Court File No. CV-19-00627936-00

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

-and-

692536 ONTARIO LIMITED

Respondent

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

APPLICATION RECORD

September 24, 2019

HARRISON PENSA LLP
Barristers & Solicitors
450 Talbot Street
London Ontario
N6A 5J6

Timothy C. Hogan (LSO #36553S)
Tel: (519) 679-9660
Fax: (519) 667-3362

Lawyers for the Applicant,
Pace Savings & Credit Union Limited

TO: See attached Service List

SERVICE LIST

TO: **Aird & Berlis LLP**
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Sanjeev Mitra
Tel: (416) 865-3085
Fax: (416) 863-1515
Email: smitra@airdberlis.com

Kathryn Esaw
Tel: (416) 865-4707
Fax: (416) 863-1515
Email: kesaw@airdberlis.com

Lawyers for the Proposed Receiver, Grant Thornton Limited

AND
TO: **Grant Thornton Limited**
200 King Street West, 11th Floor
Toronto, ON M5H 3T4

Daniel Wootton
Tel: (416) 360-3063
Fax: (416) 360-4949
Email: dan.wootton@ca.gt.com

Rob Stelzer
Tel: (416) 607-8849
Fax: (416) 360-4949
Email: rob.stelzer@ca.gt.com

Proposed Receiver

AND
TO: **692536 Ontario Limited**
c/o Jim Milne
1300 Bay Street, Suite 400
Toronto, ON M5R 3K8

Tel: (416) 526-0369
E-mail: jmilnes616@aol.com

Respondent

AND
TO: **C. William Dillane**
31 Rosedale Road, Suite 305
Toronto, ON M4W 2P5

Email: bill.dillane@icloud.com

AND
TO: **The Corporation of the Municipality of Brighton**
35 Alice Street
P.O. Box 189
Brighton, Ontario K0K 1H0

AND
TO: **S.E.I.U. Local 1 Canada,**
123 Mural Street, Suite 201,
Richmond Hill, ON L4M 1M4

AND
TO: **Canada Revenue Agency**
c/o Department of Justice
Ontario Regional Office
120 Adelaide St. W., Suite 400
Toronto, ON M5H 1T1

Attention: Rakhee Bhandari
Tel: (416) 952-8563
Email: rakhee.bhandari@justice.gc.ca

AND
TO: **Her Majesty the Queen in Right of Ontario**
as represented by Ministry of Finance
Legal Services Branch
33 King Street West, 6th Floor
Oshawa, ON L1H 8E9

Attention: Kevin O'Hara
Senior Counsel, Ministry of Finance
Tel: (905) 433-6934
Fax: (905) 436-4510
Email: kevin.ohara@fin.gov.on.ca

INDEX

INDEX

Tab	Document	Page No.
1	Notice of Application, dated September 23, 2019	1
	Schedule “A-1” – Appointment Order (Clean)	13
	Schedule “A-2” – Appointment Order (Blacklined)	31
2	Affidavit of Lorraine Hensberger, sworn September 20, 2019	51
	Exhibit “A” – Corporate Profile Report of Debtor	67
	Exhibit “B” – Parcel Registry for Brighton Property	76
	Exhibit “C” – Letter Agreement	82
	Exhibit “D” – Mortgage	99
	Exhibit “E” – Standard Charge Terms	102
	Exhibit “F” – Additional Charge Terms	107
	Exhibit “G” – GSA	115
	Exhibit “H” – Assignment of Leases and Rents	121
	Exhibit “I” – PPSA Results - Debtor	127
	Exhibit “J” – PPSA Results – Debtor (as “Applefest Lodge”)	133
	Exhibit “K” – Demand	138

Tab 1

CV-19-00627936-00

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

-and-

692536 ONTARIO LIMITED

Respondent

NOTICE OF APPLICATION

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

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 before a Judge on Friday, October 4, 2019 at 10:00 a.m. at the Court House, 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38C prescribed by the Rules of Civil Procedure, serve it on the applicant' lawyer or, where the applicant do 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' lawyer, or where the applicant do 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 not later than 2 p.m. on the day 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: September 24, 2019

Issued by ______________________ C. Irwin
Registrar

Registrar
Superior Court of Justice
Commercial List
a 9th Floor, 330 University
Avenue, Toronto M5G 1R7

TO: Service List

SERVICE LIST

TO: **Aird & Berlis LLP**
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Sanjeev Mitra
Tel: (416) 865-3085
Fax: (416) 863-1515
Email: smitra@airdberlis.com

Kathryn Esaw
Tel: (416) 865-4707
Fax: (416) 863-1515
Email: kesaw@airdberlis.com

Lawyers for the Proposed Receiver, Grant Thornton Limited

AND
TO: **Grant Thornton Limited**
200 King Street West, 11th Floor
Toronto, ON M5H 3T4

Daniel Wootton
Tel: (416) 360-3063
Fax: (416) 360-4949
Email: dan.wootton@ca.gt.com

Rob Stelzer
Tel: (416) 607-8849
Fax: (416) 360-4949
Email: rob.stelzer@ca.gt.com

Proposed Receiver

AND
TO: **692536 Ontario Limited**
c/o Jim Milne
1300 Bay Street, Suite 400
Toronto, ON M5R 3K8

Tel: (416) 526-0369
E-mail: jmilnes616@aol.com

Respondent

AND
TO: **C. William Dillane**
31 Rosedale Road, Suite 305
Toronto, ON M4W 2P5

Email: bill.dillane@icloud.com

AND
TO: **The Corporation of the Municipality of Brighton**
35 Alice Street
P.O. Box 189
Brighton, Ontario K0K 1H0

AND
TO: **S.E.I.U. Local 1 Canada,**
123 Mural Street, Suite 201,
Richmond Hill, ON L4M 1M4

AND
TO: **Canada Revenue Agency**
c/o Department of Justice
Ontario Regional Office
120 Adelaide St. W., Suite 400
Toronto, ON M5H 1T1

Attention: Rakhee Bhandari
Tel: (416) 952-8563
Email: rakhee.bhandari@justice.gc.ca

AND
TO: **Her Majesty the Queen in Right of Ontario**
as represented by Ministry of Finance
Legal Services Branch
33 King Street West, 6th Floor
Oshawa, ON L1H 8E9

Attention: Kevin O'Hara
Senior Counsel, Ministry of Finance
Tel: (905) 433-6934
Fax: (905) 436-4510
Email: kevin.ohara@fin.gov.on.ca

THE APPLICATION IS FOR:

The Applicant, Pace Savings & Credit Union Limited ("**Pace**"), seeks the following relief:

1. An order (the "**Appointment Order**") substantially in the form attached hereto as Schedule "A", *inter alia,* appointing Grant Thornton Limited ("**GTL**"), as Receiver (the "**Receiver**"), without security, of all of the assets, undertakings and properties of the Respondent, 692536 Ontario Limited (the "**Debtor**") acquired for, or used in relation to a business or businesses carried on by the Debtor, and of the real property described at Schedule "A" to the Appointment Order;

2. That the time for service, filing and confirming of the Notice of Application and the Application Record be abridged and validated so that this application is properly returnable today and dispensing with further service thereof; and,

3. Such further and other relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE APPLICATION ARE:

<u>The Debtor</u>

1. The Respondent, 692536 Ontario Limited (the "**Debtor**"), is a company incorporated pursuant to the laws of the Province of Ontario with its head office located in Toronto. The Debtor carries on business as an operator of a retirement residence under the name Applefest Lodge in Brighton, Ontario. The Debtor owns the real property and premises from which Applefest Lodge operates, municipally known as 120 Elizabeth Street, Brighton, Ontario (the "**Brighton Property**"), and legally described as:

    a. PT LT 34 CON A BRIGHTON PARTS 2, 3, 4, 7, 8 & 9, 38R1753; S/T & T/W NC210067; BRIGHTON (PIN 51166-1052 LT).

2. Stephen Bordo (‘**Bordo**”) was the sole officer and director of the Debtor, and is deceased as of July 6, 2019.

3. Bordo died intestate and without designating a personal or property power of attorney.

4. All shares of the Debtor are held in a family trust, of which Bordo was the trustee. This trust contains no provisions for the replacement of the trustee.

5. The Debtor is insolvent. The Debtor’s continued business operations are currently being funded by a private investor, pending the appointment of a Receiver.

6. Pace has issued a Demand and Notice under s. 244(1) of the *Bankruptcy and Insolvency Act* to the Debtor, both dated August 29, 2019, and all applicable notice periods have expired. Pace is entitled to seek the appointment of a Receiver over the property of the Debtor.

The Brighton Property

7. The Brighton Property is a commercial building containing 67 suites, of which 59 are currently occupied, which is currently utilized as a retirement residence,. Approximately 31 of the above 67 suites were added as part of an expansion and addition to the Brighton Property undertaken circa 2010 (the “**Expansion**”).

8. The Debtor employs 23 people at the Brighton Property, of whom 19 are unionized employees represented by the Service Employees International Union (“**SEIU**”), and 4 are non-unionized managers.

9. The Debtor’s collective agreement with SEIU expired on December 31, 2018.

Financial Advisor and the Pre-Receivership Report

10. Grant Thornton Limited ("**GTL**") has been engaged by Pace as a financial advisor to assess the financial position of the Debtor pursuant to an Engagement Letter dated August 29, 2019. Pace is seeking the further appointment of GTL as Receiver in the within application.

11. Further information regarding the Debtor and the Brighton Property can be found in the Pre-Receivership Report of Grant Thornton Limited, dated September 23, 2019, to be filed (the "**Pre-Receivership Report**").

The Financing and Pace's Security

12. As of August 29, 2019, the Debtor was indebted to Pace in the amount of $6,351,640.15, plus accruing interest and Pace's continuing costs of enforcement (the "**Obligations**"), in respect of the following financing initially advanced to the Debtor pursuant to the terms of a Commitment Letter dated July 28, 2016 and amended by way of Commitment Letter dated August 22, 2016 (collectively, the "**Letter Agreement**"):

    a. <u>Facility # 1 – Corporate Fixed Rate Mortgage:</u> in the sum of $6,500,000 for a two (2) year term, which matured on August 30, 2018 (the "**Financing**").

13. Pace holds, *inter alia*, the following security over the property of the Debtor as security for the Financing:

    a. Charge/Mortgage, in the principal sum of $6,500,000, receipted as instrument no. ND138168 on September 1, 2016 over the Brighton Property (the "**Mortgage**"), as governed by Standard Charge Terms No. 200033 (the "**Standard Charge Terms**") and by a Schedule of Additional Provisions (Commercial Mortgages) (the "**Additional Charge Terms**");

b. General Security Agreement from the Debtor dated August 29, 2016 (the “**GSA**”); and,

c. General Assignment of Leases and Rents registered on title to the Brighton Property on September 1, 2016 as instrument no. ND138169 (the “**Assignment of Leases and Rents**”).

(collectively, the “**Security**”)

<u>Pace’s Security Interest in The Brighton Property</u>

14. Pace’s interest in the Brighton Property is secured by the Mortgage, as governed by the Standard Charge Terms and the Additional Charge Terms, and the Mortgage is a first charge upon the Brighton Property.

<u>Pace’s Security Interest in The Personal Property of the Debtor</u>

15. The GSA secures all present and after-acquired personal property of the Debtor.

16. Pace has registered Financing Statements against the Debtor pursuant to the provisions of the *Personal Property Security Act* (Ontario) (the “**PPSA**”) to perfect its security interest in the personal property of the Debtor secured under the GSA, as against both the Debtor’s corporate name and its business name of “Applefest Lodge”.

17. The Personal Property Security Registration System Search Results for the Debtor confirm that Pace has a perfected security interest in the personal property of the Debtor secured by the GSA and the Assignment of Leases and Rents. There is one additional secured creditor of the Debtor, who has been served with this application

Operational Issues and Demand

18. As stated above, Bordo is deceased as of July 6, 2019. The Debtor currently has no officers or directors, and no mechanism available at this time to appoint same. There is currently no person with signing authority for the Debtor .

19. The Financing is matured and due in full.

20. As set out in detail in the Pre-Receivership Report, the Debtor has experienced severe cash flow/profitability challenges, driven primarily by insufficient occupancy, and by continuing financial instability as a result of construction delays and financing associated with the Expansion.

21. The Debtor is insolvent and will soon be unable to meet operational costs, including payroll obligations to employees, despite temporary and limited capital injection by a private investor.

22. As stated above, the Debtor's collective agreement with SEIU is expired, and there is currently no mechanism in place to allow the debtor to deal with SEIU.

23. The above-noted events constitute defaults under the Financing (collectively, the "**Default**").

24. As a result of the above-noted Default, Pace did deliver to the Debtor a demand for payment and a Notice of Intention to Enforce Security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act*, each dated August 29, 2019 (collectively, the "**Demand**"). The time period under the Demand has expired.

The Rationale and Authority for the Appointment Order

25. The Debtor is in default of the Financing, and is insolvent. No further credit is available to the Debtor from Pace. The Demand has expired, and the Financing has matured and is due in full.

