partners Inc. – Plaintiff Angela Bettiol – Defendant Michael Bettiol – Defendant Brenda Quallo – Defendant	Active – Opened June 3, 2019 (No Activity)
13.	CV19000713970000	Vimard et al v. 2363823 Ontario Inc. o/a Mariman Homes et al	\$195,000.00	Civil – Collection of liquidated debt	2363823 Ontario Inc. o/a Mariman Homes – Defendant Angela Bettiol – Defendant Michael Bettiol – Defendant Philippe Drouin – Plaintiff Yannick Roberge – Plaintiff Nicolas Vimard – Plaintiff	Active – Opened December 2, 2019 June 2, 2021 – Motion on notice June 15, 2021 – Motion on notice June 15, 2021 – Order giving directions July 21, 2021 – Motion on notice August 18, 2021 – Motion on notice August 18, 2021 – Order giving directions December 15, 2021 – Motion on notice January 12, 2022 – Motion on notice February 4, 2022 – Motion on notice February 4, 2022 – Order giving directions August 17, 2022 – Trial scheduling/assignment list June 5, 2023 – Pre-trial Conference August 28, 2023 - Trial
14.	CV20000723730000	Pell Insulation Ltd. V. 2363823 Ontario Inc. carrying on business as Mariman Homes et al	\$102,552.02	Civil – Construction Law (other than construction lien)	2233765 Ontario Inc. carrying on business as Mariman Homes – Defendant 2363823 Ontario Inc. carrying on business as Mariman Homes – Defendant 2649134 Ontario Inc. – Defendant Angela Bettiol – Defendant Michael Bettiol – Defendant Pell Insulation Ltd. – Plaintiff	Active – Opened March 9, 2020 (No Activity)
15.	CV21000753700000	Roberge v. 2363823 Ontario Inc. et al	\$37,500.00	Civil – Contract Law	2363823 Ontario Inc. – Defendant Michael Bettiol – Defendant Yannick Roberge – Plaintiff	Active – Opened February 24, 2021 (No Activity)
16.	CV21000758390000	Ardila v. 2363823 Ontario Inc. et al	\$100,000.00	Civil – Contract Law	2363823 Ontario Inc. – Defendant Armand Ardila – Plaintiff Michael Bettiol – Defendant	Active – Opened April 19, 2021 (No Activity)
17.	CV22000796550000	Modny et al v. 2363823 Ontario Inc. et el	\$1,708,000.00	Civil – Contract Law	2363823 Ontario Inc. – Defendant 2496582 Ontario Inc. – Defendant 2576882 Ontario Inc. – Defendant Angela Bettiol – Defendant Michael Bettiol – Defendant David Modny – Plaintiff Karen Modny – Plaintiff	Active – Opened September 12, 2022 September 22, 2022 – Motion without notice September 22, 2022 – Order to issue certificate of pending litigation

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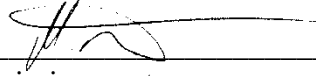
MarshallZehr Group Inc. 2363823 Ontario Inc. – Hamilton Ontario Superior Court
Updated as of December 5, 2022

No.	Case Number	Case Name	Amount	Description	Credit Parties	Comments
1.	CV15000514280000	Peressini et al v. 2363823 Ontario Inc. et al	\$11,500.00	Civil – Construction Lien	2363823 Ontario Inc. – Defendant Mike Bettiol – Defendant Rudy Peressini – Plaintiff Rruper Construction Limited – Plaintiff	Inactive – Opened January 27, 2015 August 27, 2015 – Motion without notice August 27, 2015 – Order payment into court July 20, 2016 – Trial scheduling/assignment list November 9, 2016 – Pre-trial conference January 18, 2017 – Trial January 18, 2017 – Order giving directions
2.	CV17000608960000	Ortega et al v. 2363623 Ontario Inc.	\$238,080.00	Civil – Real Property (Including Leases; Excluding mortgage/charge)	2363823 Ontario Inc. – Defendant Alba Guarne – Plaintiff Joaquin Ortega – Plaintiff	Inactive – Opened March 10, 2017 March 23, 2017 – Motion on notice March 23, 2017 - Order July 25, 2019 – Hearing – Application on notice October 4, 2019 – Hearing – Application on notice October 4, 2019 – Order giving directions & Order costs November 3, 2019 – Hearing – Application on notice December 1, 2019 – Hearing – Application on notice December 11, 2019 – Hearing – Application on notice January 9, 2020 – Hearing – Application on notice January 9, 2020 – Order costs & Judgment summary (against all parties) January 10, 2020 – Order costs
3.	CV170006286500SR	Dag Holdings Inc. v. 2363823 Ontario Inc. et al	\$96,000.00	Civil – Contract Law	2363823 Ontario Inc. – Defendant Dag Holdings Inc. – Plaintiff Michael Bettiol – Defendant	Active – Opened October 4, 2017 August 15, 2018 – Trial Scheduling/Assignment list December 5, 2018 – Pre-trial Conference February 4, 2019 - Trial
4.	CV18000645930000	Nedd v. 2363823 Ontario Inc. o/a Mariman Homes et al	\$523,007.50	Civil – Mortgage or Charge	2363823 Ontario Inc. o/a Mariman Homes – Defendant Angela Bettiol – Defendant Michael Bettiol – Defendant Anne Nedd – Plaintiff Brenda Quallo – Defendant	Active – Opened February 26, 2018 (No activity)
5.	CV19000686760000	Scotland Real Estate Venture Limited Partnership v. 2363823 Ontario Inc. et al	\$1,001.00	Mortgage or Charge	2094060 Ontario Inc. – Respondent 2363823 Ontario Inc. – Respondent 2496582 Ontario Inc. – Respondent Angela Bettiol – Respondent Michael Bettiol – Respondent Olympia Trust Company – Respondent Scotland Real Estate Venture Limited Partnership – Appellant	Active – Opened March 14, 2019 May 7, 2019 – Hearing – Application on notice May 8, 2019 – Order giving directions September 15, 2019 – Hearing – Application on notice October 6, 2019 – Hearing – Application on notice October 27, 2019 – Hearing – Application on notice October 29, 2019 – Motion on notice October 29, 2019 – Order giving directions & Order for fulfillment of undertaking on examination November 28, 2019 – Motion on notice December 3, 2019 – Motion on notice December 8, 2019 – Hearing – Application on notice December 17, 2019 – Motion on notice January 12, 2020 – Hearing – Application on notice January 23, 2020 – Motion on notice January 23, 2020 – Order on consent, Order for fulfillment of undertaking on examination & Order costs February 2, 2020 – Hearing – Application on notice February 23, 2020 – Hearing – Application on notice March 29, 2020 – Hearing – Application on notice August 19, 2020 – Motion on notice August 28, 2020 – Motion on notice September 22, 2020 – Hearing – Application on notice September 22, 2020 – Order case dismissed & Judgment summary (against all parties)

No.	Case Number	Case Name	Amount	Description	Credit Parties	Comments
						September 23, 2020 – Motion on notice
6.	CV19000692890000	Cisternino et al v. 2363823 Ontario Inc. o/a Marimat Homes et al	\$325,000.00	Civil – Trusts/Fiduciary Duty	2363823 Ontario Inc. o/a Marimat Homes – Defendant Angela Bettiol – Defendant Michael Bettiol – Defendant Giovanni Cisternino – Plaintiff Vanessa Cisternino, formerly Vanessa Meulendyks – Plaintiff	Active – Opened May 16, 2019 (No Activity)
7.	CV19000694870000	Celernus Investment Partners Inc. v. 2363823 Ontario Inc. et al	\$1,541,134.69	Civil – Mortgage or Charge	2363823 Ontario Inc. – Defendant Celernus Investment Partners Inc. – Plaintiff Angela Bettiol – Defendant Michael Bettiol – Defendant Brenda Quallo – Defendant	Active – Opened June 3, 2019 (No Activity)
8.	CV19000713970000	Vimard et al v. 2363823 Ontario Inc. o/a Mariman Homes et al	\$195,000.00	Civil – Collection of liquidated debt	2363823 Ontario Inc. o/a Mariman Homes – Defendant Angela Bettiol – Defendant Michael Bettiol – Defendant Philippe Drouin – Plaintiff Yannick Roberge – Plaintiff Nicolas Vimard – Plaintiff	Active – Opened December 2, 2019 June 2, 2021 – Motion on notice June 15, 2021 – Motion on notice June 15, 2021 – Order giving directions July 21, 2021 – Motion on notice August 18, 2021 – Motion on notice August 18, 2021 – Order giving directions December 15, 2021 – Motion on notice January 12, 2022 – Motion on notice February 4, 2022 – Motion on notice February 4, 2022 – Order giving directions August 17, 2022 – Trial scheduling/assignment list June 5, 2023 – Pre-trial Conference August 28, 2023 - Trial
9.	CV20000717660000	Pell Insulation Ltd. V. 2363823 Ontario Inc. carrying on business as Mariman Homes et al	\$102,552.02	Civil – Construction Law (other than construction lien)	2233765 Ontario Inc. carrying on business as Mariman Homes – Defendant 2363823 Ontario Inc. carrying on business as Mariman Homes – Defendant 2649134 Ontario Inc. – Defendant Pell Insulation Ltd. - Plaintiff	Active – Opened January 8, 2020 (No Activity)
10.	CV20000723730000	Pell Insulation Ltd. V. 2363823 Ontario Inc. carrying on business as Mariman Homes et al	\$102,552.02	Civil – Construction Law (other than construction lien)	2233765 Ontario Inc. carrying on business as Mariman Homes – Defendant 2363823 Ontario Inc. carrying on business as Mariman Homes – Defendant 2649134 Ontario Inc. – Defendant Angela Bettiol – Defendant Michael Bettiol – Defendant Pell Insulation Ltd. – Plaintiff	Active – Opened March 9, 2020 (No Activity)
11.	CV20000728730000	Purigan Masonry Ltd. V. 2363823 Ontario Inc. o/a Mariman Homes et al	\$41,634.85	Construction Lien	1906470 Ontario Inc. – Defendant 2363823 Ontario Inc. o/a Mariman Homes – Defendant 2441026 Ontario Inc. – Defendant 2602258 Ontario Inc. – Defendant Rattandeep Ghotra – Defendant Tony Pacenze – Defendant Purigan Masonry Ltd. – Plaintiff Scotland Real Estate Venture Limited Partnership - Defendant	Inactive – Opened May 8, 2020 November 25, 2020 – Motion on notice November 26, 2020 – Motion (unopposed/consent) November 26, 2020 – Order extending time
12.	CV20000730760000	Purigan Masonry Ltd. V. 2363823 Ontario Inc. o/a Mariman Homes et al	\$48,673.62	Construction Lien	2363823 Ontario Inc. o/a Mariman Homes – Defendant 2441026 Ontario Inc. – Defendant	Active – Opened June 5, 2020 December 1, 2020 – Motion without notice December 1, 2020 – Order extending time

No.	Case Number	Case Name	Amount	Description	Credit Parties	Comments
					Morris Wright Mortgage Company Ltd. – Defendant Manjit Ghotra – Defendant Rattandeep Ghotra – Defendant Purigan Masonry Ltd. – Plaintiff Sctoland Real Estate Venture Limited Partnership – Defendant	
13.	CV20000735110000	2557386 Ontario Inc. et al v. Scotland Real Estate Venture Limited Partnership et al	\$1,001.00	Mortgage or Charge	2363823 Ontario Inc. – Appellant 2441026 Ontario Inc. – Respondent 2557386 Ontario Inc. – Appellant Scotland Real Estate Venture Limited Partnership – Respondent	Active – Opened August 10, 2020 October 6, 2020 – Motion on notice October 21, 2020 – Motion on notice November 25, 2020 – Motion on notice November 25, 2020 – Hearing – Application on notice November 25, 2020 – Order payment into court & Order giving directions
14.	CV21000753700000	Roberge v. 2363823 Ontario Inc. et al	\$37,500.00	Civil – Contract Law	2363823 Ontario Inc. – Defendant Michael Bettiol – Defendant Yannick Roberge – Plaintiff	Active – Opened February 24, 2021 (No Activity)
15.	CV21000758390000	Ardila v. 2363823 Ontario Inc. et al	\$100,000.00	Civil – Contract Law	2363823 Ontario Inc. – Defendant Armand Ardila – Plaintiff Michael Bettiol – Defendant	Active – Opened April 19, 2021 (No Activity)
16.	CV21000771740000	2363823 Ontario Inc. o/a Mariman Homes and Michael Bettiol et al v. Olympia Trust Company	\$1,001.00	Civil – Mortgage or Charge	2363823 Ontario Inc. o/a Mariman Homes and Michael Bettiol – Appellant Michael Bettiol – Appellant Olympia Trust Company – Respondent	Active – Opened October 4, 2021 (No Activity)
17.	CV22000784860000	2363823 Ontario Inc. v. 2496582 Ontario Inc.	\$1,001.00	Personal property security	2363823 Ontario Inc. – Appellant 2496582 Ontario Inc. – Respondent	Active – Opened April 4, 2022 April 7, 2022 – Hearing – Application on notice April 19, 2022 – Hearing – Application on notice April 19, 2022 – Order for fulfillment of undertaking on examination
18.	CV22000796550000	Modny et al v. 2363823 Ontario Inc. et al	\$1,708,000.00	Civil – Contract Law	2363823 Ontario Inc. – Defendant 2496582 Ontario Inc. – Defendant 2576882 Ontario Inc. – Defendant Angela Bettiol – Defendant Michael Bettiol – Defendant David Modny – Plaintiff Karen Modny – Plaintiff	Active – Opened September 12, 2022 September 22, 2022 – Motion without notice September 22, 2022 – Order to issue certificate of pending litigation

THIS IS EXHIBIT "R" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be "J. R. Hayes", written over a horizontal line.

A Commissioner, etc.

From: [Lisa Evans](#)
To: [Maya Poliak](#)
Cc: [Jason Simon](#); [Sean Atkinson](#); [Cecil Hayes](#)
Subject: FW: MarshallZehr - meeting and next steps
Date: Friday, March 31, 2023 3:32:33 PM
Attachments: [image001.png](#)
[Hamilton Litigation Court Summary - Michael Bettiol 2363823 Ontario Inc .docx](#)
[Judgment Sept 22 2020 issued and entered.pdf](#)

CAUTION: [External]



Lisa Evans

Manager - Project Management

T 519 342 1000 **X** 243

C 519-580-4326

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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From: Mike Bettiol <mikeb@marimanhomes.com>

Sent: Thursday, December 22, 2022 9:46 AM

To: Jason Simon <jsimon@marshallzehr.com>

Cc: Lisa Evans <levans@marshallzehr.com>; Brenner Smith <bsmith@marshallzehr.com>; Mike Bettiol <mikeb@marimanhomes.com>

Subject: RE: MarshallZehr - meeting and next steps

Morning Jason,

My lawyer for the attached actions has made comments on the Hamilton Court Records search doc for each file.

I have also attached the decision by the courts to dismiss the action brought against us for the Scotland Real Estate Venture debacle, which is what a lot of the attached actions refer to.