26. The provisions of the Mortgage and the GSA provide for the appointment of a Receiver over the Brighton Property and the personal property of the Debtor on default.

27. The residents of the Brighton Property will suffer significant prejudice should the Debtor suddenly cease to operate. The appointment of a Receiver is necessary in order to deal with both the unionized and non-unionized employees of the Debtor, and to ensure that the residents of the Brighton Property receive adequate services pending the sale and/or wind-up of the Debtor.

28. The appointment of a Receiver is also necessary to allow for the orderly sale of the Brighton Property.

29. It is Pace's position that the appointment of the Receiver is just and equitable and is necessary for the protection of the estates of the Debtor, and the interests of Pace, as secured creditor, and other stakeholders.

30. Pace proposes that GTL be appointed as Receiver, without security, of the Brighton Property, as secured by the Mortgage, and over all personal property of the Debtor as secured by the GSA.

31. GTL has consented to act as Receiver should this Honourable Court so appoint it.

32. Section 243 of the *Bankruptcy and Insolvency Act, R.S.C., 1985, c. B-3, as amended*.

33. Section 101 of the *Courts of Justice Act, R.S.O. 1990, c. C.43, as amended.*

34. Rule 3, 14, 38 and any other applicable Rule of the *Rules of Civil Procedure*.

35. Such further and other grounds as counsel may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the application:

1. The Notice of Application and all Schedules thereto;
2. The Affidavit of Lorraine Hensberger sworn September 20, 2019, and all Exhibits thereto;
3. The Consent of the Receiver; and,
4. Such further and other material as counsel may advise and this Honourable Court may permit.

September 24, 2019

HARRISON PENSA LLP
Barristers & Solicitors
450 Talbot Street
London, ON N6A 5J6

Timothy C. Hogan (LSO #36553S)

Tel: (519) 679-9660
Fax: (519) 667-3362
thogan@harrisonpensa.com

Lawyers for the Applicant
Pace Savings & Credit Union Limited

Schedule "A-1" – Appointment Order (Clean)

Court File No.

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 4th
	)	
JUSTICE	)	DAY OF OCTOBER, 2019

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

-and-

692536 ONTARIO LIMITED

Respondent

ORDER
(Appointing Receiver)

THIS APPLICATION made by the Applicant, Pace Savings & Credit Union Limited 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 Grant Thornton Limited as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of 692536 Ontario Limited (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, and of the real property described at Schedule “A” to this Order, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Lorraine Hensberger sworn September 20, 2019 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] and on reading the consent of Grant Thornton Limited to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application 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, Grant Thornton Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof, and of the real property described at Schedule "A" to this Order (the "Property").

RECEIVER'S POWERS

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

(a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

(d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

(f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

(g) to settle, extend or compromise any indebtedness owing to the Debtor;

(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

(i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

(i) without the approval of this Court in respect of any transaction not exceeding $25,000, provided that the aggregate consideration for all such transactions does not exceed $100,000; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

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

(l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

(p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

(q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

(r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

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

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this

paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without

limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

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

PIPEDA

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

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

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

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

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

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

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $150,000

(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.

SERVICE AND NOTICE

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

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

GENERAL

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

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

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

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

31. THIS COURT ORDERS that the Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant’s security

or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

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

Justice, Ontario Superior Court of Justice –
Commercial List

SCHEDULE "A"

REAL PROPERTY

PT LT 34 CON A BRIGHTON PARTS 2, 3, 4, 7, 8 & 9, 38R1753; S/T & T/W NC210067; BRIGHTON (PIN 51166-1052 LT)

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $_____________________

1. THIS IS TO CERTIFY that Grant Thornton Limited, the receiver (the "Receiver"), as appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of ______, 20__ (the "Order") made in an action having Court file number __-CL-_______, of the assets, undertakings and properties of 692536 Ontario Limited (the “Debtor”) acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof, and of the real property described at Schedule “A” to the Order (collectively, the “Property”), 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__.

Grant Thornton Limited, solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: ______________________________________

Name:

Title:

PACE SAVINGS & CREDIT UNION LIMITED v. 692536 ONTARIO LIMITED

Applicant Respondent

Court File No. CV-19-00627936-00

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

APPOINTMENT ORDER

HARRISON PENSA LLP
Barristers & Solicitors
450 Talbot Street
London, Ontario
N6A 5J6

Timothy C. Hogan (LSO #36553S)
Tel : (519) 661-6725
Fax: (519) 667-3362

Lawyers for the Applicant,
Pace Savings & Credit Union Limited

Schedule “A-2” – Appointment Order (Blacklined)

~~Revised: January 21, 2014~~
~~s.243(1) BIA (National Receiver) and s. 101 CJA (Ontario) Receiver~~

Court File No.

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE	)	~~WEEKDAY~~FRIDAY, THE ~~#~~ 4th
	)	
JUSTICE	)	DAY OF ~~MONTH~~OCTOBER, ~~20YR~~2019

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

-and-

692536 ONTARIO LIMITED

Respondent **~~PLAINTIFF~~**~~[1]~~

~~Plaintiff~~

~~- and -~~

~~DEFENDANT~~

~~Defendant~~

ORDER
(~~appointing~~ Appointing Receiver)

Formatted: Superscript

Formatted: Font: (Default) Times New Roman, 12 pt

Formatted: Font: 14 pt

Formatted: Font: 14 pt

Formatted: Font: 14 pt

~~[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.~~

~~DOCSTOR: 1771742\9~~

THIS ~~MOTION~~ APPLICATION made by the ~~Plaintiff~~[2]Applicant, Pace Savings & Credit Union Limited 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]~~Grant Thornton Limited as receiver ~~[and manager]~~ (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of ~~[DEBTOR'S NAME]~~692536 Ontario Limited (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, and of the real property described at Schedule "A" to this Order, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~Lorraine Hensberger sworn ~~[DATE]~~September 20, 2019 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] and on reading the consent of ~~[RECEIVER'S NAME~~Grant Thornton Limited~~]~~ to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of ~~Motion~~ Application and the ~~Motion~~ Application is hereby abridged and validated[3] 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]~~Grant Thornton Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in

~~[2] Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".~~

~~[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.~~

~~DOCSTOR: 1771742\9~~

relation to a business carried on by the Debtor, including all proceeds thereof, and of the real property described at Schedule “A” to this Order (the "Property").

RECEIVER’S POWERS

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

(a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

(d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

(f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

(g) to settle, extend or compromise any indebtedness owing to the Debtor;

(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

(i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings.[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 ~~$________,~~ $25,000, provided that the aggregate

~~[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.~~

~~DOCSTOR: 1771742\9~~

consideration for all such transactions does not exceed ~~$___________;~~ $100,000; 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,~~]~~[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;

(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;

~~[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.~~

~~DOCSTOR: 1771742\9~~

(p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

(q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

(r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

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

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this

paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without

limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

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

PIPEDA

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

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

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

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

~~[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".~~

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 ~~$__________~~ $1~~0~~50,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "~~A~~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.

SERVICE AND NOTICE

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-

protocol/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. ~~This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<@>'.~~

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

GENERAL

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

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

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

30. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located,

for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. THIS COURT ORDERS that the ~~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's~~ Applicant's security or, if not so provided by the ~~Plaintiff's~~ Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

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

Justice, Ontario Superior Court of Justice –
Commercial List

Formatted: Centered, Indent: Left: 2.5", First line: 0.5"

Formatted: Justified, Tab stops: 3.25", Centered

SCHEDULE "A"

REAL PROPERTY

PT LT 34 CON A BRIGHTON PARTS 2, 3, 4, 7, 8 & 9, 38R1753; S/T & T/W NC210067; BRIGHTON (PIN 51166-1052 LT)

Formatted: Font: Not Bold

Formatted: English (United Kingdom)

Formatted: Normal

SCHEDULE "~~A~~B"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $_____________________

1. THIS IS TO CERTIFY that ~~[RECEIVER'S NAME]~~Grant Thornton Limited, the receiver (the "Receiver"), as appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _______, 20__ (the "Order") made in an action having Court file number __-CL-_______, of the assets, undertakings and properties of 692536 Ontario Limited (the "Debtor")~~[DEBTOR'S NAME]~~ acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof, and of the real property described at Schedule "A" to the Order (collectively, the "Property"), ~~appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _______, 20__ (the "Order") made in an action having Court file number __-CL-_______,~~ has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $___________, being part of the total principal sum of $___________ which the Receiver is authorized to borrow under and pursuant to the Order.

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

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

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

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

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

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

DATED the _____ day of ______________, 20__.

~~[RECEIVER'S NAME]~~Grant Thornton Limited, solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: ___________________________________

Name:

Title:

PACE SAVINGS & CREDIT UNION LIMITED v. 692536 ONTARIO LIMITED

Applicant | Respondent

Court File No. CV-19-00627936-00

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

APPOINTMENT ORDER

HARRISON PENSA LLP
Barristers & Solicitors
450 Talbot Street
London, Ontario
N6A 5J6

Timothy C. Hogan (LSO #36553S)
Tel : (519) 661-6725
Fax: (519) 667-3362

Lawyers for the Applicant,
Pace Savings & Credit Union Limited

PACE SAVINGS & CREDIT UNION LIMITED v. 692536 ONTARIO LIMITED

Applicant | Respondent

Court File No. CV-19-00627936-00

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

NOTICE OF APPLICATION

HARRISON PENSA LLP
Barristers & Solicitors
450 Talbot Street
London, Ontario
N6A 5J6

Timothy C. Hogan (LSO #36553S)
Tel : (519) 661-6725
Fax: (519) 667-3362

Lawyers for the Applicant,
Pace Savings & Credit Union Limited

Tab 2

Court File No. CV-19-00627936-00

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

-and-

692536 ONTARIO LIMITED

Respondent

AFFIDAVIT OF LORRAINE HENSBERGER
(sworn September 20, 2019)

I, **LORRAINE HENSBERGER**, of the City of Markham, in the Province of Ontario, **MAKE OATH AND SAY**:

1. I am a Senior Commercial Account Manager with the Applicant, Pace Savings & Credit Union Limited ("**Pace**") and as such have knowledge of the matters to which I hereinafter depose, as a result of my review of files at Pace, and discussions with both management of the Respondent, 692536 Ontario Limited (the "**Debtor**"), and with the proposed Receiver, Grant Thornton Limited ("**GTL**"). Unless I indicate to the contrary these matters are within my own knowledge and are true. Where I have indicated that I have obtained facts from other sources, I have identified the source and I believe those facts to be true.

The Debtor

2. The Debtor is a company incorporated pursuant to the laws of the Province of Ontario with its head office located in Toronto. The Debtor carries on business as an operator of a retirement residence known as Applefest Lodge in Brighton, Ontario. The Debtor owns the real property and premises from which Applefest Lodge operates, municipally known as 120 Elizabeth Street, Brighton, Ontario (the "**Brighton Property**"), and legally described as:

> PT LT 34 CON A BRIGHTON PARTS 2, 3, 4, 7, 8 & 9, 38R1753; S/T & T/W NC210067; BRIGHTON (PIN 51166-1052 LT)

Attached hereto to this my affidavit and marked as **Exhibit "A"** is a true copy of the Corporate Profile for the Debtor.

Attached hereto to this my affidavit and marked as **Exhibit "B"** is a true copy of the parcel registry search results for the Brighton Property.

3. I am advised by GTL that Stephen Bordo ('**Bordo**") was the sole officer and director of the Debtor, and is deceased as of July 6, 2019, and that Bordo died intestate and without designating a personal or property power of attorney. All shares of the Debtor are held in a family trust, of which Bordo was the trustee. This trust contains no provisions for the replacement of the trustee.

4. The Debtor is insolvent. The Debtor's continued business operations are currently being funded by a private investor, pending the appointment of a Receiver.

The Brighton Property

5. As detailed in the Pre-Receivership Report of GTL, as filed with the Court (the "**Pre-Receivership Report**"), the Brighton Property is a commercial building of 4,460 square meters, which is currently utilized as a retirement residence. The Brighton Property contains 67 suites, of which 59 are currently occupied by residents. Approximately 31 of the above 67 suites were added as part of an expansion and addition to the Brighton Property undertaken circa 2010 (the "**Expansion**").

6. The Debtor employs 23 people at the Brighton Property, of whom 19 are unionized employees represented by the Service Employees International Union ("**SEIU**"), and 4 are non-unionized managers.

7. The Debtor's collective agreement with SEIU expired on December 31, 2018 and SEIU has indicated that they will seek to negotiate a new collective bargaining agreement.

Financial Advisor and the Pre-Receivership Report

8. GTL has been engaged by Pace as a financial advisor to assess the financial position of the Debtor pursuant to an Engagement Letter dated August 29, 2019. Pace is seeking the further appointment of GTL as Receiver in the within application.