I have also answered your below questions in red:

From: Jason Simon <jason@marshallzehr.com>

Sent: Tuesday, December 20, 2022 11:05 AM

To: Mike Bettiol <mikeb@marimanhomes.com>

Cc: Lisa Evans <levans@marshallzehr.com>; Brenner Smith <bsmith@marshallzehr.com>

Subject: MarshallZehr - meeting and next steps

Hi Mike,

Further to Lisa's email regarding the open litigation items, we'll also need to address:

- Project schedule
 - Revised start and end dates for servicing. Moving of dirt asap as frost permits in the spring. Hoping to have a mild winter so we can have roads installed by and of June.
 - Start date for home construction and the number of homes to be started/completed per month. If the roads scenario works out well, then we hope to start building homes in July.
 - Our Facility 2A has an available balance of \$4.5 million – we'll need to understand and confirm that these funds can cover the required pre-construction hard costs, city securities and MZ interest. Rough estimate is roads and grading will be \$2,500,000. Securities will be roughly \$700,000. Hydro and gas will be roughly \$300,000 each.

- Next draw
 - We will need to be able to complete a draw, per our amended/agreed process, prior to February 1st
 - Refer to Brenner's November email for the draw requirements
 - Include any additional development costs that have been incurred since you compiled the ~\$150,000 draw. I gave copies of ALL invoices from first draw request for the \$150,000, and then any additional invoices incurred to Lisa during our meeting.

Glad we could sit down yesterday and looking forward to getting things back on track.

Thanks,



Jason Simon CPA, CMA

Vice President, Business Development

T 519-497-0437

marshallzehr.com | [email](mailto:jason@marshallzehr.com)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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MarshallZehr Group Inc. Michael Bettiol & 2363823– Hamilton Ontario Superior Court
Updated as of December 5, 2022

No.	Case Number	Case Name	Amount	Description	Credit Parties	Events	Mikes Comments
1.	CV170006286500SR	Dag Holdings Inc. v. 2363823 Ontario Inc. et al	\$96,000.00	Civil – Contract Law	2363823 Ontario Inc. – Defendant Dag Holdings Inc. – Plaintiff Michael Bettiol – Defendant	Active – Opened October 4, 2017 August 15, 2018 – Trial Scheduling/Assignment list December 5, 2018 – Pre-trial Conference February 4, 2019 - Trial	Settled December 2018
2.	CV1800064593000	Nedd v. 2363823 Ontario Inc. o/a Mariman Homes et al	\$523,007.50	Civil – Mortgage or Charge	2363823 Ontario Inc. o/a Mariman Homes – Defendant Angela Bettiol – Defendant Michael Bettiol – Defendant Anne Nedd – Plaintiff Brenda Quallo – Defendant	Active – Opened February 26, 2018 (No activity)	Settled June 2018
3.	CV1900068676000	Scotland Real Estate Venture Limited Partnership v. 2363823 Ontario Inc. et al	\$1,001.00	Mortgage or Charge	2094060 Ontario Inc. – Respondent 2363823 Ontario Inc. – Respondent 2496582 Ontario Inc. – Respondent Angela Bettiol – Respondent Michael Bettiol – Respondent Olympia Trust Company – Respondent Scotland Real Estate Venture Limited Partnership – Appellant	Active – Opened March 14, 2019 May 7, 2019 – Hearing – Application on notice May 8, 2019 – Order giving directions September 15, 2019 – Hearing – Application on notice October 6, 2019 – Hearing – Application on notice October 27, 2019 – Hearing – Application on notice October 29, 2019 – Motion on notice October 29, 2019 – Order giving directions & Order for fulfillment of undertaking on examination November 28, 2019 – Motion on notice December 3, 2019 – Motion on notice December 8, 2019 – Hearing – Application on notice December 17, 2019 – Motion on notice January 12, 2020 – Hearing – Application on notice January 23, 2020 – Motion on notice January 23, 2020 – Order on consent, Order for fulfillment of undertaking on examination & Order costs February 2, 2020 – Hearing – Application on notice February 23, 2020 – Hearing – Application on notice March 29, 2020 – Hearing – Application on notice August 19, 2020 – Motion on notice August 28, 2020 – Motion on notice September 22, 2020 – Hearing – Application on notice September 22, 2020 – Order case dismissed & Judgment summary (against all parties) September 23, 2020 – Motion on notice	See attached judgment showing claims against Angela, Michael and 2363823 were dismissed
4.	CV1900068781000	Ortega et al. v. Quallo et al	\$140,547.02	Civil – Mortgage or Charge	Michael Bettiol – Defendant Alba Guarne – Plaintiff Joaquin Ortega – Plaintiff Brenda Quallo – Defendant	Active – Opened March 26, 2019 March 12, 2020 – Motion on notice April 2, 2020 – Motion on notice June 3, 2020 – Motion on notice July 7, 2020 – Motion on notice September 16, 2020 – Motion on notice	Settlement reached in 2021 between all parties
5.	CV1900069289000	Cisternino et al v. 2363823 Ontario Inc. o/a Marimat Homes et al	\$325,000.00	Civil – Trusts/Fiduciary Duty	2363823 Ontario Inc. o/a Marimat Homes – Defendant Angela Bettiol – Defendant Michael Bettiol – Defendant Giovanni Cisternino – Plaintiff Vanessa Cisternino, formerly Vanessa Meulendyks – Plaintiff	Active – Opened May 16, 2019 (No Activity)	Claim by purchaser of York Lot 6 trying to get out of purchase agreement. Claimant signed mutual release and deposit returned
6.	CV1900069487000	Celernus Investment Partners Inc. v. 2363823 Ontario Inc. et al	\$1,541,134.69	Civil – Mortgage or Charge	2363823 Ontario Inc. – Defendant Celernus Investment Partners Inc. – Plaintiff	Active – Opened June 3, 2019 (No Activity)	Mortgage action – paid out and settled in July 2019; no defence ever filed so claim is expired.

No.	Case Number	Case Name	Amount	Description	Credit Parties	Events	Mikes Comments
					Angela Bettiol – Defendant Michael Bettiol – Defendant Brenda Quallo – Defendant		
7.	CV1900071397000	Vimard et al v. 2363823 Ontario Inc. o/a Mariman Homes et al	\$195,000.00	Civil – Collection of liquidated debt	2363823 Ontario Inc. o/a Mariman Homes – Defendant Angela Bettiol – Defendant Michael Bettiol – Defendant Philippe Drouin – Plaintiff Yannick Roberge – Plaintiff Nicolas Vimard – Plaintiff	Active – Opened December 2, 2019 June 2, 2021 – Motion on notice June 15, 2021 – Motion on notice June 15, 2021 – Order giving directions July 21, 2021 – Motion on notice August 18, 2021 – Motion on notice August 18, 2021 – Order giving directions December 15, 2021 – Motion on notice January 12, 2022 – Motion on notice February 4, 2022 – Motion on notice February 4, 2022 – Order giving directions August 17, 2022 – Trial scheduling/assignment list June 5, 2023 – Pre-trial Conference August 28, 2023 - Trial	Claim by investors for recovery of money loaned on the basis of irrevocable directions to be paid from proceeds of sale on 50 and 51 Augustus Street. Action commenced prior to completion of property alleging verbal representations that property would be finished sooner. Part of Scotland Real Estate Venture claim
8.	CV2000071766000	Pell Insulation Ltd. V. 2363823 Ontario Inc. carrying on business as Mariman Homes et al	\$102,552.02	Civil – Construction Law (other than construction lien)	2233765 Ontario Inc. carrying on business as Mariman Homes – Defendant 2363823 Ontario Inc. carrying on business as Mariman Homes – Defendant 2649134 Ontario Inc. – Defendant Pell Insulation Ltd. - Plaintiff	Active – Opened January 8, 2020 (No Activity)	Action was placed in abeyance pending payment schedule by 2363823. Claimant now fully paid
9.	CV2000072373000	Pell Insulation Ltd. V. 2363823 Ontario Inc. carrying on business as Mariman Homes et al	\$102,552.02	Civil – Construction Law (other than construction lien)	2233765 Ontario Inc. carrying on business as Mariman Homes – Defendant 2363823 Ontario Inc. carrying on business as Mariman Homes – Defendant 2649134 Ontario Inc. – Defendant Angela Bettiol – Defendant Michael Bettiol – Defendant Pell Insulation Ltd. – Plaintiff	Active – Opened March 9, 2020 (No Activity)	Action was placed in abeyance pending payment of outstanding invoices; plaintiff has been fully paid for all services. Claimant now fully paid
10.	CV2000072873000	Purigan Masonry Ltd. V. 2363823 Ontario Inc. o/a Mariman Homes et al	\$41,634.85	Construction Lien	1906470 Ontario Inc. – Defendant 2363823 Ontario Inc. o/a Mariman Homes – Defendant 2441026 Ontario Inc. – Defendant 2602258 Ontario Inc. – Defendant Rattandeep Ghotra – Defendant Tony Pacenze – Defendant Purigan Masonry Ltd. – Plaintiff Scotland Real Estate Venture Limited Partnership - Defendant	Inactive – Opened May 8, 2020 November 25, 2020 – Motion on notice November 26, 2020 – Motion (unopposed/consent) November 26, 2020 – Order extending time	Action settled pursuant to Minutes of Settlement June of 2021
11.	CV2000073076000	Purigan Masonry Ltd. V. 2363823 Ontario Inc. o/a Mariman Homes et al	\$48,673.62	Construction Lien	2363823 Ontario Inc. o/a Mariman Homes – Defendant 2441026 Ontario Inc. – Defendant Morris Wright Mortgage Company Ltd. – Defendant Manjit Ghotra – Defendant Rattandeep Ghotra – Defendant Purigan Masonry Ltd. – Plaintiff Sctoland Real Estate Venture Limited Partnership - Defendant	Active – Opened June 5, 2020 December 1, 2020 – Motion without notice December 1, 2020 – Order extending time	Action settled pursuant to Minutes of Settlement June of 2021

No.	Case Number	Case Name	Amount	Description	Credit Parties	Events	Mikes Comments
12.	CV2000073511000 0	2557386 Ontario Inc. et al v. Scotland Real Estate Venture Limited Partnership et al	\$1,001.00	Mortgage or Charge	2363823 Ontario Inc. – Appellant 2441026 Ontario Inc. – Respondent 2557386 Ontario Inc. – Appellant Scotland Real Estate Venture Limited Partnership – Respondent	Active – Opened August 10, 2020 October 6, 2020 – Motion on notice October 21, 2020 – Motion on notice November 25, 2020 – Motion on notice November 25, 2020 – Hearing – Application on notice November 25, 2020 – Order payment into court & Order giving directions	Part of Scotland Real Estate Venture claim
13.	CV2100075370000 0	Roberge v. 2363823 Ontario Inc. et al	\$37,500.00	Civil – Contract Law	2363823 Ontario Inc. – Defendant Michael Bettiol – Defendant Yannick Roberge – Plaintiff	Active – Opened February 24, 2021 (No Activity)	Notice of Discontinuance served by plaintiff dated March 10, 2021.
14.	CV2100075839000 0	Ardila v. 2363823 Ontario Inc. et al	\$100,000.00	Civil – Contract Law	2363823 Ontario Inc. – Defendant Armand Ardila – Plaintiff Michael Bettiol – Defendant	Active – Opened April 19, 2021 (No Activity)	Similar action to #7
15.	CV2100077174000 0	2363823 Ontario Inc. o/a Mariman Homes and Michael Bettiol et al v. Olympia Trust Company	\$1,001.00	Civil – Mortgage or Charge	2363823 Ontario Inc. o/a Mariman Homes and Michael Bettiol – Appellant Michael Bettiol – Appellant Olympia Trust Company – Respondent	Active – Opened October 4, 2021 (No Activity)	Part of Scotland Real Estate Venture claim
16.	CV2200078486000 0	2363823 Ontario Inc. v. 2496582 Ontario Inc.	\$1,001.00	Personal property security	2363823 Ontario Inc. – Appellant 2496582 Ontario Inc. – Respondent	Active – Opened April 4, 2022 April 7, 2022 – Hearing – Application on notice April 19, 2022 – Hearing – Application on notice April 19, 2022 – Order for fulfillment of undertaking on examination	Part of Scotland Real Estate Venture claim
17.	CV2200079655000 0	Modny et al v. 2363823 Ontario Inc. et al	\$1,708,000.00	Civil – Contract Law	2363823 Ontario Inc. – Defendant 2496582 Ontario Inc. – Defendant 2576882 Ontario Inc. – Defendant Angela Bettiol – Defendant Michael Bettiol – Defendant David Modny – Plaintiff Karen Modny – Plaintiff	Active – Opened September 12, 2022 September 22, 2022 – Motion without notice September 22, 2022 – Order to issue certificate of pending litigation	Part of Scotland Real Estate Venture claim

Courts of Justice Act
SUPERIOR COURT OF JUSTICE

THE HONOURABLE)
MR. JUSTICE SKARICA) TUESDAY, THE 22nd
DAY OF SEPTEMBER, 2020

B E T W E E N:

SCOTLAND REAL ESTATE VENTURE LIMITED PARTNERSHIP

Applicant

- and -

**2363823 ONTARIO INC., 2094060 ONTARIO INC., 2496582 ONTARIO INC.,
OLYMPIA TRUST COMPANY, MICHAEL BETTIOL and ANGELA BETTIOL**

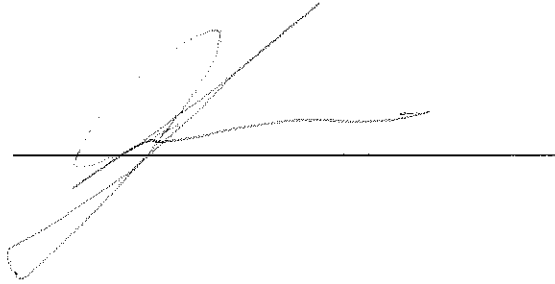
Respondents

JUDGMENT

On reading the Application Record dated March 14, 2019, the Application Record dated March 14, 2019, the Application Record dated August 15, 2019, the Application Record dated September 15, 2020, the Responding Application Record of 2363823 Ontario Inc. dated June 14, 2019, the Responding Application Record of 2496582 Ontario Inc. dated July 22, 2019, the Responding Motion Record of the Respondent 2496582 Ontario Inc. dated August 10, 2020, the Factum of the Applicant, the Brief of Authorities of the Applicant, the Factum of the Respondent 2496582 Ontario Inc., and the Brief of Authorities of the Respondent 2496582 Ontario Inc., and upon hearing the submissions of counsel for the Applicant and the Respondent 2496582 Ontario Inc.,

1. **IT IS ORDERED AND ADJUDGED** that the Respondent, 2496582 Ontario Inc., pay to the Applicant the sum of \$1,450,000.00 with prejudgment interest payable from March 1, 2019 in accordance with section 128 of the *Courts of Justice Act*.
2. **IT IS FURTHER ORDERED AND ADJUDGED** that the claims by the Applicant against the Respondents are dismissed.

3. **IT IS FURTHER ORDERED AND ADJUDGED** that costs involving all parties are to be determined at a future costs hearing with the presiding justice taking into account that the allegations of fraud made by the applicant were unfounded, and which fraud allegations were not established by the applicant in this hearing.

A handwritten signature in black ink is written over a solid horizontal line. The signature is stylized and appears to be a cursive or semi-cursive name, possibly starting with a large 'J' or 'K'. The line is positioned below the main body of the signature.

**SCOTLAND REAL ESTATE VENTURE LIMITED
PARTNERSHIP**

-and-

2363823 ONTARIO INC., et al.

Applicant

Respondents

Court File No. 19-68676

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**PROCEEDING COMMENCED AT
HAMILTON**

JUDGMENT

VITULLI LAW GROUP
69 Hughson Street North
Hamilton, Ontario
L8R 1G5

Tel: 905-528-8773
Fax: 905-528-6543

Ronald Allan (LSO#58517Q)
John Vitulli Jr. (LSO#46527E)
Lawyers for the Respondent,
2496582 Ontario Inc.