9. Further information regarding the Debtor and the Brighton Property can be found in the Pre-Receivership Report.

<u>The Financing and Pace's Security</u>

10. As of August 29, 2019, the Debtor was indebted to Pace in the amount of $6,351,640.15, plus accruing interest and Pace's continuing costs of enforcement (the "**Obligations**"), in respect of financing initially advanced to the Debtor pursuant to the terms of a Commitment Letter dated July 28, 2016 and amended by way of Commitment Letter dated August 22, 2016 (collectively, the "**Letter Agreement**"). Attached hereto to this my affidavit and marked as **Exhibit "C"** is a true copy of the Letter Agreement.

11. The credit facility established by the Letter Agreement is:

    a. <u>Facility # 1 – Corporate Fixed Rate Mortgage:</u> in the sum of $6,500,000 for a two (2) year term, which matured on August 30, 2018 (the "**Financing**").

12. Pace holds, *inter alia*, the following security over the property of the Debtor as security for the Financing:

    a. Charge/Mortgage, in the principal sum of $6,500,000, receipted as instrument no. ND138168 on September 1, 2016 over the Brighton Property (the "**Mortgage**"), as governed by Standard Charge Terms No. 200033 (the "**Standard Charge Terms**") and by a Schedule of Additional Provisions (Commercial Mortgages) (the "**Additional Charge Terms**").

    Attached hereto to this my affidavit and marked as **Exhibit "D"** is a true copy of the Mortgage. Attached hereto to this my affidavit and marked as **Exhibit "E"** is a true copy of the Standard Charge Terms. Attached hereto to this my affidavit and marked as **Exhibit "F"** is a true copy of the Additional Charge Terms;

b. General Security Agreement from the Debtor dated August 29, 2016 (the "**GSA**"). Attached hereto to this my affidavit and marked as **Exhibit "G"** is a true copy of the GSA; and,

c. General Assignment of Leases and Rents registered on title to the Brighton Property on September 1, 2016 as instrument no. ND138169 (the "**Assignment of Leases and Rents**"). Attached hereto to this my affidavit and marked as **Exhibit "H"** is a true copy of the Assignment of Leases and Rents.

(collectively, the "**Security**")

<u>Pace's Security Interest in The Brighton Property</u>

13. Pace's interest in the Brighton Property is secured by the Mortgage, as governed by the Standard Charge Terms and the Additional Charge Terms, and the Mortgage is a first charge upon the Brighton Property.

14. The Standard Charge Terms include, *inter alia*, the following terms (emphasis added):

> ***2. RIGHT TO CHARGE THE LAND***
>
> *The Chargor [the Debtor] now has good right, full power and lawful and absolute authority to charge the land and to give the Charge to the Chargee [Pace] upon the covenants contained in the Charge.*
>
> ***5. PROMISE TO PAY AND PERFORM***
>
> *The Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations contained in the Charge and shall pay as they fall due all taxes, rates, levies, charges, assessments, utility and heating charges,*

municipal, local, parliamentary and otherwise which now are or may hereafter be imposed, charged or levied upon the land and when required shall produce for the Chargee receipts evidencing payment of the same.

8. COSTS ADDED TO PRINCIPAL

The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges which shall from time to time fall due and be unpaid in respect of the land, and that such payments, together with ail costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of the land and of negotiating the Charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in leasing or selling the land or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the land, which payments with interest at the rate provided for in the Charge shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that ail amounts paid by the Chargee as aforesaid shall be added to the principal amount secured by the Charge and shall be payable forthwith with interest at the rate provided for in the Charge, and on default all sums secured by the Charge shall immediately become due and payable at the option of the Chargee, and all powers in the Charge conferred shall become exercisable.

15. The Additional Charge Terms include, *inter alia*, the following terms (emphasis added):

ASSIGNMENT OF RENTS

The Chargor doth hereby assign, transfer and set over unto the Chargee, its successors and assigns, all rents both present and future payable, for space in the Lands and all benefits accruing from all leases therein to hold and receive the same unto the Chargee, its successors and assigns, until the monies due under and by virtue of the Charge have been fully paid and satisfied. The Chargor hereby declares that any direction or request from the Chargee to pay the rents or other payments to the Chargee shall be sufficient warranty and authority to any lessee to make such payments and such direction or request may be effectively given by sending the same by prepaid, registered post to the lessee at the premises leased by such lessee or by leaving the same at the premises leased by such lessee. The Chargor further covenants and agrees with the Chargee to execute such further assurances as may be required of it by the Chargee in order to effectually assign to the Chargee, the rents and benefits of all leases, assigned hereunder.

COSTS AND EXPENSES

It is agreed that all costs and expenses of the Chargee incurred in endeavouring to collect any money overdue under this Charge, including all legal costs on a solicitor and client 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 fees and costs pursuant to this Charge, upon default under this Charge the Chargee or any person on their behalf shall be appointed as the Chargee's manager and will charge a fee of $200.00 per hour for its services and such fee shall be added to the mortgage indebtedness and shall bear interest at the rate herein set forth.

ADDITIONAL SECURITY

Provided that the Chargee (in addition to the premises secured hereunder) holds further additional securities on account of the liabilities secured herein, it is understood and agreed that no single or partial exercise of any of the Chargee's powers hereunder or under any of such additional securities, shall preclude other and further exercise of any other right, power or remedy pursuant to any of such securities or herein. The Chargee shall at all times have the right to proceed against all, any, or any portion of such security or securities in such order or such manner, cumulatively and concurrently and not alternatively, separately, successively or together as it shall in its sole and absolute discretion deem fit, without waiving any rights which the Chargee may have hereunder and with respect to any and all such securities and the exercise of any such powers or remedies from time to time shall not in any way affect the liability of the Chargor hereunder and under the remaining securities. Any judgment or recovery hereunder or under any other security held by the Chargee to secure the liabilities of the Chargor shall not affect the right of the Chargee to realize upon this or any other such security. Unless agreed to the contrary in writing no discharge of any one or more of such securities and the within Charge shall be given until the full and ultimate amount of the Principal, interest and other costs secured hereby has been paid in full.

16. Pursuant to the Standard Charge Terms and the Additional Charge Terms, the Mortgage secures the Obligations.

Pace's Security Interest in The Personal Property of the Debtor

17. The GSA secures the following personal property of the Debtor:

1. DEFINITIONS

In this Agreement,

(a) "Collateral" means all personal property of any nature whatsoever, both tangible and intangible, including, among other things, inventory, Equipment, Receivables, Accounting Books of Record, Chattel Paper, Goods, Documents of Title, Instruments, Intangibles, Money, Securities and any Accessions thereto now owned or hereafter acquired by or on behalf of the Debtor or in respect of which the Debtor now or hereafter has any right, title or interest, except consumer goods, and any reference to "Collateral" shall be deemed to be a reference to "Collateral or any part thereof" except where otherwise specifically provided;

(b) "Obligation" means all of the obligations, liabilities, and indebtedness of the Debtor to the Credit Union [Pace] from time to time, whether present or future, absolute or contingent, liquidated or unliquidated, of whatsoever nature or kind, in any currency or otherwise, including all Obligations, liabilities, and indebtedness hereunder;

…

2. SECURITY INTEREST

As security for the payment, performance, and satisfaction of the Obligations to the Credit Union, the Debtor hereby grants to the Credit Union by way of security interest, mortgage, pledge, charge, assignment, and hypothec a continuing security interest of the Debtor in the Collateral (including all renewals, accretions and substitutions therefore) and all Proceeds of the foregoing.

18. Pace has registered Financing Statements against the Debtor pursuant to the provisions of the *Personal Property Security Act* (Ontario) (the "**PPSA**") to perfect its security interest in the personal property of the Debtor secured under the GSA, as against both the Debtor's corporate name and its business name of "Applefest Lodge".

19. The Personal Property Security Registration System Search Results for the Debtor (as against both the Debtor's corporate name and its business name of "Applefest Lodge") confirm that Pace has a perfected security interest in the personal property of the Debtor secured by the GSA and the Assignment of Leases and Rents. There is one additional secured creditor of the Debtor, who has been served with this application.

Attached hereto to this my affidavit and marked as **Exhibit "I"** is a true copy the Personal Property Security Registration System Search Results for the Debtor under its corporate name (current as of August 27, 2019). Attached hereto to this my affidavit and marked as **Exhibit "J"** is a true copy the Personal Property Security Registration System Search Results for the Debtor under the name "Applefest Lodge" (current as of September 9, 2019).

<u>Operational Issues and Demand</u>

20. As stated above, Bordo is deceased as of July 6, 2019. The Debtor currently has no officers or directors, and no mechanism available at this time to appoint same. There is currently no person with signing authority for the Debtor .

21. The Financing is matured and due in full.

22. As set out in detail in the Pre-Receivership Report, the Debtor has experienced severe cash flow/profitability challenges in 2019, suffering significant monthly losses. The Debtor's profitability challenges are driven primarily by insufficient occupancy, and by continuing financial instability as a result of construction delays and financing associated with the Expansion.

23. As set out in the Pre-Receivership Report, the Debtor has been temporarily kept in operation via the injection of capital by a private investor, who constitutes a significant secured creditor of the Debtor, in second priority to Pace. The Debtor is in fact insolvent and will soon be unable to meet operational costs, including payroll obligations to employees.

24. As stated above, the Debtor's collective agreement with SEIU is expired, and there is currently no mechanism in place to allow the debtor to deal with SEIU.

25. The above-noted events constitute defaults under the Financing (collectively, the "**Default**").

26. As a result of the above-noted Default, Pace did deliver to the Debtor a demand for payment and a Notice of Intention to Enforce Security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act*, each dated August 29, 2019 (collectively, the "**Demand**"). The time period under the Demand has expired. Attached hereto to this my affidavit and marked collectively as **Exhibit "K"** is a true copy of the Demand.

The Appointment of a Receiver

27. The Obligations due pursuant to the Demand have not been paid. The ten (10) day period under section 244 of the BIA has expired. Pace is in a position to

appoint a receiver over the assets and property of the Debtor as secured by Pace's Security, pursuant to section 243 of the BIA.

<u>The Brighton Property</u>

28. The Additional Charge Terms grant Pace the power to appoint a Receiver over the Brighton Property as a result of the Defaults, and state, in part (emphasis added):

> ***APPOINTMENT OF A RECEIVER***
>
> *Notwithstanding anything herein contained, it is declared and agreed that at any time and from time to time when there shall be an event of default under the provisions of this Charge, the Chargee may at such time and from time to time and with or without entering into possession of the land or any part thereof and whether before or after such entry into possession, appoint in writing or apply to a court of competent jurisdiction for the appointment of a receiver or trustee (who may, if the Chargee elects, be an officer or employee of the Chargee and which term, when used herein, shall include a receiver and manager) of the land or any part thereof and of the rents and profits thereof and with or without security, and may from time to time by similar writing or by application to court, as the case may be, remove any such receiver or trustee and appoint another in his place and stead and in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. The Chargor hereby agrees and consents to the appointment of such receiver or trustee.*
>
> *Without limitation, the purpose of such appointment shall be the orderly management, administration and/or sale of the land or any part thereof, and the Chargor hereby consents to a court order for the appointment of such receiver or trustee. If the Chargee, in its discretion, chooses to obtain such an order, it may be obtained on the terms and for such purposes as the Chargee, at its sole discretion, may require, including, without limitation, the power to manage, mortgage, pledge, lease and/or sell the land and/or complete or partially complete any construction thereon and to receive advances of mortgage and other moneys pursuant to any mortgages, pledges and/or loans entered into by the receiver or trustee or the Chargor.*
>
> *Upon the appointment of any such receiver or trustee from time to time, the Chargor covenants and agrees that the following provisions shall apply:*
>
> > *(a) a statutory declaration of an officer of the Chargee as to default under the provisions of this Charge shall be conclusive evidence thereof;*
> >
> > *(b) every such receiver or trustee shall be the irrevocable agent or attorney of the Chargor (whose appointment, as such, shall be revocable only by the Chargee) for the collection of all rents and other amounts falling due in respect of the land or any part thereof, whether in respect of any tenancies created in priority to this Charge or subsequent thereto;*
> >
> > *(c) every such receiver or trustee may, in the discretion of the Chargee, be vested with all or any of the powers and discretions of the Chargee including, without limitation, the power to sell the land;*
> >
> > *(d) the Chargee may from time to time fix the remuneration of every such receiver or trustee who shall be entitled to deduct same out of the land or the*

proceeds thereof;

(e) every such receiver or trustee shall, so far as concerns responsibility and liability for his acts and omissions, be deemed to be the agent or attorney of the Chargor and in no event the agent of the Chargee;

(f) the appointment of every such receiver or trustee by the Chargee shall not incur or create any liability on the part of the Chargee to the receiver or trustee or to the Chargor or to any other person, firm or corporation in any respect and such appoint or anything which may be done by any such receiver or trustee or the removal of any such receiver or trustee or the termination of any such receivership or trusteeship shall not have the effect of constituting the Chargee a mortgagee in possession in respect of the land or any part thereof;