SEPARATOR PAGE

From: [Jason Simon](#)
To: [Mike Bettiol](#); [Lisa Evans](#); [Angela Bettiol](#)
Cc: [Cecil Hayes](#)
Subject: RE: York Estates - MZGI 452 Interest Invoice
Date: Friday, February 24, 2023 2:42:13 PM
Attachments: [image001.png](#)

Mike,

We've had further discussions internally to review the email from your counsel regarding Scotland. I'm afraid the email simply provides a description of the events and does not speak to the details of a resolution. The email concludes with "Mariman is exploring its options to fully resolve these matters."

As I've explained in the past, one of our primary concerns is with our guarantor, Mariman, and its exposure to potential enforcement proceedings resulting from the Scotland lender dispute. While we understand that there are substantial funds available via the signed APSs, to payout the 3 lenders, we've not seen anything to confirm there is a viable transaction that results in a resolution of the dispute and no enforcement against Mariman. Until we have the clarity on the path to resolution (steps, timeline, risk mitigation, etc.), or until the matter is fully resolved, it appears that we will not be able to complete another draw.

I've Cc'd Cecil as I think our next step will be a meeting or a call to discuss the path forward. I know you're away, but we could set up a zoom and have the discussion early next week.



Jason Simon CPA, CMA
Vice President, Business Development
T 519-497-0437
marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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From: Mike Bettiol <mikeb@marimanhomes.com>
Sent: February 24, 2023 11:17 AM
To: Lisa Evans <levans@marshallzehr.com>; Angela Bettiol <angie@marimanhomes.com>
Cc: MarshallZehr Accounting <accounting@marshallzehr.com>; Jason Simon <jsimon@marshallzehr.com>
Subject: RE: York Estates - MZGI 452 Interest Invoice

Hi Lisa,

I am counting on our draw to finally be processed by the end of day February 24, 2023, to make this payment.

From: Lisa Evans <levans@marshallzehr.com>
Sent: Friday, February 24, 2023 10:56 AM
To: Angela Bettiol <angie@marimanhomes.com>; Mike Bettiol <mikeb@marimanhomes.com>
Cc: MarshallZehr Accounting <accounting@marshallzehr.com>; Jason Simon <jsimon@marshallzehr.com>
Subject: RE: York Estates - MZGI 452 Interest Invoice

Hi Mike,

We have the payment for the interest set up as a PAD like last month, want to confirm with you the method of payment. Will you be wiring the payment instead?

If you have not sent the wire by March 1st we will proceed to PAD your account.

Please let us know by end of day Monday so we can ensure that the PAD is cancelled if you intend to send a wire.

Thank you,



Lisa Evans

Manager - Project Management

T 519 342 1000 **X** 243

C 519-580-4326

marshallzehr.com | [email](mailto:levans@marshallzehr.com)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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From: MarshallZehr Accounting <accounting@marshallzehr.com>
Sent: Friday, February 24, 2023 9:12 AM
To: Angela Bettiol <angie@marimanhomes.com>; Jason Simon <jsimon@marshallzehr.com>; Lisa Evans <levans@marshallzehr.com>
Subject: York Estates - MZGI 452 Interest Invoice

Good morning,

Please find attached the March 1, 2023 Interest Invoice.

Thank you.

CHANGE OF ADDRESS EFFECTIVE MARCH 7, 2022 - 412 Albert St., Suite 100 Waterloo, ON N2L 3V3



Vickie Sangrar

Manager - Accounting

T 519 342 1000 **X** 223

C 519 616 9400

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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SEPARATOR PAGE

From: [Mike Bettiol](#)
To: [Jason Simon](#); [Lisa Evans](#); [Brenner Smith](#)
Cc: [Angela Bettiol](#); [Mike Bettiol](#)
Subject: RE: York Estates: Letter of Direction
Date: Wednesday, February 8, 2023 9:00:08 AM
Attachments: [image001.png](#)
[Letter from Kuca March 25 2022.pdf](#)
[Minutes of Settlement Dec 6 2021 signed.pdf](#)

Good morning Jason,

Spoke to my lawyer again. This is the best we can get for now:

1. Letter from lawyer for Olympia Trust showing an outstanding amount as of last March. It would just be additional interest per diem owing from that date for new payout amount.
2. Minutes of settlement for the 3rd lender. This shows that a FIXED amount of \$1,450,000 has been agreed upon as per monies owing on their mortgage. Of which, \$200,000 has already been paid.
3. Lawyer advises that they cannot get a payout from the second lender until the next closing. Estimates approximately \$3,000,000 owing.

This totals approximately \$7,750,000 owing , with sales revenue coming in of approximately \$10,000,000.

Hope this works.

Mike

From: Jason Simon <jsimon@marshallzehr.com>
Sent: Monday, February 06, 2023 2:56 PM
To: Mike Bettiol <mikeb@marimanhomes.com>; Lisa Evans <levans@marshallzehr.com>; Brenner Smith <bsmith@marshallzehr.com>
Cc: Angela Bettiol <angela@marimanhomes.com>
Subject: RE: York Estates: Letter of Direction

Hi Mike,

Thanks for sending in that additional invoice this morning. Regarding the next draw, we had another discussion with our committee on the Scotland matter. While it's encouraging to hear that your lawyer is in communication with the lenders and they're cooperating, we will need to see this verified in writing. This would typically be done by requesting formal discharge statements from those lenders, but we are open to other suggestions. This would be the final 'piece of the puzzle' to provide comfort that there's an imminent resolution.

Lisa and I will give you a call this afternoon to check in if you're free for a few minutes.

MarshallZehr



Jason Simon CPA, CMA

Vice President, Business Development

T 519-497-0437

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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From: Mike Bettiol <mikeb@marimanhomes.com>

Sent: February 2, 2023 8:38 AM

To: Lisa Evans <levans@marshallzehr.com>; Brenner Smith <bsmith@marshallzehr.com>

Cc: Angela Bettiol <angela@marimanhomes.com>; Jason Simon <jsimon@marshallzehr.com>

Subject: RE: York Estates: Letter of Direction

Good morning Lisa,

Spoke to my lawyer and there is no 'in writing' official plan in place from each lender. However, he advises that all 3 lender's want to get paid, and we are at the stage of finally doing this with the upcoming closings.

Of the 5 closings that need to happen (4 homes and the 12 lot sale), the first home is set to close next week. He says he has spoken to lawyer's of all 3 lender's and each are cooperating.

That's all I can offer at this time.

Mike

From: Lisa Evans <levans@marshallzehr.com>

Sent: Wednesday, February 01, 2023 12:49 PM

To: Mike Bettiol <mikeb@marimanhomes.com>; Brenner Smith <bsmith@marshallzehr.com>

Cc: Angela Bettiol <angela@marimanhomes.com>; Jason Simon <jsimon@marshallzehr.com>

Subject: RE: York Estates: Letter of Direction

Hi Mike,

Thank you for providing all of the documentation thus far. I believe we have what we need from the sale aspect of the exit plan. However, the part that we need to get more supporting documentation is with respects to the mortgagees agreeing to discharge the mortgage based on the proposed terms as you described.

Since the 2nd and 3rd mortgagees were the ones who caused the delay and interruption we want to ensure that they are in full agreement with the terms of the exit strategy and that no further legal action can take place.

There may be some settlement agreement or letters from there lawyers that can confirm this.

If you want to discuss further please give me a call.

Thanks.



Lisa Evans

Manager - Project Management

T 519 342 1000 **X** 243

C 519-580-4326

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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From: Mike Bettiol <mikeb@marimanhomes.com>

Sent: Monday, January 30, 2023 11:05 AM

To: Brenner Smith <bsmith@marshallzehr.com>

Cc: Angela Bettiol <angela@marimanhomes.com>; Jason Simon <jsimon@marshallzehr.com>; Lisa Evans <levans@marshallzehr.com>

Subject: RE: York Estates: Letter of Direction

See attached

From: Brenner Smith <bsmith@marshallzehr.com>

Sent: Monday, January 30, 2023 10:51 AM

To: Mike Bettiol <mikeb@marimanhomes.com>

Cc: Angela Bettiol <angela@marimanhomes.com>; Jason Simon <jsimon@marshallzehr.com>; Lisa Evans <levans@marshallzehr.com>

Subject: York Estates: Letter of Direction

Good Morning Mike,

A small side note to our ongoing work – our accounting team has asked for to get a **letter of direction** which will clarify the relationship between Mariman and the Project Entity (which is technically the “Borrower”). Essentially

this states that Mariman handles the banking for 2557386 Ontario Inc. (i.e. the York Estates Project)

I've attached a Letter of Direction for your review and signature – **could you return this today?**

Kindest,
Brenner

MarshallZehr



Brenner Smith

Account Manager, Business Development

T 519 342 1000 **X** 804

C 519 240 9806

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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Philip A. Kuca (P.C.) B.A. (Hons.), LL.B. Partner
Girolamo (Gerry) Falletta (P.C.) B.A., LL.B. Partner
Julian R. G. Thomas B.Sc., B.A., LL.B., J.D.
Nilo Grabar (P.C.) P1

25 Main St. W., Suite 1702
Hamilton, Ontario L8P 1H1
Telephone (905) 526-0736
Fax (905) 521-2772

WITHOUT PREJUDICE

March 25th, 2022

Delivered Via Email: mstanton@shlaw.ca

ATTN.: Michael B. Stanton
Scarfone Hawkins LLP
One James Street South, 14th Floor
Hamilton, Ontario
L8N 3P9

Dear Sir:

**Re: Olympia Trust Company and 2363823 Ontario Inc. (as guaranteed by BETTIOL,
Michael) - Scotland Development
Mortgage Enforcement Proceedings
Our File No.: 21-0382
Your File No.: 19L0086**

Our client has agreed to hold on executing / activating the listings of the properties, providing yours agrees to the following terms and conditions (NOTE: what follows is a modification to the terms previously forwarded and dated March.23.2022):

- 1) Your client agrees, without dispute, recourse or set-off, the amounts owing to Olympia Trust Company, which are as follows:
 - a. Principal amount = \$2,686,733.00;
 - b. Outstanding Interest (January 1, 2019 to March 14, 2022) = \$706,794.75 + continued accruing interest;
 - c. Renewal Fees (2% of principal amount x 4 (for years 2018, 2019, 2020 and 2021)) = \$214,938.64;
 - d. Reimbursement for appraisals (invoices attached) = \$12,317.00;
 - e. Reimbursement for retainer paid to Centennial Law Group LLP re. litigation = \$5,000.00;
 - f. Reimbursement for legal fees incurred re. litigation = \$20,877.50; and

- g. Legal fees incurred to date re. enforcement proceedings: \$18,050.00.
- 2) Our client requires yours to provide our firm with the sum of One Hundred Thousand (\$100,000.00) Dollars by way of certified cheque/bank draft or wire by close of business on **Monday, March 28, 2022**. This sum shall be accepted on a complete without prejudice basis of our client's rights to continue with its enforcement proceedings, subject further to the terms hereof. Our trust account particulars are attached for the purposes of making payment to our firm.
 - 3) The amount paid as per #2 above shall be applied towards those amounts listed at paragraph 1(c) to (g) (and not necessarily in such order).
 - 4) Providing that your client agrees to the amounts owing as per #1 and payment is made as per #2, our client will agree to hold on listing the properties for sale until the close of business on the 21th day of April, 2022 provided further that any interest owing up to and including May.1.2022 is paid on or before the 21st day of April, 2022.

If the mortgage interest is brought up-to-date, then enforcement proceedings shall be completely withdrawn/expunged. We also understand that payment of the said outstanding interest is to emanate from the sale of two (2) of the completed dwellings (being 50 and 51 Augustus Street, Scotland, Ontario). We expressed our concern with your client obtaining the necessary discharges however we will defer to you and your client to make this happen, whether through the cooperation of the holders of any subsequent encumbrances or by way of court order.

We confirm that partial discharges in exchange for all outstanding interest if such funds are emanating from sale proceeds 50 and 51 Augustus Street, Scotland, Ontario will be available. If funds are emanating from a different source and not from the sale of 50 and 51 Augustus Street, Scotland, Ontario, then the disbursement of such sale proceeds can be canvassed at such time.

- 5) In the event that payment as per #4 above is not made to our firm, in trust, on or before the 21st day of April, 2022, then the amounts noted above at #1 shall be deemed as due and owing by your client, and accepted as such without dispute, recourse or set-off. Our client shall then be permitted to list the properties for sale and in so doing, your client shall waive it's right to bring any application/court proceeding for relief directly relating to the Power of Sale. That said, your client shall still be within its rights to redeem under the subject charge/mortgage, subject to paying all amounts as noted at #1 above (subject to any further accrual).
- 6) If your client is successful in paying those amounts as per #4 above, then our client will agree to defer payments of interest for a period of Three (3) months thereafter. As all interest would be paid up to and including the 1st day of May, 2022, the next accruing three (3) months interest would be payable on or before the 1st day of August, 2022 provided:
 - a. If a home sells and the funds are emanating from such sale, then all of the prior three (3) months' interest (or such amount of interest outstanding as at such date, adjusted to the next payment date) shall be paid; or

- b. If a home does not sell and the funds are emanating from your client, then one-half (1/2) of the accrued interest for the prior three (3) months shall be paid.

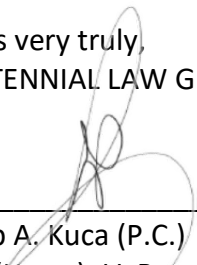
For greater clarity, the payment of interest as per 6(a) above shall not in and of itself be the only sum accepted in exchange for a partial discharge following any sale. Such amounts to be discussed/determined at a later date. This shall apply to any such subject to the development in question.

- 7) As your client is also aware, the mortgage matures on the 1st day of October, 2022. As a condition precedent of any renewal, your client shall be required, on or before the 1st day of October, 2022, to pay any and all amounts outstanding as per #1 above (subject to any further accrual). If paid, a renewal may be considered and potentially negotiated at such time.

I believe this reflects the terms as we had discussed. Thanks in advance and I look forward to hearing from you.

Yours very truly,
CENTENNIAL LAW GROUP LLP

Per.:



Philip A. Kuca (P.C.) | Partner
B.A. (Hons.), LL.B.
/pk

SEPARATOR PAGE

From: [Jason Simon](#)
To: [Lisa Evans](#)
Cc: [Cecil Hayes](#)
Subject: FW: 2363823 Ontario Inc. - 19L0086
Date: Wednesday, February 22, 2023 7:53:35 PM
Attachments: [image001.png](#)
[image002.png](#)

FYI – from Mike’s counsel



Jason Simon CPA, CMA
Vice President, Business Development
T 519-497-0437
marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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From: Jennifer Vrancic <jvrancic@shlaw.ca>
Sent: February 22, 2023 12:16 PM
To: Jason Simon <jsimon@marshallzehr.com>
Cc: Mike Stanton <mstanton@shlaw.ca>; Jenna Lea <jlea@shlaw.ca>; Noelle Benallick <nbenallick@shlaw.ca>
Subject: 2363823 Ontario Inc. - 19L0086

You don't often get email from jvrancic@shlaw.ca. [Learn why this is important](#)

Mr. Simon,

We are litigation counsel to 2363823 Ontario Inc. (“Mariman”).

We write to you at the request of its principal, Mike Bettiol, regarding ongoing litigation Mariman has been involved in with respect to a development in Scotland. This project involves 16 lots, 4 of which are constructed and 12 of which are undeveloped.

The Scotland litigation arises out of a dispute between the mortgagees, as well as disputes between Mariman and the mortgagees. These are unique circumstances due to the unreasonable conduct of the mortgagees, and has no bearing on Mariman’s financial stability or capability as a builder.

The mortgagees are Olympia Trust Company (“Olympia”), 2496582 Ontario Inc. (“249”) and Scotland Real Estate Venture Limited Partnership (“Scotland”).

The litigation arose when Scotland commenced an application against Mariman and

the other lenders. In September 2020, a partial hearing of the application by the court decided the issue of the enforceability of a settlement agreement between Scotland and 249. The court found in favour of Scotland that the settlement agreement was valid and enforceable. 249 had attempted to renege from the settlement agreement.

The claims against Mariman were dismissed.

The application was appealed and, on the eve of the appeal, the mortgagees and Mariman entered into Minutes of Settlement, which should have resolved all outstanding issues between them.

Once again, however, 249 refused to comply with its obligations under a settlement agreement.

For 2 years, 249 has refused to allow the sale of the completed properties, which would allow Mariman to payout the mortgages on the Scotland Project.

Olympia is now selling the 12 undeveloped lot under power of sale. Although there is an Agreement of Purchase and Sale for \$7,000,000, our understanding is that the buyer refuses to close until matters are resolved between all parties.

Mariman is exploring its options to fully resolve these matters.

We trust the above alleviates any concerns.

Yours very truly,

Jennifer Vrancic | Associate



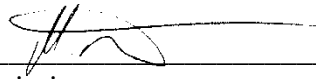
One James Street South, 14th Floor | Hamilton, Ontario L8P 4R5

☎: 905.523.1333 ext. 267 | 📄: 905.523.5878 | ✉: jvrancic@shlaw.ca

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WARNING: From time to time, our spam filters may eliminate legitimate emails from clients. If your email contains important instructions, please ensure that we acknowledge receipt of those instructions.

THIS IS EXHIBIT "S" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

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

A Commissioner, etc.

UNDERTAKING RE OUTSTANDING ITEMS

TO: MARSHALLZEHR GROUP INC.

AND TO: CHAITONS LLP, their solicitors herein

RE: MarshallZehr Group Inc. (the "Lender") loan (the "Loan") to 2557386 Ontario Inc. (the "Borrower"), secured over the lands and premises municipally known as 30 Front Street, Haldimand, Ontario and legally described in PIN 38148-0128 (LT), as guaranteed by 2363823 Ontario Inc. (the "Corporate Guarantor") and Michael Bettiol (the "Personal Guarantor") pursuant to a commitment letter dated as of June 23, 2022

AND RE: MZGI No. 452

DATE: June 30, 2022

In consideration of and notwithstanding the closing of the captioned transaction, the undersigned hereby jointly and severally undertake to deliver to the Lender, within ninety (90) days immediately following the date hereof, the following items (collectively, the "**Outstanding Deliverables**"):

1. copies of the 2020 and 2021 notice to reader financial statements for the Borrower, prepared by external accountants acceptable to the Lender, in its sole discretion;
2. copies the 2019 and 2020 notices of assessment and tax returns for the Borrower together with evidence, satisfactory to the Lender, in its sole discretion, that all taxes payable by the Borrower thereunder have been paid to date;
3. copies of the 2021 notice to reader financial statements for the Corporate Guarantor, prepared by external accountants acceptable to the Lender, in its sole discretion;
4. copies the 2019 and 2020 notices of assessment for the Corporate Guarantor together with evidence, satisfactory to the Lender, in its sole discretion, that all taxes payable by the Corporate Guarantor thereunder have been paid to date; and
5. a copy of the 2021 notice of assessment for the Personal Guarantor.

The undersigned hereby further acknowledge and agree that the failure to provide the Outstanding Deliverables prior to the applicable outside date therefor shall be deemed to be an event of default under the Loan, entitling the Lender to exercise any of its rights and remedies under the Loan and the security documents delivered by each of the undersigned in connection therewith, at law, or otherwise.


This Undertaking shall be governed by the laws of the Province of Ontario and shall enure and be binding upon each of the undersigned's respective heirs, successors and assigns, as applicable

This Undertaking may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[remainder of this page intentionally left blank]


DATED as of the date first written above.

2557386 ONTARIO INC.

Per: 
Name: Michael Bettiol
Title: President


I have authority to bind the Corporation.

2363823 ONTARIO INC.

Per: 
Name: Angela Bettiol
Title: President

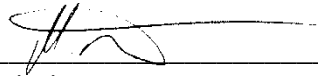
I have authority to bind the Corporation.

Witness:


Name: Michael Luppino

) 
)
)
) Michael Bettiol

THIS IS EXHIBIT "T" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be a stylized name, positioned above a horizontal line.

A Commissioner, etc.

From: [Dawn Wise](#)
To: [Mike Bettiol](#)
Cc: [Lisa Evans](#); [Jason Simon](#); [Brenner Smith](#)
Subject: York Estates MZGI 452
Attachments: [York Estates MZGI 452 - Q4 Compliance Certificate.docx](#)
[Undertaking re Outstanding Items.pdf](#)

Good morning,

Please provide the following required compliance:

1. Per the attached Undertaking the only items that remain outstanding are:
 - a. 2557386 Ontario Inc.
 - i. 2020 NTR year end financials – required per the Undertaking
 - ii. 2021 NTR year end financials – required per the Undertaking
2. 2557386 Ontario Inc. 2021 corporate NOA – was due by August 31st, 2022
3. 2363823 Ontario Inc.(o/a Mariman Homes) 2021 corporate NOA to include proof of payment if taxes outstanding – was due by August 31st, 2022
4. July to December bank statements for Mariman Homes to include copies of cleared cheques
5. Q4 Quarterly Compliance Certificate for Q4, QE December 31st, 2022 (attached for completion) – due by January 31st
6. 2023 Interim Property Tax bill as soon as available
7. Annual PNW to include supporting documentation is due before the end of February

Regards,

***Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.***



Dawn Wise

Loan Compliance Manager

T 519 342 1000 **X** 235

C 226 808 5892

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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From: Dawn Wise

Sent: October 14, 2022 2:35 PM

To: Mike Bettiol <mikeb@marimanhomes.com>

Cc: Lisa Evans <levans@marshallzehr.com>; Jason Simon <jsimon@marshallzehr.com>; Brenner Smith <bsmith@marshallzehr.com>

Subject: York Estates MZGI 452

Hello Mike,

Thank you for the documentation provided. I have updated the list of items that remain outstanding. Please see my comments in **blue**.

Undertaking items:

1. **2557386 Ontario Inc.**

- a. 2021 NTR year end financials
- b. 2020 NTR year end financials
- c. 2020 corporate NOA to include proof of payment if taxes outstanding – **T2 received, you commented NOA's were not provided, can you login in to CRA business account to print a statement showing your account history and \$0 balance for both 2019 and 2020?**
- d. 2019 corporate NOA to include proof of payment if taxes outstanding

2. **2363823 Ontario Inc.(o/a Mariman Homes)**

- a. 2021 NTR year end financials
- b. ~~2020 corporate NOA to include proof of payment if taxes outstanding – received~~
- c. ~~2019 corporate NOA to include proof of payment if taxes outstanding – received~~

3. **Michael Bettiol**

- a. ~~2021 personal NOA to include proof of payment if taxes outstanding – received, thank you~~

Please provide the following required ongoing compliance items:

1. July, August, and September bank statements for Mariman Homes to include copies of cleared cheques
2. Q2 Quarterly Compliance Certificate (attached for completion) for Q2, QE June 30th, 2022 – if you require guidance, please ask [@Lisa Evans](#)
3. 2022 Final Property Tax bill for 30 Front Street, Roll#2810-152-003-12600-0000, to include proof of payment for August and October
4. Copy of the insurance policy #5012235D6

Happy Friday!

Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.

Please update our mailing address.



Dawn Wise

Loan Compliance Manager

T 519 342 1000 **X** 235

C 226 808 5892

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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From: Mike Bettiol <mikeb@marimanhomes.com>

Sent: October 14, 2022 12:33 PM

To: Dawn Wise <dwise@marshallzehr.com>

Cc: Lisa Evans <levans@marshallzehr.com>; Mike Bettiol <mikeb@marimanhomes.com>

Subject: RE: York Estates MZGI 452

Hey Dawn:

Here is what we could find.

As far as NOA's for 2557386 Ontario, we filed zero returns last winter because we never use this corporation, and we have never received the NOA's for them.

Mike

From: Dawn Wise <dwise@marshallzehr.com>

Sent: Tuesday, October 4, 2022 10:31 AM

To: Mike Bettiol <mikeb@marimanhomes.com>

Cc: Lisa Evans <levans@marshallzehr.com>

Subject: York Estates MZGI 452

Importance: High

Hello Mike,

I have followed up with both Lisa and Brenner and they do not appear to have the documents I previously requested.

Could you please re-send the following items and going forward ensure to cc me on emails when

providing compliance documentation, that way we can avoid duplicate emails.

Please provide the following documentation, per the attached Undertaking were due by September 28th:

1. **2557386 Ontario Inc.**

- a. 2021 NTR year end financials
- b. 2020 NTR year end financials
- c. 2020 corporate NOA to include proof of payment if taxes outstanding
- d. 2019 corporate NOA to include proof of payment if taxes outstanding

2. **2363823 Ontario Inc.(o/a Mariman Homes)**

- a. 2021 NTR year end financials
- b. 2020 corporate NOA to include proof of payment if taxes outstanding
- c. 2019 corporate NOA to include proof of payment if taxes outstanding

3. **Michael Bettiol**

- a. ~~2021 personal NOA to include proof of payment if taxes outstanding~~ – received, thank you

Please provide the following required compliance items:

- 1. July, August, and September bank statements for Mariman Homes to include copies of cleared cheques
- 2. Q2 Quarterly Compliance Certificate (attached for completion) for Q2, QE June 30th, 2022 – if you require guidance, please ask [@Lisa Evans](#)
- 3. 2022 Final Property Tax bill for 30 Front Street, Roll#2810-152-003-12600-0000, to include proof of payment for August's required installment
- 4. Copy of the insurance policy #5012235D6

Regards,

***Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.***



Dawn Wise

Loan Compliance Manager

T 519 342 1000 X 235

C 226 808 5892

marshallzehr.com | [email](#)

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From: Mike Bettiol <mikeb@marimanhomes.com>

Sent: August 3, 2022 9:51 AM

To: Dawn Wise <dwise@marshallzehr.com>

Subject: RE: York Estates MZGI 452

Will do. Thanks Dawn!!!!

From: Dawn Wise <dwise@marshallzehr.com>

Sent: Wednesday, August 03, 2022 9:51 AM

To: Mike Bettiol <mikeb@marimanhomes.com>

Subject: York Estates MZGI 452

Mike,

I am sorry to hear that. Please find attached the supporting documentation for the property tax arrears paid on closing.

If you have the 2022 Final Property tax bill, I would appreciate it now. If not, if you could please provide by the end of August with supporting documentation showing the August 31st installment paid, that is fine as well.

Have a great day.

Regards,

***Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.***



Dawn Wise

Loan Compliance Manager

T 519 342 1000 X 235

C 226 808 5892

marshallzehr.com | [email](#)

Agent

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From: Mike Bettiol <mikeb@marimanhomes.com>

Sent: August 3, 2022 9:42 AM

To: Dawn Wise <dwise@marshallzehr.com>; angie@marimanhomes.com

Cc: Lisa Evans <levans@marshallzehr.com>

Subject: RE: York Estates MZGI 452

Hi Dawn,

Trust me, I've been more shocked this week with other problems on other projects. LOL

See below:

From: Dawn Wise <dwise@marshallzehr.com>

Sent: Wednesday, August 03, 2022 9:36 AM

To: Mike Bettiol <mikeb@marimanhomes.com>; angie@marimanhomes.com

Cc: Lisa Evans <levans@marshallzehr.com>

Subject: RE: York Estates MZGI 452

Good morning Mike,

Apologies for shocking you. All documents listed below that you have commented you have already sent are not in your file, and is why I requested them. Both Brenner and Lisa are off on vacation this week, I will discuss with them once they return, perhaps the documents I require are sitting in their emails. I will have to get back to you regarding those items.

I did not see the June bank statement for Mariman Homes – 2363823 Ontario Inc., if you could please forward it would be appreciated. – **see attached**

Also, you sent a Notice of Tax Arrears. I require the Final Property tax bill. Per the website the installment due dates are August 31st and October 31st. Please provide the Final Tax bill once received. Regarding the property tax arrears, the \$73.74 outstanding was paid directly on your behalf via legal counsel on initial advance, once I have supporting documentation, I will provide you a copy for your records. – **just so I understand, this one is good for now?**

Regarding the quarterly compliance certificate, I will have Lisa reach out on her return to discuss

how to correctly complete the appendix. – thank you

You funding is scheduled for today.

Happy to discuss further.

Regards,

**Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.**



Dawn Wise

Loan Compliance Manager

T 519 342 1000 **X** 235

C 226 808 5892

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From: Mike Bettiol <mikeb@marimanhomes.com>

Sent: August 3, 2022 8:39 AM

To: Dawn Wise <dwise@marshallzehr.com>; angie@marimanhomes.com

Cc: Lisa Evans <levans@marshallzehr.com>; Mike Bettiol <mikeb@marimanhomes.com>

Subject: RE: York Estates MZGI 452

You don't often get email from mikeb@marimanhomes.com. [Learn why this is important](#)

Got to admit, I was a bit shocked by your email. I was told last week by both Brenner and Lisa that all I needed to send was our June bank statement for 236.

As far as the other items listed below, please see my response to each in red.

Lastly, I was under the impression that any docs like the reliance letter you sent were to be completed by Martin. I don't know the answers to half of the items requested.

I was counting on the draw being sent yesterday, so I hope that we can get this cleared up and moving forward today.

Mike

From: Dawn Wise <dwise@marshallzehr.com>
Sent: Tuesday, August 02, 2022 2:17 PM
To: Mike Bettiol <mikeb@marimanhomes.com>; angie@marimanhomes.com
Cc: Lisa Evans <levans@marshallzehr.com>
Subject: York Estates MZGI 452

Hello,

My name is Dawn and I will be following up on required loan compliance items as outlined in the Commitment Letter related to your project for the life of your MZ loan.

Please provide the following required compliance items:

1. June Bank statement for both Mariman Homes and 2557386 Ontario Inc., to include copies of cleared cheques – **255 June statement attached**
2. Q2 Quarterly Compliance Certificate (attached for completion) for Q2, QE June 30th 2022 – **see above comment**
3. 2022 Final Property Tax bill for 30 Front Street, Roll#2810-152-003-12600-0000, to include proof of payment for any required installments to date – **see attached**
4. Copy of the insurance policy #5012235D6 – **already sent**

Please note that the following documentation is required by September 28th per the attached Undertaking:

1. **2557386 Ontario Inc.**
 - a. 2021 NTR year end financials – **already sent**
 - b. 2020 NTR year end financials – **already sent**
 - c. 2020 corporate NOA to include proof of payment if taxes outstanding – **already sent**
 - d. 2019 corporate NOA to include proof of payment if taxes outstanding – **already sent**
2. **2363823 Ontario Inc.(o/a Mariman Homes) –**
 - a. 2021 NTR year end financials – **already sent**
 - b. 2020 corporate NOA to include proof of payment if taxes outstanding – **already sent**
 - c. 2019 corporate NOA to include proof of payment if taxes outstanding – **already sent**
3. **Michael Bettiol**
 - a. 2021 personal NOA to include proof of payment if taxes outstanding – **see attached**

Regards,

***Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.***



Dawn Wise

Loan Compliance Manager

T 519 342 1000 **X** 235

C 226 808 5892

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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MARSHALLZEHR GROUP INC.
Quarterly Compliance Certificate

COMPLIANCE CERTIFICATE**[Date]**2557386 Ontario Inc.
558 Upper Gage Ave. #363
Hamilton, ON L8V 4J6MarshallZehr Group Inc.
100-412 Albert St.
Waterloo ON N2L 3V3
Attention: Dawn Wise**RE: Compliance Certificate for York Estates MZGI 452 as of Q4 – December 31st, 2022**

The undersigned, **[Borrower]**, refers to the Commitment letter dated as of the **[Day]** day of **[Month] [Year]** (as amended, supplemented, replaced or restated from time to time, the terms defined therein being used herein as therein defined) among the Obligor and the Lender party thereto.