(g) the receiver or trustee shall have the power to rent any portion of the land for such term and subject to such provisions as he may deem advisable or expedient, subject to the restrictions on leasing contained in any existing tenancy agreements affecting the land and, in so doing, such receiver or trustee shall be acting as the attorney or agent of the Chargor and shall have the authority to execute any tenancy agreement of any such premises in the name and on behalf of the Chargor, and the Chargor undertakes to ratify and confirm whatever acts such receiver or trustee may do in the land;

(h) every such receiver or trustee may make such arrangements at such time or times as it may deem necessary without the concurrence of any other persons for the repairing, finishing, adding to or putting in order the land, including, without restricting the generality of the foregoing, for the completion of the construction of any building or buildings, or other erections or improvements on the land left by any Chargor in an unfinished state or award the same to others to complete, notwithstanding that the resulting cost exceeds the principal sum hereinbefore set forth, and, in any of such cases, shall have the right to take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances on the land) and property of every kind and description. For the purposes thereof, the receiver or trustee may borrow money on the security of the land and to issue such certificates or charges as may be necessary or desirable to secure such borrowings;

(I) every such receiver or trustee shall have full power to manage, operate, amend, repair or alter the land and the buildings and improvements thereon or any part thereof in the name of the Chargor for the purpose of obtaining rental and other income from the land or any part thereof,

(j) no such receiver or trustee shall be liable to the Chargor to account for moneys or damages, other than moneys actually received by him in respect of the land, and out of such moneys so received from time to time, every such receiver or trustee shall pay in the following order:

> *(i) his remuneration aforesaid;*
>
> *(ii) all obligations, costs and expenses made or incurred by him, including, but not limited to, any expenditures in connection with the management, operation, amendment, repair, construction or alteration of the land or any part thereof;*
>
> *(iii) interest, principal and other moneys which may from time to time be or become charged upon the land in priority to this Charge and all taxes, insurance premiums and every other proper expenditure made or incurred by him in respect of the land or any part thereof;*

(iv) to the Chargee all interest due or falling due under this Charge and the balance to be applied on account of the Principal Amount and other moneys due and payable to the account of principal amount and other moneys due and payable to the Chargee and, at the option of the Chargee, to prepay the Principal Amount and all other unpaid monies due and owing under this Charge; and

(v) subject to the above, at the discretion of the receiver or trustee, interest, principal and other moneys which may from time to time constitute a charge or encumbrance on the land subsequent in priority or subordinate to the interest of the Chargee under this Charge, and that such receiver or trustee shall, in his discretion, retain reasonable reserves to meet accruing amounts and anticipated payments in connection with any of the foregoing and, further, that any surplus remaining in the hands of every such receiver or trustee after payments made and such reasonable reserves retained as aforesaid shall be payable to the Chargor;

(k) the Chargee may at any time and from time to time terminate any such receivership by notice in writing to the Chargor and to any such receiver or trustee;

(l) save as to moneys payable to the Chargor as set forth above, the Chargor hereby releases and discharges the Chargee and every such receiver or trustee from every claim of every nature, whether in damages for negligence or trespass or otherwise, which may arise or be caused to the Chargor or any person claiming through or under the Chargor by reason or as a result of anything done by the Chargee or any such receiver or trustee under the receivership provisions, unless such claim be the direct and proximate result of bad faith or gross negligence; and

(m) the Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required, in the sole discretion of the Chargee and/or its solicitors, so as to give effect to the foregoing provisions, and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the receiver or trustee and/or with respect to the land in the same manner as if such documentation was duly executed by the Chargor himself.

29. The Debtor is in Default of the Financing, and Pace is entitled to seek the appointment of a Receiver over the Brighton Property as a result thereof.

<u>Personal Property</u>

30. Paragraph 6(b) of the GSA grants Pace the right to appoint a Receiver over all personal property of the Debtor secured thereunder in the event of default, as follows:

6. REMEDIES

Upon any Event of Default and at anytime thereafter the Credit Union, at its option, may declare that all indebtedness and Obligations secured by this agreement shall immediately become due and payable, and:

…

(b). *The Credit Union shall then be constituted to appoint in writing any person to be a receiver (which term shall include a receiver and a manager) over the Collateral, including any rents and profits thereof, and may remove any receiver and appoint another in his stead. Such receiver so appointed shall have power to take possession of the Collateral and to carry on or concur in carrying on the business of the Debtor, and to sell or concur in selling the Collateral or any part thereof. Any such receiver shall for all purposes be deemed to be the agent of the Debtor…*

31. The Debtor is in Default of the terms of the Financing , and the Obligations are due and payable in full.

32. The provisions of Pace's Security provide Pace with the power to appoint a Receiver over the Brighton Property and over all personal property of the Debtor secured by the GSA.

<u>Pace's Position</u>

33. The Debtor is in default of the Financing. No further credit is available to the Debtor from Pace.

34. The Debtor is insolvent. The Demand has expired and Pace is in a position to seek the order appointing the Receiver. Bordo is deceased, and the Debtor is unable to operate, or to make payments or fulfill its other obligations pursuant to the terms of the Financing, as a result thereof.

35. The residents of the Brighton Property will suffer significant prejudice should the Debtor suddenly cease to operate. The appointment of a Receiver is necessary in order to deal with both the unionized and non-unionized employees of the Debtor, and to ensure that the residents of the Brighton Property receive adequate services pending the sale and/or wind-up of the Debtor.

36. The appointment of a Receiver is also necessary to allow for the orderly sale of the Brighton Property.

37. It is Pace's position that the appointment of the Receiver is just and equitable and is necessary for the protection of the estates of the Debtor, and the interests of Pace, as secured creditor, and other stakeholders.

38. Pace proposes that GTL be appointed as Receiver, without security, over all of the assets, undertakings, and properties of the Debtor, including the Brighton Property.

39. GTL has consented to act as Receiver should this Honourable Court so appoint it, and is currently operating as financial advisor to Pace in relation to the Debtor's financial position.

40. This affidavit is made in support of the within application for the appointment of Grant Thornton Limited as Receiver, without security, over all of the assets, undertakings, and properties of the Debtor, including the Brighton Property, and for no other improper purpose.

SWORN BEFORE me at the City of Vaughan, in the Province of Ontario, this 20 day of September, 2019	)))))))	LORRAINE HENSBERGER
A Commissioner, etc.		

Margo Suzette Heber
a Commissioner, etc., Province of Ontario,
for PACE Savings & Credit Union Limited.
Expires August 4 2022

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

-and-

692536 ONTARIO LIMITED

Respondent

ATTACHED HERETO ARE EXHIBITS "A" TO "K"
AS REFERRED TO IN THE AFFIDAVIT OF LORRAINE HENSBERGER,
SWORN BEFORE ME ON SEPTEMBER 20 2019.

A Commissioner, etc.

Margo Suzette Hebel
a Commissioner, etc., Province of Ontario
for PACE Savings & Credit Union Limited
Expires August 4 2022

EXHIBIT "A"

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
692536	692536 ONTARIO LIMITED	1986/12/01
		Jurisdiction
		ONTARIO

Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE

Registered Office Address

692536 ONTARIO LIMITED
1300 BAY STREET

Suite # 400
TORONTO
ONTARIO
CANADA M5R 3K8

Mailing Address

692536 ONTARIO LIMITED
1300 BAY STREET

Suite # 400
TORONTO
ONTARIO
CANADA M5R 3K8

Date Amalgamated	Amalgamation Ind.
NOT APPLICABLE	NOT APPLICABLE
New Amal. Number	**Notice Date**
NOT APPLICABLE	NOT APPLICABLE
	Letter Date
	NOT APPLICABLE
Revival Date	**Continuation Date**
1995/12/22	NOT APPLICABLE
Transferred Out Date	**Cancel/Inactive Date**
NOT APPLICABLE	NOT APPLICABLE
EP Licence Eff.Date	**EP Licence Term.Date**
NOT APPLICABLE	NOT APPLICABLE

Number of Directors Minimum	Number of Directors Maximum	Date Commenced in Ontario	Date Ceased in Ontario
UNKNOWN	UNKNOWN	NOT APPLICABLE	NOT APPLICABLE

Activity Classification

NOT AVAILABLE

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
692536	692536 ONTARIO LIMITED

Corporate Name History	Effective Date
692536 ONTARIO LIMITED	1986/12/01

Current Business Name(s) Exist: YES

Expired Business Name(s) Exist: YES - SEARCH REQUIRED FOR DETAILS

Administrator:
Name (Individual / Corporation)

STEPHEN

BORDO

Address

1300 BAY STREET

Suite # 400
TORONTO
ONTARIO
CANADA M5R 3K8

Date Began	First Director	
1986/12/17	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
692536	692536 ONTARIO LIMITED

Administrator:
Name (Individual / Corporation)

STEPHEN

BORDO

Address

1300 BAY STREET

Suite # 400
TORONTO
ONTARIO
CANADA M5R 3K8

Date Began	First Director	
1986/12/17	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	PRESIDENT	Y

Administrator:
Name (Individual / Corporation)

STEPHEN

BORDO

Address

1300 BAY STREET

Suite # 400
TORONTO
ONTARIO
CANADA M5R 3K8

Date Began	First Director	
1986/12/17	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	SECRETARY	Y

CORPORATION PROFILE REPORT

Ontario Corp Number	**Corporation Name**
692536	692536 ONTARIO LIMITED

Last Document Recorded

Act/Code	**Description**	**Form**	**Date**
CIA	CHANGE NOTICE	1	2016/08/25 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

CORPORATION PROFILE REPORT

Ontario Corp Number: 692536

Corporation Name: 692536 ONTARIO LIMITED

Incorporation Date: 1986/12/01

Jurisdiction: ONTARIO

Corporation Type: ONTARIO BUSINESS CORP.

Corporation Status: ACTIVE

Former Jurisdiction: NOT APPLICABLE

Registered Office Address

692536 ONTARIO LIMITED
1300 BAY STREET

Suite # 400
TORONTO
ONTARIO
CANADA M5R 3K8

Mailing Address

692536 ONTARIO LIMITED
1300 BAY STREET

Suite # 400
TORONTO
ONTARIO
CANADA M5R 3K8

Date Amalgamated	**Amalgamation Ind.**
NOT APPLICABLE	NOT APPLICABLE
New Amal. Number	**Notice Date**
NOT APPLICABLE	NOT APPLICABLE
	Letter Date
	NOT APPLICABLE
Revival Date	**Continuation Date**
1995/12/22	NOT APPLICABLE
Transferred Out Date	**Cancel/Inactive Date**
NOT APPLICABLE	NOT APPLICABLE
EP Licence Eff.Date	**EP Licence Term.Date**
NOT APPLICABLE	NOT APPLICABLE

Number of Directors		**Date Commenced in Ontario**	**Date Ceased in Ontario**
Minimum	**Maximum**		
UNKNOWN	UNKNOWN	NOT APPLICABLE	NOT APPLICABLE

Activity Classification

NOT AVAILABLE

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
692536	692536 ONTARIO LIMITED

Corporate Name History	Effective Date
692536 ONTARIO LIMITED	1986/12/01

Current Business Name(s) Exist: YES

Expired Business Name(s) Exist: YES - SEARCH REQUIRED FOR DETAILS

Administrator:
Name (Individual / Corporation)

STEPHEN

BORDO

Address

1300 BAY STREET

Suite # 400
TORONTO
ONTARIO
CANADA M5R 3K8

Date Began	First Director	
1986/12/17	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
692536	692536 ONTARIO LIMITED

Administrator:
Name (Individual / Corporation)

STEPHEN

BORDO

Address

1300 BAY STREET

Suite # 400
TORONTO
ONTARIO
CANADA M5R 3K8

Date Began	First Director	
1986/12/17	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	PRESIDENT	Y

Administrator:
Name (Individual / Corporation)

STEPHEN

BORDO

Address

1300 BAY STREET

Suite # 400
TORONTO
ONTARIO
CANADA M5R 3K8

Date Began	First Director	
1986/12/17	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	SECRETARY	Y

CORPORATION PROFILE REPORT

Ontario Corp Number	**Corporation Name**
692536	692536 ONTARIO LIMITED

Last Document Recorded

Act/Code	**Description**	**Form**	**Date**
CIA	CHANGE NOTICE	1	2016/08/25 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

EXHIBIT "B"

PROPERTY DESCRIPTION: PT LT 34 CON A BRIGHTON PARTS 2, 3, 4, 7, 8 & 9, 38R1753; S/T & T/W NC210067; BRIGHTON

PROPERTY REMARKS: PLANNING ACT CONSENT AS IN CL102448.