I/we, **[Officer #1]** of **2557386 Ontario Inc.** (the "Borrower"), being respectively the **[Officer #1 Title]** of **2557386 Ontario Inc.** in my capacity as an officer of **2557386 Ontario Inc.** and not in my personal capacity, do hereby certify that:

1. I am the duly appointed **[Officer #1 Title]** of **2557386 Ontario Inc.** and as such I am providing this certificate for and on behalf of **2557386 Ontario Inc.** pursuant to the Commitment.
2. I am familiar with and have examined the provisions of the Commitment.
3. The financial statements most recently delivered pursuant to Article D.1 of the Commitment present fairly the financial position, results of operations and changes in financial position of the persons specified therein in accordance with generally accepted accounting principles (subject to normal year-end adjustments and the absence of any required notes to such financial statements).
4. As of the date hereof, **2557386 Ontario Inc.** is not in breach of any of the covenants contained in Articles D and F of the Commitment, and no default or Event of Default has occurred and is continuing as at the date hereof.

5. The following amounts, and financial covenants outlined in Article D.2 of the Commitment Letter have been populated and calculated below as at **Quarter End Date** (the "Fiscal Period"):

Project Loan-to-Value (LTV) Less than [LTV Limit]%		
Loan (as at [Quarter End Date]):		
Loan Advanced to Date	\$	
Plus: Interest Earned to Date	\$	
Plus: Approved Senior Debt/Senior Permitted Encumbrances	\$	
Less: Principal Repayments to Date	\$	
Less: Interest Paid to Date	\$	
Total Loan Outstanding:	\$	C
Value (as at [Quarter End Date]):		
Estimated Value of Project on Completion (Appraised Value)	\$	
Less: Value of Units Discharged to Date	\$	
Less: Estimated Cost to Complete Project (incl. Lien Holdback)	\$	B
Less: Builder's Margin (see Note 1)	\$	
Estimated Current Project Value:	\$	D
LTV:		%
Note 1:		
'As Complete' Appraised Value or Other (e.g. Contracted Sales Revenue)	\$	
Estimated Budget per Quantity Surveyor Report	\$	
Profitability	\$	
Builder's Margin % (Profit/Estimated Budget)		%
Builder's Margin \$ (Margin % x Cost to Complete)	\$	

Project Loan-to-Cost (LTC) Less than [LTC Limit]%		
Loan (as at [Quarter End Date]):		
Loan Advanced to Date	\$	
Plus: Approved Senior Debt/Senior Permitted Encumbrances	\$	
Total Loan:	\$	F
Total Net Project Costs-To-Date (net of Lien Holdback):	\$	A
LTC:		%

Summary

Total Net Project Costs-to-Date (net of Lien Holdback)	\$	A
Estimated Cost to Complete Project (incl. Lien Holdback)	\$	B
Net Advanced Loan (incl. Accrued Interest)	\$	C
Estimated Current Project Value	\$	D
Maximum Loan Amount (per Article A.6 of Commitment)	\$	E
Total Loan Principal Advanced	\$	F
Future Borrower's Equity/Deferred Costs/Future Purchaser Deposits	\$	G
Purchaser Deposits Used to Date	\$	H
Last "As Is" Appraised Value as at Appraisal Date	\$	

Financial Covenants

	Amount	
Project Net Equity (A – F – H)	\$	
Maximum Borrowing (E – B + G)	\$	
Estimated Loan-to-Value Ratio		%
Estimated Loan-to-Cost Ratio		%

 Dated this **Day** day of **Month** **Year**.

2557386 Ontario Inc.

 Per: _____
 Name:
 Title:
 I/we have authority to bind the Corporation

UNDERTAKING RE OUTSTANDING ITEMS

TO: MARSHALLZEHR GROUP INC.





AND TO: CHAITONS LLP, their solicitors herein

RE: MarshallZehr Group Inc. (the "Lender") loan (the "Loan") to 2557386 Ontario Inc. (the "Borrower"), secured over the lands and premises municipally known as 30 Front Street, Haldimand, Ontario and legally described in PIN 38148-0128 (LT), as guaranteed by 2363823 Ontario Inc. (the "Corporate Guarantor") and Michael Bettiol (the "Personal Guarantor") pursuant to a commitment letter dated as of June 23, 2022

AND RE: MZGI No. 452

DATE: June 30, 2022
{{Month}} {{day}}, 2022

In consideration of and notwithstanding the closing of the captioned transaction, the undersigned hereby jointly and severally undertake to deliver to the Lender, within ninety (90) days immediately following the date hereof, the following items (collectively, the "Outstanding Deliverables"):

1. copies of the 2020 and 2021 notice to reader financial statements for the Borrower, prepared by external accountants acceptable to the Lender, in its sole discretion;
2. copies the 2019 and 2020 notices of assessment and tax returns for the Borrower together with evidence, satisfactory to the Lender, in its sole discretion, that all taxes payable by the Borrower thereunder have been paid to date; 
3. copies of the 2021 notice to reader financial statements for the Corporate Guarantor, prepared by external accountants acceptable to the Lender, in its sole discretion; 
4. copies the 2019 and 2020 notices of assessment for the Corporate Guarantor together with evidence, satisfactory to the Lender, in its sole discretion, that all taxes payable by the Corporate Guarantor thereunder have been paid to date; and 
5. a copy of the 2021 notice of assessment for the Personal Guarantor. 

The undersigned hereby further acknowledge and agree that the failure to provide the Outstanding Deliverables prior to the applicable outside date therefor shall be deemed to be an event of default under the Loan, entitling the Lender to exercise any of its rights and remedies under the Loan and the security documents delivered by each of the undersigned in connection therewith, at law, or otherwise.


This Undertaking shall be governed by the laws of the Province of Ontario and shall enure and be binding upon each of the undersigned's respective heirs, successors and assigns, as applicable

This Undertaking may be signed in counterparts and by electronic transmission, each of which shall for all purposes be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

[remainder of this page intentionally left blank]


DATED as of the date first written above.

2557386 ONTARIO INC.

Per: 
Name: Michael Bettiol
Title: President


I have authority to bind the Corporation.

2363823 ONTARIO INC.

Per: 
Name: Angela Bettiol
Title: President

I have authority to bind the Corporation.

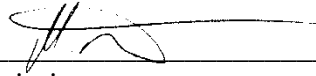
Witness:


Name: Michael Luppino

) 
)
)
) Michael Bettiol

SEPARATOR PAGE

THIS IS EXHIBIT "U" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be "J. R. [unclear]", written over a horizontal line.

A Commissioner, etc.

From: [Mike Bettiol](#)
To: [Dawn Wise](#)
Cc: [Lisa Evans](#); [Mike Bettiol](#)
Subject: RE: York Estates MZGI 452
Date: Friday, October 14, 2022 12:33:39 PM
Attachments: [2363823 - NOA - Year 2019.pdf](#)
[2363823 - NOA - Year 2020.pdf](#)
[2557386 Ontario Inc - 2020 year end.pdf](#)

Hey Dawn:

Here is what we could find.

As far as NOA's for 2557386 Ontario, we filed zero returns last winter because we never use this corporation, and we have never received the NOA's for them.

Mike

From: Dawn Wise <dwise@marshallzehr.com>
Sent: Tuesday, October 4, 2022 10:31 AM
To: Mike Bettiol <mikeb@marimanhomes.com>
Cc: Lisa Evans <levans@marshallzehr.com>
Subject: York Estates MZGI 452
Importance: High

Hello Mike,

I have followed up with both Lisa and Brenner and they do not appear to have the documents I previously requested.

Could you please re-send the following items and going forward ensure to cc me on emails when providing compliance documentation, that way we can avoid duplicate emails.

Please provide the following documentation, per the attached Undertaking were due by September 28th:

1. **2557386 Ontario Inc.**

- a. 2021 NTR year end financials
- b. 2020 NTR year end financials
- c. 2020 corporate NOA to include proof of payment if taxes outstanding
- d. 2019 corporate NOA to include proof of payment if taxes outstanding

2. **2363823 Ontario Inc.(o/a Mariman Homes)**

- a. 2021 NTR year end financials
- b. 2020 corporate NOA to include proof of payment if taxes outstanding
- c. 2019 corporate NOA to include proof of payment if taxes outstanding

3. **Michael Bettiol**

- a. ~~2021 personal NOA to include proof of payment if taxes outstanding~~ – received, thank you

Please provide the following required compliance items:

1. July, August, and September bank statements for Mariman Homes to include copies of cleared cheques
2. Q2 Quarterly Compliance Certificate (attached for completion) for Q2, QE June 30th, 2022 – if you require guidance, please ask [@Lisa Evans](#)
3. 2022 Final Property Tax bill for 30 Front Street, Roll#2810-152-003-12600-0000, to include proof of payment for August's required installment
4. Copy of the insurance policy #5012235D6

Regards,

***Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.***



Dawn Wise

Loan Compliance Manager

T 519 342 1000 **X** 235

C 226 808 5892

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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From: Mike Bettiol <mikeb@marimanhomes.com>

Sent: August 3, 2022 9:51 AM

To: Dawn Wise <dwise@marshallzehr.com>

Subject: RE: York Estates MZGI 452

Will do. Thanks Dawn!!!!

From: Dawn Wise <dwise@marshallzehr.com>

Sent: Wednesday, August 03, 2022 9:51 AM

To: Mike Bettiol <mikeb@marimanhomes.com>

Subject: York Estates MZGI 452

Mike,

I am sorry to hear that. Please find attached the supporting documentation for the property tax arrears paid on closing.

If you have the 2022 Final Property tax bill, I would appreciate it now. If not, if you could please provide by the end of August with supporting documentation showing the August 31st installment paid, that is fine as well.

Have a great day.

Regards,

***Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.***



Dawn Wise

Loan Compliance Manager

T 519 342 1000 **X** 235

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From: Mike Bettiol <mikeb@marimanhomes.com>

Sent: August 3, 2022 9:42 AM

To: Dawn Wise <dwise@marshallzehr.com>; angie@marimanhomes.com

Cc: Lisa Evans <levans@marshallzehr.com>

Subject: RE: York Estates MZGI 452

Hi Dawn,

Trust me, I've been more shocked this week with other problems on other projects. LOL

See below:

From: Dawn Wise <dwise@marshallzehr.com>
Sent: Wednesday, August 03, 2022 9:36 AM
To: Mike Bettiol <mikeb@marimanhomes.com>; angie@marimanhomes.com
Cc: Lisa Evans <levans@marshallzehr.com>
Subject: RE: York Estates MZGI 452

Good morning Mike,

Apologies for shocking you. All documents listed below that you have commented you have already sent are not in your file, and is why I requested them. Both Brenner and Lisa are off on vacation this week, I will discuss with them once they return, perhaps the documents I require are sitting in their emails. I will have to get back to you regarding those items.

I did not see the June bank statement for Mariman Homes – 2363823 Ontario Inc., if you could please forward it would be appreciated. – **see attached**

Also, you sent a Notice of Tax Arrears. I require the Final Property tax bill. Per the website the installment due dates are August 31st and October 31st. Please provide the Final Tax bill once received. Regarding the property tax arrears, the \$73.74 outstanding was paid directly on your behalf via legal counsel on initial advance, once I have supporting documentation, I will provide you a copy for your records. – **just so I understand, this one is good for now?**

Regarding the quarterly compliance certificate, I will have Lisa reach out on her return to discuss how to correctly complete the appendix. – **thank you**

You funding is scheduled for today.

Happy to discuss further.

Regards,

***Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.***



Dawn Wise

Loan Compliance Manager

T 519 342 1000 **X** 235

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marshallzehr.com | [email](#)

Agent

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From: Mike Bettiol <mikeb@marimanhomes.com>

Sent: August 3, 2022 8:39 AM

To: Dawn Wise <dwise@marshallzehr.com>; angie@marimanhomes.com

Cc: Lisa Evans <levans@marshallzehr.com>; Mike Bettiol <mikeb@marimanhomes.com>

Subject: RE: York Estates MZGI 452

You don't often get email from mikeb@marimanhomes.com. [Learn why this is important](#)

Got to admit, I was a bit shocked by your email. I was told last week by both Brenner and Lisa that all I needed to send was our June bank statement for 236.

As far as the other items listed below, please see my response to each in **red**.

Lastly, I was under the impression that any docs like the reliance letter you sent were to be completed by Martin. I don't know the answers to half of the items requested.

I was counting on the draw being sent yesterday, so I hope that we can get this cleared up and moving forward today.

Mike

From: Dawn Wise <dwise@marshallzehr.com>

Sent: Tuesday, August 02, 2022 2:17 PM

To: Mike Bettiol <mikeb@marimanhomes.com>; angie@marimanhomes.com

Cc: Lisa Evans <levans@marshallzehr.com>

Subject: York Estates MZGI 452

Hello,

My name is Dawn and I will be following up on required loan compliance items as outlined in the Commitment Letter related to your project for the life of your MZ loan.