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2009/01/26

OWNERS' NAMES
692536 ONTARIO LIMITED

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
*** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2009/01/23 ***						
***SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:*						
****	*SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES **					
****	*AND ESCHEATS OR FORFEITURE TO THE CROWN.*					
****	*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.*					
****	*ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.*					
***DATE OF CONVERSION TO LAND TITLES: 2009/01/26 ***						
38R1030	1976/10/01	PLAN REFERENCE				C
38R1619	1979/10/15	PLAN REFERENCE				C
38R1753	1980/05/29	PLAN REFERENCE				C
CL102448Z	1980/06/18	REST COV APL ANNEX				C
CL106741	1981/07/31	AGREEMENT			THE CORPORATION OF THE TOWN OF BRIGHTON	C
CL132703	1987/04/30	AGREEMENT			TOWN OF BRIGHTON	C
NC210067	1993/01/07	JDGMT FORECLOSURE			692536 ONTARIO LIMITED	C
REMARKS: NC150724						
NC241858	1996/01/05	BYLAW				C
NC241859	1996/01/05	AGREEMENT			THE TOWN OF BRIGHTON	C

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
NC368629	2005/11/24	CHARGE		*** COMPLETELY DELETED ***	COMPUTERSHARE TRUST COMPANY OF CANADA	
NC368630	2005/11/24	ASSIGNMENT GENERAL		*** COMPLETELY DELETED ***		
REMARKS: RENTS, NC368629						
NC370611	2006/01/24	AGR AM CH		*** COMPLETELY DELETED ***		
REMARKS: NC368629 DOCUMENT WAS DELETED ON 04/24/2019 BY EDWIN BOSTON						
ND27433	2009/04/07	CHARGE		*** COMPLETELY DELETED *** 692536 ONTARIO LIMITED	626688 ONTARIO LIMITED	
ND30340	2009/06/12	NOTICE	$2	692536 ONTARIO LIMITED	THE CORPORATION OF THE MUNICIPALITY OF BRIGHTON	C
ND39559	2009/12/01	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** CENTRAL LUMBER LIMITED		
ND41093	2010/01/12	CERTIFICATE		*** COMPLETELY DELETED *** CENTRAL LUMBER LIMITED	ONTARIO SUPERIOR COURT OF JUSTICE	
REMARKS: ND39559						
ND41736	2010/01/28	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED *** CENTRAL LUMBER LIMITED		
REMARKS: ND39559.						
ND48260	2010/06/28	CHARGE		*** COMPLETELY DELETED *** 692536 ONTARIO LIMITED	626688 ONTARIO LIMITED	
ND50286	2010/08/05	LIEN		*** COMPLETELY DELETED *** HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		
REMARKS: TAX LIEN						
ND50313	2010/08/05	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** 1787291 ONTARIO INC.		
ND50597	2010/08/12	DISCHARGE INTEREST		*** COMPLETELY DELETED *** HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		
REMARKS: ND50286.						

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
ND51213	2010/08/26	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** DESMARAIS, VICTOR		
ND51471	2010/09/01	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED *** 1787291 ONTARIO INC.		
REMARKS: ND50313.						
ND52036	2010/09/16	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED *** DESMARAIS, VICTOR		
REMARKS: ND51213.						
ND55397	2010/12/06	TRANSFER OF CHARGE		*** COMPLETELY DELETED *** 626688 ONTARIO LIMITED	1110864 ONTARIO INC. LANGNER, ALLAN LEVITAN, RHODA KOTZEFF, KONSTANTIN KOTZEFF, JENNIFER THE CANADA TRUST COMPANY ROTHMAN, MARSHALL 2174146 ONTARIO CORP. 2174142 ONTARIO INC. C.J.G. HOLDINGS INC. HEINS, NICHOLAS 802779 ONTARIO INC.	
REMARKS: ND27433.						
ND62349	2011/06/16	CHARGE		*** COMPLETELY DELETED *** 692536 ONTARIO LIMITED	DILLANE, C. WILLIAM	
ND73623	2012/03/20	TRANSFER OF CHARGE		*** COMPLETELY DELETED *** 1110864 ONTARIO INC. LANGNER, ALLAN LEVITAN, RHODA KOTZEFF, KONSTANTIN KOTZEFF, JENNIFER THE CANADA TRUST COMPANY ROTHMAN, MARSHALL 2174146 ONTARIO CORP. 2174142 ONTARIO INC. C.J.G. HOLDINGS INC. HEINS, NICHOLAS 802779 ONTARIO INC.	LESH, STEVEN LANGNER, ALLAN LEVITAN, RHODA KOTZEFF, KONSTANTIN KOTZEFF, JENNIFER THE CANADA TRUST COMPANY ROTHMAN, MARSHALL 2174146 ONTARIO CORP. 2174142 ONTARIO INC. C.J.G. HOLDINGS LIMITED HEINS, NICHOLAS 802779 ONTARIO INC.	
REMARKS: ND27433						

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
ND117423	2015/05/15	DISCH OF CHARGE		*** COMPLETELY DELETED *** LESH, STEVEN LANGNER, ALLAN LEVITAN, RHODA KOTZEFF, KONSTANTIN KOTZEFF, JENNIFER THE CANADA TRUST COMPANY ROTHMAN, MARSHALL 2174146 ONTARIO CORP. 2174142 ONTARIO INC. C.J.G. HOLDINGS LIMITED HEINS, NICHOLAS 802779 ONTARIO INC.		
REMARKS: ND27433.						
ND117441	2015/05/15	CHARGE		*** COMPLETELY DELETED *** 692536 ONTARIO LIMITED	368230 ONTARIO LIMITED	
ND117442	2015/05/15	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** 692536 ONTARIO LIMITED	368230 ONTARIO LIMITED	
REMARKS: ND117441						
ND117446	2015/05/15	DISCH OF CHARGE		*** COMPLETELY DELETED *** DILLANE, C. WILLIAM		
REMARKS: ND62349.						
ND117447	2015/05/15	DISCH OF CHARGE		*** COMPLETELY DELETED *** 626688 ONTARIO LIMITED		
REMARKS: ND48260.						
ND138168	2016/09/01	CHARGE	$6,500,000	692536 ONTARIO LIMITED	PACE SAVINGS & CREDIT UNION LIMITED	C
ND138169	2016/09/01	NO ASSGN RENT GEN		692536 ONTARIO LIMITED	PACE SAVINGS & CREDIT UNION LIMITED	C
REMARKS: ND138168.						
ND138245	2016/09/01	DISCH OF CHARGE		*** COMPLETELY DELETED *** 368230 ONTARIO LIMITED		
REMARKS: ND117441.						
ND139224	2016/09/23	DISCH OF CHARGE		*** COMPLETELY DELETED *** COMPUTERSHARE TRUST COMPANY OF CANADA		
REMARKS: NC368629.						

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
ND146702	2017/03/15	LIEN		*** COMPLETELY DELETED *** HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL REVENUE		
REMARKS: TAX LIEN						
ND165597	2018/04/25	DISCHARGE INTEREST		*** COMPLETELY DELETED *** HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL REVENUE		
REMARKS: ND146702.						

EXHIBIT "C"

PACE CREDIT UNION Well beyond a bank.

PRIVATE & CONFIDENTIAL

July 28, 2011116

692536 Ontario Limited
1300 Bay Street, Suite 400
Toronto, Ontario
M5R 3K8

Dear Sirs:

RE: NEW MORTGAGE FACILITY

We are pleased to advise that the Lender's Credit Committee has provisionally approved the following credit facility, subject to the satisfaction of the conditions and security documentation outlined below. Due to the nature of the information required, terms and conditions may be changed in the final documentation process.

This term sheet is prepared on the assumption that the structure of the financing as outlined herein does not change in a material manner.

The terms and conditions set out herein are for the exclusive benefit of the Credit Union and any alterations to these terms and conditions will render this term sheet null and void.

BORROWER

692536 Ontario Limited

GUARANTORS

Not Applicable

LENDER

PACE Savings & Credit Union Limited (PSCU)

TYPE OF CREDIT & AMOUNT

Corporate Fixed Rate Mortgage - $6,500,000.00

PURPOSE

This facility will be advanced to payout the existing first mortgage (reported to be approximately $2,626,000 owing to TD Bank), the second mortgage (reported to be approximately $3,578,000 owing to Dr. Bernstein)and the third mortgage (reported to be approximately $70,000 owing to Rillane), plus cover various closing and legal expenses. Dillane

DRAWDOWN

Upon completion of the security documentation required pursuant to Section 2 of this term sheet and compliance with the conditions precedent to funding provided for in Section 3 of this term sheet.

TERM

2 year

AMORTIZATION

25 years

INTEREST RATE

Fixed Rate of 7.00% for the initial term.

REPAYMENT

Based on the interest rate offered, the required monthly blended payment of principal and interest is $45,527.02.

The member must demonstrate the ability to maintain a debt service coverage ratio of 1.25 times the net operating income as calculated by the Lender. Debt service coverage ratio is defined as EBITDA (earnings before interest, taxes, depreciation & amortization) divided by annual principal and interest payments for all debts.

Payments will commence within 30 days of drawdown.

PREPAYMENT

Permitted to repay up to 10% of the original mortgage amount on any regular payment date once per calendar year during the interest rate term; otherwise, subject to a 3 month interest penalty or the interest rate differential for the balance of the term, whichever is greater.

SECONDARY DEBT

Unless approved by the Lender, the Borrower will not be permitted to register any form of secondary debt on the property.

DATE OF ADVANCE:

No later than August 31, 2016 or such other date as may be mutually agreed upon by the Borrower and the Lender.

FEES

Commitment Fee	$240,000.00

The commitment fee is based on the assumption that the structure of the loan as outlined herein does not change in a material manner. If changes in a material manner occur, the fee will be adjusted accordingly.

Annual Review Fee	$6,500.00
Mortgage Renewal Fee	$500.00
NSF Payment Fee	$60.00
Annual Review Monthly Late Reporting Fee	$50.00

The late reporting fee will be charged monthly beginning 30 days after the annual review date. The annual review date based on the Borrower's financial year end reporting date is April 30th.

SECTION 2 - SECURITY

The present and future indebtedness and liability of the Borrower(s) to the Lender shall be secured by the following security evidenced by documents in a form satisfactory to the Lender and its legal counsel, if applicable and registered or recorded as required by the Lender, to be provided prior to any advances or avail being made under the Credit Facilities:

1. Mortgage in first position to be registered over but not limited to the property legally described as 120 Elizabeth Street, Brighton, Ontario and municipally know as PT LT 34 CON A BRIGHTON PARTS 2, 3, 4, 7, 8 & 9, 39R-1753; S/T & T/W NC 10067; BRIGHTON and all lands located thereon. Loan to value not to exceed 60% of the current appraised value.
2. Registered General Assignment of Leases and Rents to be registered on the mortgaged property(s) and all estoppels and related documentation to be provided by the Borrower/Guarantor and executed as PSCU's counsel may so require.
3. Business Loan General Security Agreement representing a floating charge over the assets and undertakings of the Borrower in first position to be registered under *Personal Property Security Act.*
4. Assignment of adequate general business liability and fire insurance, reflecting the Lender as First Loss Payee.
5. All other documentation necessary in the opinion of the Lender and its legal counsel, to complete this transaction.

FIRST CANADIAN TITLE INSURANCE

The Lender requires that First Canadian Title Insurance be purchased in connection with this transaction in order to provide protection over various title related matters. Arrangements have been made with First Canadian Title, wherein a Master Policy of Insurance has been negotiated in favour of the Lender. All premiums and costs associated with First Canadian Title, whether or not the transaction of proceeded with as contemplated are payable by the Borrower(s). Significantly less due diligence is required when Title Insurance is purchased, so cost and time efficiencies should be evident as this transaction is completed.

SECTION 3 - CONDITIONS PRECEDENT TO FUNDING

THIRD PARTY REPORTS

The following third party reports must be received by the Lender prior to the drawdown date. The reports for the property are to be commissioned by, and are to be entirely satisfactory to the Lender, which reports shall be addressed to the Lender or the Lender shall have received a satisfactory Letter of Transmittal from the author thereof. All costs associated with the reports are for the account of the Borrower.

1) AACI Appraisal Report; Loan to Value not to exceed 60%. The appraisal report dated July 4, 2016, completed by Colliers International, will suffice, provided we receive a letter of transmittal in favor of PSCU.
2) Phase 1 Environmental Report and if so required by the Credit Union, a Phase 2 environmental assessment is to be provided.
3) Satisfactory Fire Marshall's Report
4) Satisfactory Health Department Report

Those customarily found in the Lender's security documents and any additional conditions appropriate in the context of the proposed transaction. No funds shall be advanced until all conditions precedent have been satisfied, and counsel for PSCU is satisfied that all security is on hand and in good order. In any event, precedent conditions include without limitation, the following:

1. The Borrower to provide a copy of the Title Deed for all properties to be mortgaged.

2. The Borrower will provide a fully executed copy of all leases including all renewals thereof for all rental properties to be mortgaged as outlined in Section 2 of this term sheet.

3. The Borrower will provide a current detailed rent roll by property address for all rental properties as that form part of PSCU's security as outlined in Section 2 of this term sheet. The rent roll will contain unit number, tenant name, lease commencement date and lease expiry date.

4. Personal net worth statement to be provided by all persons relating to this term sheet including but not limited to company shareholders, directors and all personal Guarantors as requested by the Credit Union.

5. The Corporate Borrower to provide a copy of the Articles of Incorporation and any copies of any valid name registrations.

6. The Borrower to complete and execute the attached Incumbency Certificate for each corporate entity that is included in the term offer. For each Shareholder that is a corporate entity or trust, additional Incumbency Certificates must be completed until the ownership displays the real persons under the Borrower/Guarantor corporate/trust ownership structure.

7. The Corporate Borrower to provide a copy of the Shareholder register. Personal net worth statements must be provided (in a format satisfactory to PSCU) from all shareholders.

8. The Corporate Borrower to provide a copy of each company's Borrowing by-laws and signing resolutions relative to the completion of this transaction.

9. The 9 digit Business BN identifier number to be provided for each Corporate Borrower.

10. The Borrower to provide confirmation satisfactory to the Lender that CRA remittances for Income Tax, HST and Employee Source Deductions, and/or individual CRA Notice of Assessments as applicable and are paid and current.

11. The Borrower to provide minimum accountant prepared Notice to Reader financial statements for the most recent three years of company year ends and/or personal tax returns as applicable.

12. The Borrower shall establish a Membership account with shares in the amount of $175.00 with the Credit Union and execute all required documentation as required.

13. Membership in PSCU is to be maintained in good standing at all times while any portion of the credit facilities remains outstanding or committed.

14. All individuals not limited to non-corporate Borrowers, personal Guarantors, individual authorized Signing Officers, as identified by PSCU to provide two pieces of current, government issued identification as follows:

    I. Valid Ontario Driver's License, or valid Passport
    II. Valid Citizenship document or Birth Certificate with Government identity number

15. Commercial general liability and fire insurance to be maintained on all property contained in Section 2 of this term sheet, noting PSCU as First Loss Payee.

16. The Borrower/Guarantors to provide satisfactory evidence that it has obtained all applicable permits/certificates and is in compliance with all relevant regulatory requirements.

17. There shall not exist any judgment, order, injunction or other restraint prohibiting or imposing materially adverse conditions upon the consummation of the transaction.

18. The Borrower and any Guarantors authorize PSCU by executing this term sheet to obtain information from others as it may reasonably require, to disclose to other credit grantors or credit bureaus as permitted by Law, the particulars of this term sheet. The Borrower and all Guarantors acknowledge notice from PSCU that a commercial/consumer report containing credit information will be referred to in connection with this term sheet or any renewal or extension thereof.

19. There shall not have occurred since the date hereof any material adverse change in, or development likely to have a material adverse effect on the condition (financial or otherwise) of the operation, business, properties, prospects or capitalization of the Borrower or the Guarantors.

20. The Borrower and Guarantors covenant to provide any additional information requested and deemed reasonable by the Lender.

21. The Borrower will pay all legal fees and disbursements of the Lender in connection with this term sheet and any documentation resulting therefrom.

GENERAL CONDITIONS/COVENANTS

1. The Borrower will provide annually within 120 days of the fiscal year end date, accountant prepared minimum level Notice to Reader financial statements, and CRA Notice of Assessments for the current tax filing period for income tax, HST and employee source remittances as applicable evidencing all tax payment obligations are current.

2. The Borrower/Guarantors to provide an up to date detailed rent roll by property address for all properties mortgaged at each facility renewal date and/or annual review date as requested by PSCU. The rent roll will contain by unit number, tenant name, lease commencement date and lease expiry date.

3. The Borrower/Guarantors to provide confirmation that property taxes are paid to date on all mortgaged property(s) at each annual review date and at the PSCU's request.

4. The Borrower/Guarantors covenant to maintain general business liability insurance and fire insurance coverage over the assets charged adequate to protect the facility at all times, with loss payable to PSCU as First Loss Payee. A copy of the insurance policy is to be provided to PSCU at each policy renewal date and/or at each annual review date as requested by PSCU.

5. Personal net worth statements to be provided by all persons relating to this term sheet including but not limited to company shareholders, directors and all personal Guarantors as required by the Credit Union at least every two years.

6. The Borrower must maintain a debt service coverage ratio minimum of 1.25:1 at all times. Debt service coverage ratio is defined as EBITDA (earnings before interest, taxes, depreciation & amortization) divided by annual principal and interest payments for all debts.

7. In the event that the value of the security for the borrowing facility(s) may have diminished as determined by PSCU, updated appraisals/assessments may be required by the Lender at the cost of the Borrower. The Borrower and/or Guarantors undertake to provide additional security or alternatively reduce the facility to comply with the original loan to value margin.

8. The Borrower and Guarantors to provide to the Credit Union 30 days prior written notice of any intended change in the ownership of its shares and shall not to consent to, or facilitate a change in the ownership of its shares without the prior written consent of the Credit Union.

9. The Borrower shall not without prior written consent of the Credit Union merge, amalgamate, or otherwise enter into any other form of business combination with any other Person.

10. The Borrower and Guarantor(s) covenant to provide any additional information requested and deemed reasonable by the Lender.

11. The Credit Facilities provided by the Credit Union are non-transferable.

SOLICITOR

Pace Savings & Credit Union	**Member's Representation**
To be advised	Information to be provide upon signing

LEGAL REQUIREMENTS

It is understood and agreed that **PSCU's solicitor will be the lead council** and advance of funds shall not occur until the Lender's solicitor is satisfied with all legal aspects of this transaction. The Borrower agrees to give the Lender such document assurances, information, covenants that our solicitor may require with regards to this loan agreement.

The legal fees shall be based on the assumption that title to any property covered by any security is in the name of the Borrower or Guarantor as specified and is clear and free of any other encumbrances except as noted herein and the loan documentation prepared for this transaction is executed substantially in the form contemplated. In the event that changes occur in any material manner, then the same will be reflected in additional legal costs to be incurred by the Lenders council.

All legal expenses are the sole responsibility of the Borrower.

As indicated by title, the facility has been provisionally approved only, and as such, does not constitute an offer of financing. All figures and conditions are subject to change. Your concurrence will be signified by your signing and returning a copy of this term sheet together with the articles of incorporation for the Borrower and Corporate Guarantors, completed Incumbency Certificates, and personal identification items as noted under Section 3.17 (I & II) and a cheque payable to PACE Savings & Credit Union Limited in the amount of $20,000.00 no later than August 10, 2016 which represents the expiry date of this term sheet. The balance of the commitment fee; $200,000.00 will be payable at closing.

No due diligence will be undertaken until the afore-noted has been received by this office.

Immediately upon receipt of your concurrence we will proceed with a formal application. Please be advised that the due diligence period to the approval stage for this loan is estimated to be a maximum of 10 business days after receipt of all of the information required under Section 3 of this term sheet. This estimation is based on the assumption that this transaction is to close substantially in the form contemplated.

In the event that substantive changes occur, the due diligence period will be affected accordingly.

Upon formal approval, the terms herein together with any additional terms and/or additional documentation required will govern the terms of the facilities therein and will be further accepted upon execution by all parties of an amended term sheet.

Should you have any questions or require any further clarification of the terms and conditions recited, please contact

692536 Ontario Limited
July 28, 2016

Yours truly,

Brian Hogan
On behalf of Credit Committee

Telephone: (905) 738 – 8900
bhogan@pacecu.com

Acknowledged this 29th day of July 2016

BORROWER
692536
693536 Ontario LIMITED

Per: Authorized Signing Officer

Per: Authorized Signing Officer

GUARANTORS
TRUSTEE OF THE BORDO FAMILY TRUST II

Signature
Name:

Signature
Name:

Signature
Name

PACE CREDIT UNION Well beyond a bank.

PRIVATE & CONFIDENTIAL

July 28, 2016 **AMENDED AUGUST 22, 2016**

692536 Ontario Limited
1300 Bay Street, Suite 400
Toronto, Ontario
M5R 3K8

Dear Sirs:

RE: NEW MORTGAGE FACILITY

We are pleased to advise that the Lender's Credit Committee has provisionally approved the following credit facility, subject to the satisfaction of the conditions and security documentation outlined below. Due to the nature of the information required, terms and conditions may be changed in the final documentation process.

This term sheet is prepared on the assumption that the structure of the financing as outlined herein does not change in a material manner.

The terms and conditions set out herein are for the exclusive benefit of the Credit Union and any alterations to these terms and conditions will render this term sheet null and void.

BORROWER

692536 Ontario Limited

GUARANTORS

Not Applicable

LENDER

PACE Savings & Credit Union Limited (PSCU)

TYPE OF CREDIT & AMOUNT

Corporate Fixed Rate Mortgage - $6,500,000.00

PURPOSE

This facility will be advanced to pay out the existing first mortgage (reported to be approximately $2,626,000.00) owing to Computershare Trust Company of Canada and a second mortgage (reported to be approximately $3,578,000) owing to 368230 Ontario Limited plus cover various closing and legal expenses.

DRAWDOWN

Upon completion of the security documentation required pursuant to Section 2 of this term sheet and compliance with the conditions precedent to funding provided for in Section 3 of this term sheet.

TERM

2 year

AMORTIZATION

25 years

INTEREST RATE

Fixed Rate of 7.00% for the initial term.

REPAYMENT

Based on the interest rate offered, the required monthly blended payment of principal and interest is $45,527.02.

The member must demonstrate the ability to maintain a debt service coverage ratio of 1.25 times the net operating income as calculated by the Lender. Debt service coverage ratio is defined as EBITDA (earnings before interest, taxes, depreciation & amortization) divided by annual principal and interest payments for all debts.

Payments will commence within 30 days of drawdown.

PREPAYMENT

Permitted to repay up to 10% of the original mortgage amount on any regular payment date once per calendar year during the interest rate term; otherwise, subject to a 3 month interest penalty or the interest rate differential for the balance of the term, whichever is greater.

SECONDARY DEBT

Unless approved by the Lender, the Borrower will not be permitted to register any form of secondary debt on the property.

DATE OF ADVANCE:

No later than August 31, 2016 or such other date as may be mutually agreed upon by the Borrower and the Lender.

FEES

Commitment Fee $240,000.00

The commitment fee is based on the assumption that the structure of the loan as outlined herein does not change in a material manner. If changes in a material manner occur, the fee will be adjusted accordingly.

Annual Review Fee	$6,500.00
Mortgage Renewal Fee	$500.00
NSF Payment Fee	$60.00
Annual Review Monthly Late Reporting Fee	$50.00

The late reporting fee will be charged monthly beginning 30 days after the annual review date. The annual review date based on the Borrower's financial year end reporting date is April 30th.

SECTION 2 - SECURITY

The present and future indebtedness and liability of the Borrower(s) to the Lender shall be secured by the following security evidenced by documents in a form satisfactory to the Lender and its legal counsel, if applicable and registered or recorded as required by the Lender, to be provided prior to any advances or avail being made under the Credit Facilities:

1. Mortgage in first position to be registered over but not limited to the property legally described as 120 Elizabeth Street, Brighton, Ontario and municipally know as PT LT 34 CON A BRIGHTON PARTS 2, 3, 4, 7, 8 & 9, 39R-1753; S/T & T/W NC 10067; BRIGHTON and all lands located thereon. Loan to value not to exceed 60% of the current appraised value.

2. Registered General Assignment of Leases and Rents to be registered on the mortgaged property(s) and all estoppels and related documentation to be provided by the Borrower/Guarantor and executed as PSCU's counsel may so require.

3. Business Loan General Security Agreement representing a floating charge over the assets and undertakings of the Borrower in first position to be registered under *Personal Property Security Act.*

4. Assignment of adequate general business liability and fire insurance, reflecting the Lender as First Loss Payee.

5. All other documentation necessary in the opinion of the Lender and its legal counsel, to complete this transaction.

FIRST CANADIAN TITLE INSURANCE

The Lender requires that First Canadian Title Insurance be purchased in connection with this transaction in order to provide protection over various title related matters. Arrangements have been made with First Canadian Title, wherein a Master Policy of Insurance has been negotiated in favour of the Lender. All premiums and costs associated with First Canadian Title, whether or not the transaction of proceeded with as contemplated are payable by the Borrower(s). Significantly less due diligence is required when Title Insurance is purchased, so cost and time efficiencies should be evident as this transaction is completed.

SECTION 3 - CONDITIONS PRECEDENT TO FUNDING

THIRD PARTY REPORTS

The following third party reports must be received by the Lender prior to the drawdown date. The reports for the property are to be commissioned by, and are to be entirely satisfactory to the Lender, which reports shall be addressed to the Lender or the Lender shall have received a satisfactory Letter of Transmittal from the author thereof. All costs associated with the reports are for the account of the Borrower.