Please provide the following required compliance items:

1. June Bank statement for both Mariman Homes and 2557386 Ontario Inc., to include copies of cleared cheques – **255 June statement attached**
2. Q2 Quarterly Compliance Certificate (attached for completion) for Q2, QE June 30th 2022 – **see above comment**
3. 2022 Final Property Tax bill for 30 Front Street, Roll#2810-152-003-12600-0000, to include proof of payment for any required installments to date – **see attached**
4. Copy of the insurance policy #5012235D6 – **already sent**

Please note that the following documentation is required by September 28th per the attached Undertaking:

1. **2557386 Ontario Inc.**
 - a. 2021 NTR year end financials – **already sent**
 - b. 2020 NTR year end financials – **already sent**
 - c. 2020 corporate NOA to include proof of payment if taxes outstanding – **already sent**
 - d. 2019 corporate NOA to include proof of payment if taxes outstanding – **already sent**
2. **2363823 Ontario Inc.(o/a Mariman Homes) –**
 - a. 2021 NTR year end financials – **already sent**
 - b. 2020 corporate NOA to include proof of payment if taxes outstanding – **already sent**
 - c. 2019 corporate NOA to include proof of payment if taxes outstanding – **already sent**
3. **Michael Bettiol**
 - a. 2021 personal NOA to include proof of payment if taxes outstanding – **see attached**

Regards,

***Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.***



Dawn Wise

Loan Compliance Manager

T 519 342 1000 **X** 235

C 226 808 5892

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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SEPARATOR PAGE

From: [Mike Bettiol](#)
To: [Dawn Wise](#)
Cc: [Lisa Evans](#); [Jason Simon](#); [Brenner Smith](#); [Mike Bettiol](#); [Angela Bettiol](#)
Subject: RE: York Estates MZGI 452
Date: Thursday, February 2, 2023 9:31:21 AM
Attachments: [2557386 Ont - year 2021 - NOA.pdf](#)
[2363823 Ont Inc. - year 2021 - NOA.pdf](#)
[MZ compliance.pdf](#)

Good morning Dawn,

Please see my answers in **red** below to your list of items needed:

From: Dawn Wise <dwise@marshallzehr.com>
Sent: Wednesday, February 01, 2023 11:26 AM
To: Mike Bettiol <mikeb@marimanhomes.com>
Cc: Lisa Evans <levans@marshallzehr.com>; Jason Simon <jsimon@marshallzehr.com>; Brenner Smith <bsmith@marshallzehr.com>
Subject: York Estates MZGI 452

Good morning,

Please provide the following required compliance:

1. Per the attached Undertaking the only items that remain outstanding are:
 - a. 2557386 Ontario Inc.
 - i. 2020 NTR year end financials – required per the Undertaking – **I believe we responded to this in an earlier request from MZ. Due to the fact that 255 was a dormant company in 2020 and 2021, we only had to file zero tax returns with CRA. Due to this, our accountant advises that financials are not required.**
 - ii. 2021 NTR year end financials – required per the Undertaking – **ditto**
2. 2557386 Ontario Inc. 2021 corporate NOA – was due by August 31st, 2022 – **see attached**
3. 2363823 Ontario Inc.(o/a Mariman Homes) 2021 corporate NOA to include proof of payment if taxes outstanding – was due by August 31st, 2022 – **see attached**
4. July to December bank statements for Mariman Homes to include copies of cleared cheques – **not a problem, but this will probably be around 200 pages or so. You really want me to scan and send all of them?**
5. Q4 Quarterly Compliance Certificate for Q4, QE December 31st, 2022 (attached for completion) – due by January 31 – **See attached**
6. 2023 Interim Property Tax bill as soon as available – **will send when received**
7. Annual PNW to include supporting documentation is due before the end of February – **understood**

Regards,

**Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.**



Dawn Wise

Loan Compliance Manager

T 519 342 1000 **X** 235

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From: Dawn Wise

Sent: October 14, 2022 2:35 PM

To: Mike Bettiol <mikeb@marimanhomes.com>

Cc: Lisa Evans <levans@marshallzehr.com>; Jason Simon <jsimon@marshallzehr.com>; Brenner Smith <bsmith@marshallzehr.com>

Subject: York Estates MZGI 452

Hello Mike,

Thank you for the documentation provided. I have updated the list of items that remain outstanding. Please see my comments in **blue**.

Undertaking items:

1. **2557386 Ontario Inc.**
 - a. 2021 NTR year end financials
 - b. 2020 NTR year end financials
 - c. 2020 corporate NOA to include proof of payment if taxes outstanding – **T2 received, you commented NOA's were not provided, can you login in to CRA business account to print a statement showing your account history and \$0 balance for both 2019 and 2020?**
 - d. 2019 corporate NOA to include proof of payment if taxes outstanding

2. **2363823 Ontario Inc.(o/a Mariman Homes)**
 - a. 2021 NTR year end financials
 - b. ~~2020 corporate NOA to include proof of payment if taxes outstanding~~ – **received**

~~c. 2019 corporate NOA to include proof of payment if taxes outstanding~~ – received

3. **Michael Bettiol**

~~a. 2021 personal NOA to include proof of payment if taxes outstanding~~ – received, thank you

Please provide the following required ongoing compliance items:

1. July, August, and September bank statements for Mariman Homes to include copies of cleared cheques
2. Q2 Quarterly Compliance Certificate (attached for completion) for Q2, QE June 30th, 2022 – if you require guidance, please ask [@Lisa Evans](#)
3. 2022 Final Property Tax bill for 30 Front Street, Roll#2810-152-003-12600-0000, to include proof of payment for August and October
4. Copy of the insurance policy #5012235D6

Happy Friday!

***Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.***



Dawn Wise

Loan Compliance Manager

T 519 342 1000 **X** 235

C 226 808 5892

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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From: Mike Bettiol <mikeb@marimanhomes.com>

Sent: October 14, 2022 12:33 PM

To: Dawn Wise <dwise@marshallzehr.com>

Cc: Lisa Evans <levans@marshallzehr.com>; Mike Bettiol <mikeb@marimanhomes.com>

Subject: RE: York Estates MZGI 452

Hey Dawn:

Here is what we could find.

As far as NOA's for 2557386 Ontario, we filed zero returns last winter because we never use this corporation, and we have never received the NOA's for them.

Mike

From: Dawn Wise <dwise@marshallzehr.com>
Sent: Tuesday, October 4, 2022 10:31 AM
To: Mike Bettiol <mikeb@marimanhomes.com>
Cc: Lisa Evans <levans@marshallzehr.com>
Subject: York Estates MZGI 452
Importance: High

Hello Mike,

I have followed up with both Lisa and Brenner and they do not appear to have the documents I previously requested.

Could you please re-send the following items and going forward ensure to cc me on emails when providing compliance documentation, that way we can avoid duplicate emails.

Please provide the following documentation, per the attached Undertaking were due by September 28th:

1. **2557386 Ontario Inc.**
 - a. 2021 NTR year end financials
 - b. 2020 NTR year end financials
 - c. 2020 corporate NOA to include proof of payment if taxes outstanding
 - d. 2019 corporate NOA to include proof of payment if taxes outstanding
2. **2363823 Ontario Inc.(o/a Mariman Homes)**
 - a. 2021 NTR year end financials
 - b. 2020 corporate NOA to include proof of payment if taxes outstanding
 - c. 2019 corporate NOA to include proof of payment if taxes outstanding
3. **Michael Bettiol**
 - a. ~~2021 personal NOA to include proof of payment if taxes outstanding~~ – received, thank you

Please provide the following required compliance items:

1. July, August, and September bank statements for Mariman Homes to include copies of cleared cheques
2. Q2 Quarterly Compliance Certificate (attached for completion) for Q2, QE June 30th, 2022 –

if you require guidance, please ask [@Lisa Evans](#)

3. 2022 Final Property Tax bill for 30 Front Street, Roll#2810-152-003-12600-0000, to include proof of payment for August's required installment
4. Copy of the insurance policy #5012235D6

Regards,

**Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.**



Dawn Wise

Loan Compliance Manager

T 519 342 1000 **X** 235

C 226 808 5892

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

Confidentiality Note: This transmission (including any attachments) may contain confidential information, privileged material (including material protected by the solicitor-client or other applicable privileges), or constitute non-public information. Any use of this information by anyone other than the intended recipient is prohibited. If you have received this transmission in error, please immediately reply to the sender and delete this information from your system. Use, dissemination, distribution, or reproduction of this transmission by unintended recipients is not authorized and may be unlawful.

From: Mike Bettiol <mikeb@marimanhomes.com>

Sent: August 3, 2022 9:51 AM

To: Dawn Wise <dwise@marshallzehr.com>

Subject: RE: York Estates MZGI 452

Will do. Thanks Dawn!!!!

From: Dawn Wise <dwise@marshallzehr.com>

Sent: Wednesday, August 03, 2022 9:51 AM

To: Mike Bettiol <mikeb@marimanhomes.com>

Subject: York Estates MZGI 452

Mike,

I am sorry to hear that. Please find attached the supporting documentation for the property tax arrears paid on closing.

If you have the 2022 Final Property tax bill, I would appreciate it now. If not, if you could please provide by the end of August with supporting documentation showing the August 31st installment paid, that is fine as well.

Have a great day.

Regards,

**Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.**



Dawn Wise

Loan Compliance Manager

T 519 342 1000 **X** 235

C 226 808 5892

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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From: Mike Bettiol <mikeb@marimanhomes.com>

Sent: August 3, 2022 9:42 AM

To: Dawn Wise <dwise@marshallzehr.com>; angie@marimanhomes.com

Cc: Lisa Evans <levans@marshallzehr.com>

Subject: RE: York Estates MZGI 452

Hi Dawn,

Trust me, I've been more shocked this week with other problems on other projects. LOL

See below:

From: Dawn Wise <dwise@marshallzehr.com>

Sent: Wednesday, August 03, 2022 9:36 AM

To: Mike Bettiol <mikeb@marimanhomes.com>; angie@marimanhomes.com

Cc: Lisa Evans <levans@marshallzehr.com>

Subject: RE: York Estates MZGI 452

Good morning Mike,

Apologies for shocking you. All documents listed below that you have commented you have already sent are not in your file, and is why I requested them. Both Brenner and Lisa are off on vacation this week, I will discuss with them once they return, perhaps the documents I require are sitting in their emails. I will have to get back to you regarding those items.

I did not see the June bank statement for Mariman Homes – 2363823 Ontario Inc., if you could please forward it would be appreciated. – [see attached](#)

Also, you sent a Notice of Tax Arrears. I require the Final Property tax bill. Per the website the installment due dates are August 31st and October 31st. Please provide the Final Tax bill once received. Regarding the property tax arrears, the \$73.74 outstanding was paid directly on your behalf via legal counsel on initial advance, once I have supporting documentation, I will provide you a copy for your records. – [just so I understand, this one is good for now?](#)

Regarding the quarterly compliance certificate, I will have Lisa reach out on her return to discuss how to correctly complete the appendix. – [thank you](#)

You funding is scheduled for today.

Happy to discuss further.

Regards,

***Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.***



Dawn Wise

Loan Compliance Manager

T 519 342 1000 **X** 235

C 226 808 5892

marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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transmission by unintended recipients is not authorized and may be unlawful.

From: Mike Bettiol <mikeb@marimanhomes.com>
Sent: August 3, 2022 8:39 AM
To: Dawn Wise <dwise@marshallzehr.com>; angie@marimanhomes.com
Cc: Lisa Evans <levans@marshallzehr.com>; Mike Bettiol <mikeb@marimanhomes.com>
Subject: RE: York Estates MZGI 452

You don't often get email from mikeb@marimanhomes.com. [Learn why this is important](#)

Got to admit, I was a bit shocked by your email. I was told last week by both Brenner and Lisa that all I needed to send was our June bank statement for 236.

As far as the other items listed below, please see my response to each in **red**.

Lastly, I was under the impression that any docs like the reliance letter you sent were to be completed by Martin. I don't know the answers to half of the items requested.

I was counting on the draw being sent yesterday, so I hope that we can get this cleared up and moving forward today.

Mike

From: Dawn Wise <dwise@marshallzehr.com>
Sent: Tuesday, August 02, 2022 2:17 PM
To: Mike Bettiol <mikeb@marimanhomes.com>; angie@marimanhomes.com
Cc: Lisa Evans <levans@marshallzehr.com>
Subject: York Estates MZGI 452

Hello,

My name is Dawn and I will be following up on required loan compliance items as outlined in the Commitment Letter related to your project for the life of your MZ loan.

Please provide the following required compliance items:

1. June Bank statement for both Mariman Homes and 2557386 Ontario Inc., to include copies of cleared cheques – **255 June statement attached**
2. Q2 Quarterly Compliance Certificate (attached for completion) for Q2, QE June 30th 2022 – **see above comment**
3. 2022 Final Property Tax bill for 30 Front Street, Roll#2810-152-003-12600-0000, to include proof of payment for any required installments to date – **see attached**
4. Copy of the insurance policy #5012235D6 – **already sent**

Please note that the following documentation is required by September 28th per the attached Undertaking:

1. **2557386 Ontario Inc.**
 - a. 2021 NTR year end financials – **already sent**
 - b. 2020 NTR year end financials – **already sent**
 - c. 2020 corporate NOA to include proof of payment if taxes outstanding – **already sent**
 - d. 2019 corporate NOA to include proof of payment if taxes outstanding – **already sent**

2. **2363823 Ontario Inc.(o/a Mariman Homes) –**
 - a. 2021 NTR year end financials – **already sent**
 - b. 2020 corporate NOA to include proof of payment if taxes outstanding – **already sent**
 - c. 2019 corporate NOA to include proof of payment if taxes outstanding – **already sent**

3. **Michael Bettiol**
 - a. 2021 personal NOA to include proof of payment if taxes outstanding – **see attached**

Regards,

***Please note our office has relocated to 412 Albert Street, Suite 100, Waterloo Ontario N2L 3V3.
Please update our mailing address.***



Dawn Wise

Loan Compliance Manager

T 519 342 1000 **X** 235

C 226 808 5892

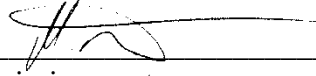
marshallzehr.com | [email](#)

Agent

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453

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THIS IS EXHIBIT "V" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

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

A Commissioner, etc.



Thursday, October 27, 2022

PRIVATE AND CONFIDENTIAL

2557386 Ontario Inc.
558 Upper Gage Ave #363
Hamilton, ON, L8V 4J6
Attention: Michael Bettiol, President

Dear Michael Bettiol,

RE: Project: York Estates – MZGI 452
Purpose: First (1st) Amendment
Borrower: 2557386 Ontario Inc. (Attn: Mariman Homes)
Property Address: 30 Front Street, Haldimand, ON
Current Maturity Date: 2025-08-01

MarshallZehr Group Inc. (the "Lender") is pleased to advise we have approved the following amendment (the "1st Amendment") to the above noted mortgage and Commitment Letter dated Thursday, June 23, 2022:

Delete (Original):

B-2.2 (h) Hard Cost Draw Conditions

Hard Cost Draw Conditions – The following conditions must be fulfilled for each and every Borrower Draw used to pay for Hard Costs:

- i. Each Borrower Draw request will be supported by a report of the Quantity Surveyor, which report shall indicate the amount of work in place, the cost to complete, and confirm that the work in place is in accordance with the Project Budget and the Project Plans. The Lender shall deduct an amount from each Borrower Draw equal to the Quantity Surveyor's invoiced amount associated with preparing the report for the Borrower Draw;
- ii. The Borrower shall ensure compliance with all Applicable Laws, including without limitation, the Construction Act; and
- iii. The Lender shall make the required Holdbacks.

Insert (New):

B-2.2 (h) Hard Cost Draw Conditions

Hard Cost Draw Conditions – The following conditions must be fulfilled for each and every Borrower Draw used to pay for Hard Costs:

- i. Each Borrower Draw request from Facility 2A will be supported by a monthly summary of Project Costs incurred to date, invoices verified by a third-party engineer, and a monthly site visit by the Lender. The Lender, at its sole discretion, shall determine that the work in place is in accordance with the Project Budget and Project Plans, and that the funds remaining under Facility 2A (Land & Servicing) are sufficient to complete site servicing;
- ii. Each Borrower Draw request from Facility 1 will be supported by a report of the Quantity Surveyor, which report shall indicate the amount of work in place, the cost to complete, and confirm that the work in place is in accordance with the Project Budget and the Project Plans. The Lender shall deduct an amount from each Borrower Draw equal to the Quantity Surveyor's invoiced amount associated with preparing the report for the Borrower Draw
- iii. The Borrower shall ensure compliance with all Applicable Laws, including without limitation, the Construction Act; and
- iv. The Lender shall make the required Holdbacks.

Delete (Original):



A-15 Sources and Uses of Funds:

Uses	
Land Costs	\$ 22,000,000
Development Charges	\$ 725,000
Servicing Costs	\$ 6,420,000
Construction Costs	\$ 39,039,000
Soft Costs	\$ 4,888,000
Contingency	\$ 3,097,000
Financing Costs	\$ 5,126,000
Total	\$ 81,440,000
Sources	
Facility 1 (Construction)	\$ 33,702,000
Facility 2A (Land & Servicing)	\$ 15,825,000
Facility 2B (Mezzanine)	\$ 3,024,000
Deferred Trade Carry	\$ 9,760,000
Borrower Equity	\$ 12,043,000
Deferred Costs	\$ 5,497,000
Deposits	\$ 1,589,000
Total	\$ 81,440,000

Insert (New):
A-15 Sources and Uses of Funds:

Uses	
Land Costs	\$ 22,000,000
Development Charges	\$ 725,000
Servicing Costs	\$ 6,420,000
Construction Costs	\$ 39,039,000
Soft Costs	\$ 4,888,000
Contingency	\$ 3,097,000
Financing Costs	\$ 5,126,000
Total	\$ 81,440,000
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Facility 2B (Mezzanine)	\$ 3,024,000
Deferred Trade Carry	\$ 9,760,000
Borrower Equity	\$ 12,043,000
Deposits	\$ 5,497,000
Deferred Costs	\$ 1,589,000
Total	\$ 81,440,000

Insert (New):



A-8 Fees:

Fee:	Amount
Facility 2A (Land & Servicing) Draw Fee (per Borrower Draw)	\$ 4,950

The following provisions shall be included in this Amendment that were not contemplated in the original Commitment:

1st Amendment Fee: Upon execution of this 1st Amendment, the Borrower shall pay a fee of \$5,000 to the Lender (the "1st Amendment Fee"). This 1st Amendment shall not be effective until such time as the Lender has received the 1st Amendment Fee in full.

Sub-search: A sub-search will be completed by the Lender's solicitor upon acceptance this 1st Amendment at the Borrower's expense.

Minimum F2A Draw Amount: Each Borrower Draw from Facility 2A shall be in a minimum amount of \$250,000.

All other terms of the Commitment shall survive, unamended.

This 1st Amendment may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterpart together shall constitute one and the same instrument. A facsimile or electronic copy of an executed counterpart shall be deemed to be an original.

By signing this amending letter the Borrowers and Guarantors agree that the Lender may obtain credit and other financially related information about the Borrower(s) and the Guarantor(s), including reports from other credit grantors, consumer reporting agencies and credit bureau.

The execution of this letter does not obligate the Lender to advance any of the agreed funds unless all of the conditions to such advances have been satisfied to the satisfaction of the Lender and its solicitors.

If you are in agreement with the above terms, please indicate such agreement by signing and forwarding to the undersigned a copy of this agreement, along with the 1st Amendment Fee, by November 4th, 2022.

This amending letter is not binding until it has been approved and signed back by an Officer of the Lender, MarshallZehr Group Inc. and the mortgage is in good standing.

Sincerely,

MARSHALLZEHR GROUP INC.

DocuSigned by:

Per: _____
6697E6642B774AE

Name:
Title:

I have the authority to bind the Corporation



Acknowledged and agreed at Hamilton this 2nd day of NOV, 2022

Borrower:

2557386 Ontario Inc

Per: [Signature]
Name: Mike Bettiol
Title: President

Per: _____
Name: _____
Title: _____

I/we have authority to bind the Corporation

The following parties execute this Commitment in their capacities as guarantors only.

Guarantors:

2363823 Ontario Inc (o/a Mariman Homes)

Per: [Signature]
Name: Mike Bettiol
Title: President

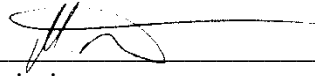
Per: _____
Name: _____
Title: _____

I/we have authority to bind the Corporation

[Signature] /S
Michael Bettiol

[Signature]
Witness

THIS IS EXHIBIT "W" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

A handwritten signature in black ink, appearing to be "J. R. [unclear]", written over a horizontal line.

A Commissioner, etc.

PRIVATE & CONFIDENTIAL

April 6, 2023

VIA EMAIL, REGISTERED AND REGULAR MAIL

2557386 Ontario Inc.
558 Upper Gage Ave. #363
Hamilton, ON, L8V 4J6

Re: *Indebtedness of 2557386 Ontario Inc. (the "Borrower") to MarshallZehr Group Inc. (the "Lender")*

Dear Sir,

We are the lawyers for the Lender. Pursuant to the Commitment Letter dated June 23, 2022 (the "**Commitment Letter**"), the Lender made available to the Borrower credit facilities in the aggregate maximum principal amount of \$26,849,000 (the "**Loan**").

We are advised by the Lender that the Borrower is indebted to the Lender under the Commitment Letter in the amount of **\$15,133,933.65** as of April 4, 2023, as detailed in the discharge statement enclosed herewith.

The Borrower's indebtedness to the Lender is secured by, *inter alia*, a Charge/Mortgage in the principal amount of \$35 million granted in favour of the Lender and registered on lands municipally known as 30 Front Street, Haldimand, Ontario, as instrument number CH118769, and a General Security Agreement dated June 30, 2022 granted by the Borrower in favour of the Lender (collectively, the "**Security**").

The Borrower defaulted on its obligations to the Lender under the Commitment Letter as a result of, among other things, its failure to make the required interest payments that were due to the Lender on March 1, 2023 and April 1, 2023. As a result, Events of Default occurred under the Commitment Letter, and the Lender is entitled to declare all Obligations under the Commitment Letter to be immediately due and payable.

On behalf of the Lender, we hereby demand payment of the Borrower's indebtedness to the Lender. Unless payment of the amount set out above, together with additional interest accrued and fees and costs (including legal costs) incurred to the date of payment are paid forthwith, the Lender shall take such steps as it deems necessary to recover payment of the Borrower's indebtedness in full, without further demand upon or notice to you.

Enclosed please find the Lender's Notice of Intention to Enforce Security, which is served upon the Borrower pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Govern yourselves accordingly.

Yours truly,
CHAITONS LLP



Maya Poliak
PARTNER
ENCL.

Cc: MarshallZehr Group Inc.
2363823 Ontario Inc. and Michael Bettiol



DISCHARGE STATEMENT AT: April 4th, 2023

Prepared on April 4th, 2023

ID#: DS202304041MZGI452

Terms: \$26,849,000 1st mortgage for the Servicing and Construction of the York Estates project with a term of 37 months.
 Facility 1: \$8,000,000: Interest at Prime + 5.30% per annum
 Facility 2A: \$15,825,000: Interest at Prime + 5.30% per annum
 Facility 2B: \$3,024,000: Interest at Prime + 11.05% per annum

Interest shall accrue commencing on the date of the Initial Advance, calculated daily (365 days/year), compounded and payable monthly with interest only payments made from Borrower Draws up to the budgeted amount, after which payments shall be made from the Borrower and/or the Guarantor's own resources.

York Estates - MZGI 452

30 Front Street Haldimand, ON


	Facility 1	Facility 2A	Facility 2B	Total
Principal Amount Outstanding	\$ 11,767,500.50	\$ 3,024,000.00	\$ 14,791,500.50	\$ 14,791,500.50
Unpaid Monthly Interest	\$ 241,193.85	\$ 91,924.05	\$ 333,117.90	\$ 333,117.90
Unpaid First Amendment Fee			\$ 5,000.00	\$ 5,000.00
Outstanding Legal Fees***			\$ 3,315.25	\$ 3,315.25
Final Discharge Admin Fee			\$ 1,000.00	\$ 1,000.00
Less: Cash held in Trust			\$ -	\$ -
Total Balance on April 4th, 2023			\$ 15,133,933.65	\$ 15,133,933.65
Per Diem	\$ 3,944.17	\$ 1,513.07	\$ 5,457.24	\$ 5,457.24

Payment must be received by 1:00 p.m. or per diem interest will be added up to the next business day

***Final Legal Fees to be verified at time of closing


You are authorized and directed to make the balance due payable to our solicitor; **Chaitons LLP "In Trust"**, OR as they may further direct.

MARSHALLZEHR GROUP INC.

DocuSigned by:

 5D7B047774B943F...

Murray Snedden, Principal Broker

Mortgage Administrator #: 11955

DocuSigned by:

 F7F40E6466094E2...

Lisa Evans, Manager - Project Management

E. & O. E.

If Total Payable is not received by the Proposed Settlement Date, then a per diem rate set out above will be charged. This Statement is only valid until April 30th, 2023. Please confirm the Total Payable prior to remitting funds. Balances are projected and are based on the assumption that all outstanding amounts/payments due up to the Proposed Settlement Date are paid as set out therein. MarshallZehr Group Inc. will not provide a discharge of the mortgage until the entire outstanding balance, including interest and costs have been paid and honored.

MarshallZehr Group Inc.

FSRA Mortgage Brokerage #12453 | FSRA Mortgage Administrator #11955 | BCFSA Mortgage Broker #MB600627
 412 Albert Street, Suite 100, Waterloo ON, N2L 3V3

NOTICE OF INTENTION TO ENFORCE A SECURITY
(given pursuant to section 244 of the *Bankruptcy and Insolvency Act*)

To: **2557386 Ontario Inc.**, an insolvent person

Take notice that:

1. **MarshallZehr Group Inc.**, a secured creditor, intends to enforce its security on all of the present and after-acquired property of 2557486 Ontario Inc.
2. Charge/Mortgage in the principal amount of \$35 million granted in favour of the Lender and registered on lands municipally known as 30 Front Street, Haldimand, Ontario, as instrument number CH118769, and a General Security Agreement dated June 30, 2022 granted by the Borrower in favour of the Lender (collectively, the "**Security**").
3. The total amount of indebtedness secured by the Security as at the close of business on April 4, 2023 is **\$15,133,933.65** inclusive of principal, interest, and fees (excluding certain legal costs).
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, this 6th day of April, 2023

MARSHALLZEHR GROUP INC.,
by its lawyers, Chaitons LLP

Per: 

PRIVATE & CONFIDENTIAL

April 6, 2023

VIA E-MAIL, REGISTERED AND REGULAR MAIL

2363823 Ontario Inc. o/a Mariman Homes Michael Bettiol
558 Upper Gage Ave #363 3500 Cemetery Road
Hamilton ON Binbrook, Ontario
L8V 4J6 L0R 1C0

Re: *Indebtedness of 25573869 Ontario Inc. (the "Borrower") to MarshallZehr Group Inc. (the "Lender")*

Dear Sir,

We are the lawyers for the Lender.

Please find enclosed a copy of our letter to the Borrower dated April 6, 2023 demanding payment of its indebtedness and liabilities to the Lender under the Commitment Letter dated June 23, 2022 (the "**Commitment Letter**"), which, as of April 4, 2023, was **\$15,133,933.65**.

We refer to a written guarantee dated June 30, 2022 granted by 2363823 Ontario Inc. and Michael Bettiol (collectively, the "**Guarantors**" and individually a "**Guarantor**") in favour of the Lender (the "**Guarantee**").

Pursuant to the Guarantee, each Guarantor has jointly and severally guaranteed payment of all of the indebtedness and liabilities of the Borrower to the Lender under the Commitment Letter. Each Guarantor's obligations under the Guarantee are secured by, *inter alia*, General Security Agreements each dated June 30, 2022 granted by each Guarantor in favour of the Lender.

The Guarantors' indebtedness and liabilities to the Lender under the Guarantee are payable on demand. On behalf of the Lender, we hereby demand immediate payment of the Guarantors' indebtedness and liabilities to the Lender under the Guarantee.

Enclosed please find a Lender's Notice of Intention to Enforce Security for each Guarantor, which is served upon each Guarantor pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Govern yourselves accordingly.

Yours truly,
CHAITONS LLP



Maya Poliak
PARTNER
ENCL.

Cc: MarshallZehr Group Inc.

NOTICE OF INTENTION TO ENFORCE A SECURITY
(given pursuant to section 244 of the *Bankruptcy and Insolvency Act*)

To: **2363823 Ontario Inc. and Michael Bettiol**, insolvent persons

Take notice that:

1. **MarshallZehr Group Inc.**, a secured creditor, intends to enforce its security on all of the present and after-acquired property of 2363823 Ontario Inc. and Michael Bettiol.
2. The security that is to be enforced includes General Security Agreements each dated June 30, 2022 (collectively, the "**Security**").
3. The total amount of indebtedness secured by the Security as at the close of business on April 4, 2023 is **\$15,133,933.65** inclusive of principal, interest, and fees (excluding certain legal costs).
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, this 6th day of April, 2023.

MARSHALLZEHR GROUP INC.,
by its lawyers, Chaitons LLP

Per: 

PRIVATE & CONFIDENTIAL

April 6, 2023

VIA EMAIL, REGISTERED AND REGULAR MAIL

2557386 Ontario Inc.
558 Upper Gage Ave. #363
Hamilton, ON, L8V 4J6

Re: *Indebtedness of 2557386 Ontario Inc. (the "Borrower") to MarshallZehr Group Inc. (the "Lender")*

Dear Sir,

We are the lawyers for the Lender. Pursuant to the Commitment Letter dated June 23, 2022 (the "**Commitment Letter**"), the Lender made available to the Borrower credit facilities in the aggregate maximum principal amount of \$26,849,000 (the "**Loan**").

We are advised by the Lender that the Borrower is indebted to the Lender under the Commitment Letter in the amount of **\$15,133,933.65** as of April 4, 2023, as detailed in the discharge statement enclosed herewith.

The Borrower's indebtedness to the Lender is secured by, *inter alia*, a Charge/Mortgage in the principal amount of \$35 million granted in favour of the Lender and registered on lands municipally known as 30 Front Street, Haldimand, Ontario, as instrument number CH118769, and a General Security Agreement dated June 30, 2022 granted by the Borrower in favour of the Lender (collectively, the "**Security**").

The Borrower defaulted on its obligations to the Lender under the Commitment Letter as a result of, among other things, its failure to make the required interest payments that were due to the Lender on March 1, 2023 and April 1, 2023. As a result, Events of Default occurred under the Commitment Letter, and the Lender is entitled to declare all Obligations under the Commitment Letter to be immediately due and payable.

On behalf of the Lender, we hereby demand payment of the Borrower's indebtedness to the Lender. Unless payment of the amount set out above, together with additional interest accrued and fees and costs (including legal costs) incurred to the date of payment are paid forthwith, the Lender shall take such steps as it deems necessary to recover payment of the Borrower's indebtedness in full, without further demand upon or notice to you.

Enclosed please find the Lender's Notice of Intention to Enforce Security, which is served upon the Borrower pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Govern yourselves accordingly.

Yours truly,
CHAITONS LLP



Maya Poliak
PARTNER
ENCL.

Cc: MarshallZehr Group Inc.
2363823 Ontario Inc. and Michael Bettiol



DISCHARGE STATEMENT AT: April 4th, 2023

Prepared on April 4th, 2023

ID#: DS202304041MZGI452

Terms: \$26,849,000 1st mortgage for the Servicing and Construction of the York Estates project with a term of 37 months.
 Facility 1: \$8,000,000: Interest at Prime + 5.30% per annum
 Facility 2A: \$15,825,000: Interest at Prime + 5.30% per annum
 Facility 2B: \$3,024,000: Interest at Prime + 11.05% per annum

Interest shall accrue commencing on the date of the Initial Advance, calculated daily (365 days/year), compounded and payable monthly with interest only payments made from Borrower Draws up to the budgeted amount, after which payments shall be made from the Borrower and/or the Guarantor's own resources.