1) AACI Appraisal Report; Loan to Value not to exceed 60%. The appraisal report dated July 4, 2016, completed by Colliers International, will suffice, provided we receive a letter of transmittal in favor of PSCU.
2) Phase 1 Environmental Report and if so required by the Credit Union, a Phase 2 environmental assessment is to be provided.
3) Satisfactory Fire Marshall's Report
4) Satisfactory Health Department Report

Those customarily found in the Lender's security documents and any additional conditions appropriate in the context of the proposed transaction. No funds shall be advanced until all conditions precedent have been satisfied, and counsel for PSCU is satisfied that all security is on hand and in good order. In any event, precedent conditions include without limitation, the following:

1. The Borrower to provide a copy of the Title Deed for all properties to be mortgaged.
2. The Borrower will provide a fully executed copy of all leases including all renewals thereof for all rental properties to be mortgaged as outlined in Section 2 of this term sheet.
3. The Borrower will provide a current detailed rent roll by property address for all rental properties as that form part of PSCU's security as outlined in Section 2 of this term sheet. The rent roll will contain unit number, tenant name, lease commencement date and lease expiry date.
4. Personal net worth statement to be provided by all persons relating to this term sheet including but not limited to company shareholders, directors and all personal Guarantors as requested by the Credit Union.
5. The Corporate Borrower to provide a copy of the Articles of Incorporation and any copies of any valid name registrations.

6. The Borrower to complete and execute the attached Incumbency Certificate for each corporate entity that is included in the term offer. For each Shareholder that is a corporate entity or trust, additional Incumbency Certificates must be completed until the ownership displays the real persons under the Borrower/Guarantor corporate/trust ownership structure.

7. The Corporate Borrower to provide a copy of the Shareholder register. Personal net worth statements must be provided (in a format satisfactory to PSCU) from all shareholders.

8. The Corporate Borrower to provide a copy of each company's Borrowing by-laws and signing resolutions relative to the completion of this transaction.

9. The 9 digit Business BN identifier number to be provided for each Corporate Borrower.

10. The Borrower to provide confirmation satisfactory to the Lender that CRA remittances for Income Tax, HST and Employee Source Deductions, and/or individual CRA Notice of Assessments as applicable and are paid and current.

11. The Borrower to provide minimum accountant prepared Notice to Reader financial statements for the most recent three years of company year ends and/or personal tax returns as applicable.

12. The Borrower shall establish a Membership account with shares in the amount of $175.00 with the Credit Union and execute all required documentation as required.

13. Membership in PSCU is to be maintained in good standing at all times while any portion of the credit facilities remains outstanding or committed.

14. All individuals not limited to non-corporate Borrowers, personal Guarantors, individual authorized Signing Officers, as identified by PSCU to provide two pieces of current, government issued identification as follows:

    I. Valid Ontario Driver's License, or valid Passport
    II. Valid Citizenship document or Birth Certificate with Government identity number

15. Commercial general liability and fire insurance to be maintained on all property contained in Section 2 of this term sheet, noting PSCU as First Loss Payee.

16. The Borrower/Guarantors to provide satisfactory evidence that it has obtained all applicable permits/certificates and is in compliance with all relevant regulatory requirements.

17. There shall not exist any judgment, order, injunction or other restraint prohibiting or imposing materially adverse conditions upon the consummation of the transaction.

18. The Borrower and any Guarantors authorize PSCU by executing this term sheet to obtain information from others as it may reasonably require, to disclose to other credit grantors or credit bureaus as permitted by Law, the particulars of this term sheet. The Borrower and all Guarantors acknowledge notice from PSCU that a commercial/consumer report containing credit information will be referred to in connection with this term sheet or any renewal or extension thereof.

19. There shall not have occurred since the date hereof any material adverse change in, or development likely to have a material adverse effect on the condition (financial or otherwise) of the operation, business, properties, prospects or capitalization of the Borrower or the Guarantors.

20. The Borrower and Guarantors covenant to provide any additional information requested and deemed reasonable by the Lender.

21. The Borrower will pay all legal fees and disbursements of the Lender in connection with this term sheet and any documentation resulting therefrom.

GENERAL CONDITIONS/COVENANTS

1. The Borrower will provide annually within 120 days of the fiscal year end date, accountant prepared minimum level Notice to Reader financial statements, and CRA Notice of Assessments for the current tax filing period for income tax, HST and employee source remittances as applicable evidencing all tax payment obligations are current.

2. The Borrower/Guarantors to provide an up to date detailed rent roll by property address for all properties mortgaged at each facility renewal date and/or annual review date as requested by PSCU. The rent roll will contain by unit number, tenant name, lease commencement date and lease expiry date.

3. The Borrower/Guarantors to provide confirmation that property taxes are paid to date on all mortgaged property(s) at each annual review date and at the PSCU's request.

4. The Borrower/Guarantors covenant to maintain general business liability insurance and fire insurance coverage over the assets charged adequate to protect the facility at all times, with loss payable to PSCU as First Loss Payee. A copy of the insurance policy is to be provided to PSCU at each policy renewal date and/or at each annual review date as requested by PSCU.

5. Personal net worth statements to be provided by all persons relating to this term sheet including but not limited to company shareholders, directors and all personal Guarantors as required by the Credit Union at least every two years.

6. The Borrower must maintain a debt service coverage ratio minimum of 1.25:1 at all times. Debt service coverage ratio is defined as EBITDA (earnings before interest, taxes, depreciation & amortization) divided by annual principal and interest payments for all debts.

7. In the event that the value of the security for the borrowing facility(s) may have diminished as determined by PSCU, updated appraisals/assessments may be required by the Lender at the cost of the Borrower. The Borrower and/or Guarantors undertake to provide additional security or alternatively reduce the facility to comply with the original loan to value margin.

8. The Borrower and Guarantors to provide to the Credit Union 30 days prior written notice of any intended change in the ownership of its shares and shall not to consent to, or facilitate a change in the ownership of its shares without the prior written consent of the Credit Union.

9. The Borrower shall not without prior written consent of the Credit Union merge, amalgamate, or otherwise enter into any other form of business combination with any other Person.

10. The Borrower and Guarantor(s) covenant to provide any additional information requested and deemed reasonable by the Lender.

11. The Credit Facilities provided by the Credit Union are non-transferable.

SOLICITOR

Pace Savings & Credit Union	**Member's Representation**
To be advised	Information to be provide upon signing

LEGAL REQUIREMENTS

It is understood and agreed that **PSCU's solicitor will be the lead council** and advance of funds shall not occur until the Lender's solicitor is satisfied with all legal aspects of this transaction. The Borrower agrees to give the Lender such document assurances, information, covenants that our solicitor may require with regards to this loan agreement.

The legal fees shall be based on the assumption that title to any property covered by any security is in the name of the Borrower or Guarantor as specified and is clear and free of any other encumbrances except as noted herein and the loan documentation prepared for this transaction is executed substantially in the form contemplated. In the event that changes occur in any material manner, then the same will be reflected in additional legal costs to be incurred by the Lenders council.

All legal expenses are the sole responsibility of the Borrower.

As indicated by title, the facility has been provisionally approved only, and as such, does not constitute an offer of financing. All figures and conditions are subject to change. Your concurrence will be signified by your signing and returning a copy of this term sheet together with the articles of incorporation for the Borrower and Corporate Guarantors, completed Incumbency Certificates, and personal identification items as noted under Section 3.17 (I & II) and a cheque payable to PACE Savings & Credit Union Limited in the amount of $20,000.00 no later than August 10, 2016 which represents the expiry date of this term sheet. The balance of the commitment fee; $200,000.00 will be payable at closing.

No due diligence will be undertaken until the afore-noted has been received by this office.

Immediately upon receipt of your concurrence we will proceed with a formal application. Please be advised that the due diligence period to the approval stage for this loan is estimated to be a maximum of 10 business days after receipt of all of the information required under Section 3 of this term sheet. This estimation is based on the assumption that this transaction is to close substantially in the form contemplated.

In the event that substantive changes occur, the due diligence period will be affected accordingly.

Upon formal approval, the terms herein together with any additional terms and/or additional documentation required will govern the terms of the facilities therein and will be further accepted upon execution by all parties of an amended term sheet.

Should you have any questions or require any further clarification of the terms and conditions recited, please contact

Yours truly,

per

Brian Hogan
V.P., Commercial Credit
On behalf of Credit Committee
Telephone: (905) 738 – 8900
bhogan@pacecu.com

Acknowledged this 26 th day of August 2016

BORROWER

692536 ONTARIO LIMITED

Per: Authorized Signing Officer

Per: Authorized Signing Officer

EXHIBIT "D"

Properties

PIN	51166 - 1052 LT	*Interest/Estate*	Fee Simple
Description	PT LT 34 CON A BRIGHTON PARTS 2, 3, 4, 7, 8 & 9, 38R1753; S/T & T/W NC210067; BRIGHTON		
Address	120 ELIZABETH ST BRIGHTON		

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	692536 ONTARIO LIMITED
Address for Service	1300 Bay Street Suite 400 Toronto, Ontario M5R 3K8

I, Stephen Bordo, President, have the authority to bind the corporation.

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

Chargee(s) *Capacity* *Share*

Name	PACE SAVINGS & CREDIT UNION LIMITED
Address for Service	8111 Jane Street Unit 1 Vaughan, Ontario L4K 4L7

Statements

Schedule: See Schedules

Provisions

Principal	$ 6,500,000.00	*Currency*	CDN
Calculation Period	semi-annually, not in advance		
Balance Due Date	2018/09/01		
Interest Rate	7.00% per annum		
Payments	$ 45,527.02		
Interest Adjustment Date	2016 09 01		
Payment Date	1st day of each and every month		
First Payment Date	2016 10 01		
Last Payment Date	2018 09 01		
Standard Charge Terms	200033		
Insurance Amount	full insurable value		
Guarantor			

Signed By

Manal Farah	800-150 York St. Toronto M5H 3S5	acting for Chargor(s)	Signed	2016 08 30

Tel 416-364-1553

Fax 416-364-1453

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

Submitted By

MACDONALD SAGER MANIS LLP	800-150 York St. Toronto M5H 3S5	2016 09 01

Tel 416-364-1553

Fax 416-364-1453

Fees/Taxes/Payment

Statutory Registration Fee	$62.85
Total Paid	$62.85

File Number

Chargor Client File Number :	16-8279
Chargee Client File Number :	162497

EXHIBIT "E"

DYE & DURHAM CO. INC.
Form No. 300E

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

(Electronic Filing)

Filed by
Dye & Durham Co. Inc.

Filing Date: November 3, 2000

Filing number: 200033

The following Set of Standard Charge Terms shall be applicable to documents registered in electronic format under Part III of the Land Registration Reform Act, R.S.O. 1990, c. L.4 as amended (the " Land Registration Reform Act") and shall be deemed to be included in every electronically registered charge in which this Set of Standard Charge Terms is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act, except to the extent that the provisions of this Set of Standard Charge Terms are modified by additions, amendments or deletions in the schedule. Any charge in an electronic format of which this Set of Standard Charge Terms forms a part by reference to the above-noted filing number in such charge shall hereinafter be referred to as the "Charge".

Exclusion of Statutory Covenants

1. The implied covenants deemed to be included in a charge under subsection 7(1) of the *Land Registration Reform Act* as amended or re-enacted are excluded from the Charge.

Right to Charge the Land

2. The Chargor now has good right, full power and lawful and absolute authority to charge the land and to give the Charge to the Chargee upon the covenants contained in the Charge.

No Act to Encumber

3. The Chargor has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the land, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the land registry office disclose.

Good Title in Fee Simple

4. The Chargor, at the time of the delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the land and the premises described in the Charge and in every part and parcel thereof without any manner of trusts, reservations, limitations, provisos, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown.

Promise to Pay and Perform

5. The Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations contained in the Charge and shall pay as they fall due all taxes, rates, levies, charges, assessments, utility and heating charges, municipal, local, parliamentary and otherwise which now are or may hereafter be imposed, charged or levied upon the land and when required shall produce for the Chargee receipts evidencing payment of the same.

Interest After Default

6. In case default shall be made in payment of any sum to become due for interest at the time provided for payment in the Charge, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, and both before and after default and judgement, shall bear interest at the rate provided for in the Charge. In case the interest and compound interest are not paid within the interest calculation period provided in the Charge from the time of default a rest shall be made, and compound interest at the rate provided for in the Charge 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 land.

No Obligation to Advance

7. Neither the preparation, execution or registration of the Charge shall bind the Chargee to advance the principal amount secured, nor shall the advance of a part of the principal amount secured bind the Chargee to advance any unadvanced portion thereof, but nevertheless the security in the land shall take effect forthwith upon delivery for registration of the Charge by the Chargor. The expenses of the examination of the title and of the Charge and valuation are to be secured by the Charge in the event of the whole or any balance of the principal amount not being advanced, the same to be charged hereby upon the land, and shall be, without demand therefor, payable forthwith with interest at the rate provided for in the Charge, and in default the Chargee's power of sale hereby given, and all other remedies hereunder, shall be exercisable.