York Estates - MZGI 452

30 Front Street Haldimand, ON


	Facility 1	Facility 2A	Facility 2B	Total
Principal Amount Outstanding	\$ 11,767,500.50	\$ 3,024,000.00	\$ 14,791,500.50	\$ 14,791,500.50
Unpaid Monthly Interest	\$ 241,193.85	\$ 91,924.05	\$ 333,117.90	\$ 333,117.90
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Outstanding Legal Fees***			\$ 3,315.25	\$ 3,315.25
Final Discharge Admin Fee			\$ 1,000.00	\$ 1,000.00
Less: Cash held in Trust			\$ -	\$ -
Total Balance on April 4th, 2023			\$ 15,133,933.65	\$ 15,133,933.65
Per Diem	\$ 3,944.17	\$ 1,513.07	\$ 5,457.24	\$ 5,457.24


Payment must be received by 1:00 p.m. or per diem interest will be added up to the next business day

***Final Legal Fees to be verified at time of closing

You are authorized and directed to make the balance due payable to our solicitor; **Chaitons LLP "In Trust"**, OR as they may further direct.

MARSHALLZEHR GROUP INC.

DocuSigned by:

 5D7B047774B943F...
 Murray Snedden, Principal Broker
 Mortgage Administrator #: 11955

DocuSigned by:

 F7F40E6466094E2...
 Lisa Evans, Manager - Project Management

E. & O. E.

If Total Payable is not received by the Proposed Settlement Date, then a per diem rate set out above will be charged. This Statement is only valid until April 30th, 2023. Please confirm the Total Payable prior to remitting funds. Balances are projected and are based on the assumption that all outstanding amounts/payments due up to the Proposed Settlement Date are paid as set out therein. MarshallZehr Group Inc. will not provide a discharge of the mortgage until the entire outstanding balance, including interest and costs have been paid and honored.

MarshallZehr Group Inc.

FSRA Mortgage Brokerage #12453 | FSRA Mortgage Administrator #11955 | BCFSA Mortgage Broker #MB600627
 412 Albert Street, Suite 100, Waterloo ON, N2L 3V3

NOTICE OF INTENTION TO ENFORCE A SECURITY
(given pursuant to section 244 of the *Bankruptcy and Insolvency Act*)

To: **2557386 Ontario Inc.**, an insolvent person

Take notice that:

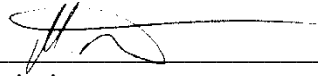
1. **MarshallZehr Group Inc.**, a secured creditor, intends to enforce its security on all of the present and after-acquired property of 2557486 Ontario Inc.
2. Charge/Mortgage in the principal amount of \$35 million granted in favour of the Lender and registered on lands municipally known as 30 Front Street, Haldimand, Ontario, as instrument number CH118769, and a General Security Agreement dated June 30, 2022 granted by the Borrower in favour of the Lender (collectively, the "**Security**").
3. The total amount of indebtedness secured by the Security as at the close of business on April 4, 2023 is **\$15,133,933.65** inclusive of principal, interest, and fees (excluding certain legal costs).
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, this 6th day of April, 2023

MARSHALLZEHR GROUP INC.,
by its lawyers, Chaitons LLP

Per: 

THIS IS EXHIBIT "X" REFERRED TO IN THE
AFFIDAVIT OF CECIL HAYES, SWORN
BEFORE ME THIS 15th DAY OF MAY, 2023

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

A Commissioner, etc.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

MARSHALLZEHR GROUP INC.

Applicant

- and -

2557386 ONTARIO INC. and 2363823 ONTARIO INC.
o/a MARIMAN HOMES

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

CONSENT

KSV Restructuring Inc. hereby consents to act as Receiver of 2557386 Ontario Inc. and 2363823 Ontario Inc. o/a Mariman Homes

DATED this 15th day of May, 2023

KSV RESTRUCTURING INC.

Per: 

Name: Noah Goldstein, Managing Director
I have authority to bind the corporation

MARSHALLZEHR GROUP INC.
Applicant

-and-

2557386 ONTARIO INC., et al.
Respondents
Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
PROCEEDING COMMENCED AT
TORONTO

CONSENT

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Maya Poliak (54100A)
Tel: (416) 218-1161
E-mail: maya@chaitons.com

Lawyers for the Applicant

TAB 3

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

THE HONOURABLE)
JUSTICE STEELE)
TUESDAY, THE 23RD
DAY OF MAY, 2023

B E T W E E N:

MARSHALLZEHR GROUP INC.

Applicant

- and -

**2557386 ONTARIO INC. and 2363823 ONTARIO INC.
o/a MARIMAN HOMES**

Respondents

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

**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 KSV Restructuring Inc. as receiver (the "**Receiver**") without security, of all of the assets, undertakings and properties of 2557386 Ontario Inc. and 2363823 Ontario Inc. (collectively, the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, was heard this day via videoconference.

ON READING the affidavit of Cecil Hayes sworn May 15, 2023 and the Exhibits thereto, and on hearing the submissions of counsel for the Applicant, the Respondents, and on reading the consent of KSV Restructuring Inc. to act as the Receiver,

SERVICE

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

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, KSV Restructuring Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the "**Property**"), including, without limitation, the real property described in **Schedule "A"** attached hereto.

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 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 Debtors, 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 Debtors;
- (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 Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;

- (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 Debtors, 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 Debtors, 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 \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; 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;

- (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 Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and

- (f) 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 Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtors, (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 Debtors, 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 DEBTORS OR THE PROPERTY

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors 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 Debtors 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 Debtors, 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 Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors 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 Debtors, 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 Debtors 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 Debtors 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 Debtors' 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 Debtors 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 Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' 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 Debtors, 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 "B" 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.

RETENTION OF COUNSEL

25. **THIS COURT ORDERS** that the Receiver may retain lawyers to represent and advise the Receiver in connection with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order. Such lawyers may include Chaitons LLP, lawyers for the Applicant herein, in respect of any matter where there is no conflict of interest. The Receiver shall, however, retain independent lawyers in respect of any legal advice or services where a conflict exists, or may exist.

SERVICE AND NOTICE

26. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the “**Guide**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/) 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 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL “<https://www.ksvadvisory.com/experience/case/grand-York-estates>”.

27. **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 Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors 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.

28. **THIS COURT ORDERS** that the Applicant, the Receiver and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

29. **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.

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

31. **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.

32. **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.

33. **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 Applicant from the Debtors' estate with such priority and at such time as this Court may determine.

34. **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.

35. **THIS COURT ORDERS** that this order is effective from the date it is made, and it is enforceable without any need for entry and filing, provided that any party may nonetheless submit a formal order for original, signing, entry and filing, as the case may be.

SCHEDULE "A"

Property owned by 2557386 Ontario Inc.

Municipal Address: 30 Front Street, Haldimand, Ontario

PIN: 38148-0128 (LT)

Property Description: PART WARNER NELLES TRACT DESIGNATED AS PART 1, 18R-7058; SAVE & EXCEPT PART 1, 18R-7281; T/W EASEMENT OVER PART 2, 18R-7058 AS IN HC252899; TOWNSHIP OF SENECA; HALDIMAND COUNTY

Property owned by 2363823 Ontario Inc.

Municipal Address: 178 Moores Road, Haldimand, Ontario

PIN: 38147-0005 (LT)

Property Description: PT LT 19 CON 4 SE STONEY CREEK RD SENECA AS IN HC68736; HALDIMAND COUNTY

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KSV Restructuring Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of 2557386 Ontario Inc. and 2363823 Ontario Inc. (collectively, the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the • day of May, 2023 (the "**Order**") made in an application having Court file number CV-23-00699432-00CL, 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 _____, 202__.

KSV RESTRUCTURING INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____

Name:

Title:

MARSHALLZEHR GROUP INC.
Applicant

-and-

2557386 ONTARIO INC., et al.
Respondents

Court File No. CV- 23-00699432-00CL

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

PROCEEDING COMMENCED AT
TORONTO

**ORDER
(Appointing Receiver)**

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TAB 4

Court File No. ~~_____~~ CV-23-00699432-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE _____) ~~WEEKDAY~~ TUESDAY, THE #23RD
JUSTICE ~~_____~~ STEELE) DAY OF ~~MONTH~~ MAY, ~~20YR~~ 2023

B E T W E E N:

~~PLAINTIFF~~¹

~~Plaintiff~~

MARSHALLZEHR GROUP INC.

Applicant

- and -

~~DEFENDANT~~

~~Defendant~~

2557386 ONTARIO INC. and 2363823 ONTARIO INC.

o/a MARIMAN HOMES

Respondents

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c.B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF*

¹~~The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.~~

JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

ORDER

(~~appointing~~Appointing Receiver)

THIS ~~MOTION~~APPLICATION made by the ~~Plaintiff~~²Applicant 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 ~~[RECEIVER'S NAME]~~KSV Restructuring Inc. as receiver ~~[and manager] (in such capacities,~~ (the "Receiver") without security, of all of the assets, undertakings and properties of ~~[DEBTOR'S NAME] (2557386 Ontario Inc. and 2363823 Ontario Inc. (collectively,~~ the "~~Debtor~~Debtors") acquired for, or used in relation to a business carried on by the ~~Debtor~~Debtors, was heard this day ~~at 330 University Avenue, Toronto, Ontario~~ via videoconference.

ON READING the affidavit of ~~[NAME]~~Cecil Hayes sworn ~~[DATE]~~May 15, 2023 and the Exhibits thereto, and on hearing the submissions of counsel for ~~[NAMES], no one appearing for [NAME] although duly served as appears from the affidavit of service of [NAME] sworn [DATE]~~the Applicant, the Respondents, and on reading the consent of KSV Restructuring Inc. ~~[RECEIVER'S NAME]~~ to act as the Receiver,

SERVICE

²~~Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".~~

1. **THIS COURT ORDERS** that the time for service of the Notice of ~~Motion~~Application and the ~~Motion~~Application Record is hereby abridged and validated³ so that this ~~motion~~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, ~~[RECEIVER'S NAME]~~KSV Restructuring Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the ~~Debtor~~Debtors acquired for, or used in relation to a business carried on by the ~~Debtor~~Debtors, including all proceeds thereof (the "**Property**"), including, without limitation, the real property described in Schedule "A" attached hereto.

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 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

³ ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

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~~Debtors, 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~~Debtors;
- (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~~Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the ~~Debtor~~Debtors and to exercise all remedies of the ~~Debtor~~Debtors in collecting such monies, including, without limitation, to enforce any security held by the ~~Debtor~~Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the ~~Debtor~~Debtors;

- (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~~Debtors, 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~~Debtors, the Property or the Receiver, and to settle or compromise any such proceedings.⁴ 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 \$~~_____~~100,000, provided that the aggregate consideration for all such transactions does not exceed \$~~_____~~500,000; and

⁴~~This model order does not include specific authority permitting the Receiver to either file an assignment in bankruptcy on behalf of the Debtor, or to consent to the making of a bankruptcy order against the Debtor. A bankruptcy may have the effect of altering the priorities among creditors, and therefore the specific authority of the Court should be sought if the Receiver wishes to take one of these steps.~~

- (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*, ~~for section 31 of the Ontario *Mortgages Act*, as the case may be,~~⁵ 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;

⁵ ~~If the Receiver will be dealing with assets in other provinces, consider adding references to applicable statutes in other provinces. If this is done, those statutes must be reviewed to ensure that the Receiver is exempt from or can be exempted from such notice periods, and further that the Ontario Court has the jurisdiction to grant such an exemption.~~

- (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~~Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the ~~Debtor~~Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the ~~Debtor~~Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the ~~Debtor~~Debtors 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~~Debtors, 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~~Debtors, (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~~Debtors, 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~~DEBTORS OR THE PROPERTY

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the ~~Debtor~~Debtors 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~~Debtors 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~~Debtors, 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~~Debtors to carry on any business which the ~~Debtor is~~Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the ~~Debtor~~Debtors 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~~Debtors, 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~~Debtors 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~~Debtors 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~~Debtors' 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~~Debtors 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~~Debtors shall remain the employees of the ~~Debtor~~Debtors until such time as the Receiver, on the ~~Debtor's~~Debtors' 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~~Debtors, 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.⁶

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

⁶~~Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".~~

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 "[AB](#)" 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.

RETENTION OF COUNSEL

25. **THIS COURT ORDERS** that the Receiver may retain lawyers to represent and advise the Receiver in connection with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order. Such lawyers may include Chaitons LLP, lawyers for the Applicant herein, in respect of any matter where there is no conflict of interest. The Receiver shall, however, retain independent lawyers in respect of any legal advice or services where a conflict exists, or may exist.

SERVICE AND NOTICE

26. ~~25.~~ **THIS COURT ORDERS** that the E-Service ~~Protocol~~Guide of the Commercial List (the “~~Protocol~~Guide”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the ~~Protocol~~Guide (which can be found on the Commercial List website at ~~http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/~~) 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 ~~24~~13 of the ~~Protocol~~Guide, service of documents in accordance with the ~~Protocol~~Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the ~~Protocol~~Guide with the following URL ~~@~~: “<https://www.ksvadvisory.com/experience/case/grand-York-estates>”.

27. ~~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~~Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the ~~Debtor~~Debtors 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.

28. **THIS COURT ORDERS** that the Applicant, the Receiver and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

29. ~~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.

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

31. ~~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.

32. ~~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.

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

34. ~~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.

35. **THIS COURT ORDERS** that this order is effective from the date it is made, and it is enforceable without any need for entry and filing, provided that any party may nonetheless submit a formal order for original, signing, entry and filing, as the case may be.

SCHEDULE "A"

Property owned by 2557386 Ontario Inc.

Municipal Address: 30 Front Street, Haldimand, Ontario

PIN: 38148-0128 (LT)

Property Description: PART WARNER NELLES TRACT DESIGNATED AS PART 1, 18R-7058; SAVE & EXCEPT PART 1, 18R-7281; T/W EASEMENT OVER PART 2, 18R-7058 AS IN HC252899; TOWNSHIP OF SENECA; HALDIMAND COUNTY

Property owned by 2363823 Ontario Inc.

Municipal Address: 178 Moores Road, Haldimand, Ontario

PIN: 38147-0005 (LT)

Property Description: PT LT 19 CON 4 SE STONEY CREEK RD SENECA AS IN HC68736; HALDIMAND COUNTY

SCHEDULE "AB"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that ~~{RECEIVER'S NAME}~~ KSV Restructuring Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties ~~{DEBTOR'S NAME}~~ of 2557386 Ontario Inc. and 2363823 Ontario Inc. (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the ~~Debtor~~ Debtors, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the day of May, 20 2023 (the "**Order**") made in an ~~action~~ application having Court file number CV-23-00699432-00CL , 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 _____, ~~20~~202.

~~[RECEIVER'S _____ NAME]~~KSV
RESTRUCTURING INC., solely in its capacity
as Receiver of the Property, and not in its personal
capacity

Per: _____
Name:
Title:

MARSHALLZEHR GROUP INC.
Applicant

-and-

2557386 ONTARIO INC., et al.
Respondents

Court File No. CV- 23-00699432-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

ORDER
(Appointing Receiver)

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Maya Poliak (54100A)
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Document comparison by Workshare Compare on Monday, May 15, 2023 4:13:49 PM

Input:	
Document 1 ID	file:///C:/Users/LyndaC/Desktop/Model Order appointing Receiver.DOC
Description	Model Order appointing Receiver
Document 2 ID	file:///C:/Users/LyndaC/Desktop/MZ-Grand York Estates - Receivership Order.doc
Description	MZ-Grand York Estates - Receivership Order
Rendering set	Standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:

	Count
Insertions	160
Deletions	129
Moved from	0
Moved to	0
Style changes	0
Format changes	0
Total changes	289

MARSHALLZEHR GROUP INC.
Applicant

- and-

2557386 ONTARIO INC., et al.
Respondents
Court File No. CV-23-00699432-00CL

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
PROCEEDING COMMENCED AT
TORONTO

APPLICATION RECORD
(returnable May 23, 2023)

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