Costs Added to Principal

8. The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges which shall from time to time fall due and be unpaid in respect of the land, and that such payments, together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of the land and of negotiating the Charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in leasing or selling the land or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the land, which payments with interest at the rate provided for in the Charge shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that all amounts paid by the Chargee as aforesaid shall be added to the principal amount secured by the Charge and shall be payable forthwith with interest at the rate provided for in the Charge, and on default all sums secured by the Charge shall immediately become due and payable at the option of the Chargee, and all powers in the Charge conferred shall become exercisable.

Power of Sale

9. The Chargee on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the land or sell the land. Such notice shall be given to such persons and in such manner and form and within such time as provided in the *Mortgages Act*. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the land, if occupied, or by placing it on the land if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in the county or district in which the land is situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability. Provided further, that in case default be made in the payment of the principal amount or interest or any part thereof and such default continues for two months after any payment of either falls due then the Chargee may exercise the foregoing powers of entering, leasing or selling or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. It is hereby further agreed that the whole or any part or parts of the land may be sold by public auction or private contract, or partly

one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the land or by reason of non-payment or procuring payment of monies, secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid same shall be paid as required by law. The Chargee may sell any of the land on such terms as to credit and otherwise as shall appear to him most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the land and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

Quiet Possession

10. Upon default in payment of principal and interest under the Charge or in performance of any of the terms or conditions hereof, the Chargee may enter into and take possession of the land hereby charged and where the Chargee so enters on and takes possession or enters on and takes possession of the land on default as described in paragraph 9 herein the Chargee shall enter into, have, hold, use, occupy, possess and enjoy the land without the let, suit, hindrance, interruption or denial of the Chargor or any other person or persons whomsoever.

Right to Distrain

11. If the Chargor shall make default in payment of any part of the interest payable under the Charge at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distrain therefor upon the land or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the land, so much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent. Provided that the Chargee may distrain for arrears of principal in the same manner as if the same were arrears of interest.

Further Assurances

12. From and after default in the payment of the principal amount secured by the Charge or the interest thereon or any part of such principal or interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the covenants set forth in the Charge then and in every such case the Chargor and all and every other person whosoever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the land shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer, execute, deliver, authorize and register, or cause or procure to be made, done, suffered, executed, delivered, authorized and registered, all and every such further and other reasonable act or acts, deed or deeds, devises, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the land unto the Chargee as by the Chargee or his solicitor shall or may be lawfully and reasonably devised, advised or required.

Acceleration of Principal and Interest

13. In default of the payment of the interest secured by the Charge the principal amount secured by the Charge shall, at the option of the Chargee, immediately become payable, and upon default of payment of instalments of principal promptly as the same mature, the balance of the principal and interest secured by the Charge shall, at the option of the Chargee, immediately become due and payable. The Chargee may in writing at any time or times after default waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

Unapproved Sale

14. If the Chargor sells, transfers, disposes of, leases or otherwise deals with the land, the principal amount secured by the Charge shall, at the option of the Chargee, immediately become due and payable.

Partial Releases

15. The Chargee may at his discretion at all times release any part or parts of the land or any other security or any surety for the money secured under the Charge either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the land or any person from the Charge or from any of the covenants contained in the Charge and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. It is agreed that every part or lot into which the land is or may hereafter be divided does and shall stand charged with the whole money secured under the Charge and no person shall have the right to require the mortgage monies to be apportioned.

Obligation to Insure

16. The Chargor will immediately insure, unless already insured, and during the continuance of the Charge keep insured against loss or damage by fire, in such proportions upon each building as may be required by the Chargee, the buildings on the land to the amount of not less than their full insurable value on a replacement cost basis in dollars of lawful money of Canada. Such insurance shall be placed with a company approved by the Chargee. Buildings shall include all buildings whether now or hereafter erected on the land, and such insurance shall include not only insurance against loss or damage by fire but also insurance against loss or damage by explosion, tempest, tornado, cyclone, lightning and all other extended perils customarily provided in insurance policies including "all risks" insurance. The covenant to insure shall also include where appropriate or if required by the Chargee, boiler, plate glass, rental and public liability insurance in amounts and on terms satisfactory to the Chargee. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least fifteen (15) days before the expiration thereof; otherwise the Chargee may provide therefor and charge the premium paid and interest thereon at the rate provided for in the Charge to the Chargor and the same shall be payable forthwith and shall also be a charge upon the land. It is further agreed that the Chargee may at any time require any insurance of the buildings to be cancelled and new insurance effected in a company to be named by the Chargee and also of his own accord may effect or maintain any insurance herein provided for, and any amount paid by the Chargee therefor shall be payable forthwith by the Chargor with interest at the rate provided for in the Charge and shall also be a charge upon the land. Policies of insurance herein required shall provide that loss, if any, shall be payable to the Chargee as his interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance.

Obligation to Repair

17. The Chargor will keep the land and the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever he deems necessary, by his agent enter upon and inspect the land and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate provided for in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the land prior to all claims thereon subsequent to the Charge. If the Chargor shall neglect to keep the buildings, erections and improvements in good condition and repair, or commits or permits any act of waste on the land (as to which the Chargee shall be sole judge) or makes default as to any of the covenants, provisos, agreements or conditions contained in the Charge or in any charge to which this Charge is subject, all monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest as in the case of payment

DYE & DURHAM CO. INC.
Form No. 300E

before maturity the powers of entering upon and leasing or selling hereby given and all other remedies herein contained may be exercised forthwith.

Building Charge

18. If any of the principal amount to be advanced under the Charge is to be used to finance an improvement on the land, the Chargor must so inform the Chargee in writing immediately and before any advances are made under the Charge. The Chargor must also provide the Chargee immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. The Chargor agrees that any improvement shall be made only according to contracts, plans and specifications approved in writing by the Chargee. The Chargor shall complete all such improvements as quickly as possible and provide the Chargee with proof of payment of all contracts from time to time as the Chargee requires. The Chargee shall make advances (part payments of the principal amount) to the Chargor based on the progress of the improvement, until either completion and occupation or sale of the land. The Chargee shall determine whether or not any advances will be made and when they will be made. Whatever the purpose of the Charge may be, the Chargee may at its option hold back funds from advances until the Chargee is satisfied that the Chargor has complied with the holdback provisions of the *Construction Lien Act* as amended or re-enacted. The Chargor authorizes the Chargee to provide information about the Charge to any person claiming a construction lien on the land.

Extensions not to Prejudice

19. No extension of time given by the Chargee to the Chargor or anyone claiming under him, or any other dealing by the Chargee with the owner of the land or of any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the money secured by the Charge, and the Charge may be renewed by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to deliver for registration any such agreement in order to retain priority for the Charge so altered over any instrument delivered for registration subsequent to the Charge. Provided that nothing contained in this paragraph shall confer any right of renewal upon the Chargor.

No Merger of Covenants

20. The taking of a judgment or judgments on any of the covenants herein shall not operate as a merger of the covenants or affect the Chargee's right to interest at the rate and times provided for in the Charge; and further that any judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the judgment shall have been fully paid and satisfied.

Change in Status

21. Immediately after any change or happening affecting any of the following, namely: *(a)* the spousal status of the Chargor, *(b)* the qualification of the land as a family residence within the meaning of Part II of the *Family Law Act,* and *(c)* the legal title or beneficial ownership of the land, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the land and of any spouse who is not an owner but who has a right of possession in the land by virtue of Section 19 of the *Family Law Act.* In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of *(a)*, *(b)* and *(c)* above as the Chargee may from time to time request.

Condominium Provisions

22. If the Charge is of land within a condominium registered pursuant to the *Condominium Act* (the "Act") the following provisions shall apply. The Chargor will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the "corporation") relating to the Chargor's unit (the "unit") and provide the Chargee with proof of compliance from time to time as the Chargee may request. The Chargor will pay the common expenses for the unit to the corporation on the due dates. If the Chargee decides to collect the Chargor's contribution towards the common expenses from the Chargor, the Chargor will pay the same to the Chargee upon being so notified. The Chargee is authorized to accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due. The Chargor, upon notice from the Chargee, will forward to the Chargee any notices, assessments, by-laws, rules and financial statements of the corporation that the Chargor receives or is entitled to receive from the corporation. The Chargor will maintain all improvements made to the unit and repair them after damage. In addition to the insurance which the corporation must obtain, the Chargor shall insure the unit against destruction or damage by fire and other perils usually covered in fire insurance policies and against such other perils as the Chargee requires for its full replacement cost (the maximum amount for which it can be insured). The insurance company and the terms of the policy shall be reasonably satisfactory to the Chargee. This provision supersedes the provisions of paragraph 16 herein. The Chargor irrevocably authorizes the Chargee to exercise the Chargor's rights under the Act to vote, consent and dissent.

Discharge

23. The Chargee shall have a reasonable time after payment in full of the amounts secured by the Charge to deliver for registration a discharge or if so requested and if required by law to do so, an assignment of the Charge and all legal and other expenses for preparation, execution and registration, as applicable to such discharge or assignment shall be paid by the Chargor.

Guarantee

24. Each party named in the Charge as a Guarantor hereby agrees with the Chargee as follows:

(a) In consideration of the Chargee advancing all or part of the Principal Amount to the Chargor, and in consideration of the sum of TWO DOLLARS ($2.00) of lawful money of Canada now paid by the Chargee to the Guarantor (the receipt and sufficiency whereof are hereby acknowledged), the Guarantor does hereby absolutely and unconditionally guarantee to the Chargee, and its successors, the due and punctual payment of all principal moneys, interest and other moneys owing on the security of the Charge and observance and performance of the covenants, agreements, terms and conditions herein contained by the Chargor, and the Guarantor, for himself and his successors, covenants with the Chargee that, if the Chargor shall at any time make default in the due and punctual payment of any moneys payable hereunder, the Guarantor will pay all such moneys to the Chargee without any demand being required to be made.

(b) Although as between the Guarantor and the Chargor, the Guarantor is only surety for the payment by the Chargor of the moneys hereby guaranteed, as between the Guarantor and the Chargee, the Guarantor shall be considered as primarily liable therefor and it is hereby further expressly declared that no release or releases of any portion or portions of the land; no indulgence shown by the Chargee in respect of any default by the Chargor or any successor thereof which may arise under the Charge; no extension or extensions granted by the Chargee to the Chargor or any successor thereof for payment of the moneys hereby secured or for the doing, observing or performing of any covenant, agreement, term or condition herein contained to be done, observed or performed by the Chargor or any successor thereof; no variation in or departure from the provisions of the Charge; no release of the Chargor or any other thing whatsoever whereby the Guarantor as surety only would or might have been released shall in any way modify, alter, vary or in any way prejudice the Chargee or affect the liability of the Guarantor in any way under this covenant, which shall continue and be binding on the Guarantor, and as well after as before maturity of the Charge and both before and after default and judgment, until the said moneys are fully paid and satisfied.

(c) Any payment by the Guarantor of any moneys under this guarantee shall not in any event be taken to affect

DYE & DURHAM CO. INC.
Form No. 300E

the liability of the Chargor for payment thereof but such liability shall remain unimpaired and enforceable by the Guarantor against the Chargor and the Guarantor shall, to the extent of any such payments made by him, in addition to all other remedies, be subrogated as against the Chargor to all the rights, privileges and powers to which the Chargee was entitled prior to payment by the Guarantor; provided, nevertheless, that the Guarantor shall not be entitled in any event to rank for payment against the lands in competition with the Chargee and shall not, unless and until the whole of the principal, interest and other moneys owing on the security of the Charge shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Chargee.

(d) All covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantor shall be equally binding upon his successors. Where more than one party is named as a Guarantor all such covenants, liabilities and obligations shall be joint and several.

(e) The Chargee may vary any agreement or arrangement with or release the Guarantor, or any one or more of the Guarantors if more than one party is named as Guarantor, and grant extensions of time or otherwise deal with the Guarantor and his successors without any consent on the part of the Chargor or any other Guarantor or any successor thereof.

Severability

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

Interpretation

26. In construing these covenants the words "Charge", "Chargee", "Chargor", "land" and "successor" shall have the meanings assigned to them in Section 1 of the *Land Registration Reform Act* and the words "Chargor" and "Chargee" and the personal pronouns "he" and "his" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", and "he", "she", "they" or "it", "his", "her", "their" or "its", respectively, as the number and gender of the parties referred to in each case require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. And that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargor or Chargors, Chargee or Chargees, shall be equally secured to and exercisable by his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be. The word "successor" shall also include successors and assigns of corporations including amalgamated and continuing corporations. And that all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor or Chargors, Chargee or Chargees, shall be equally binding upon his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be, and that all such covenants and liabilities and obligations shall be joint and several.

Paragraph headings

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

Date of Charge

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

Effect of Delivery of Charge

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

DATED this day of ,

(year)

EXHIBIT "F"

PACE SAVINGS & CREDIT UNION LIMITED

SCHEDULE OF ADDITIONAL PROVISIONS
COMMERCIAL MORTGAGES

PREPAYMENT PROVISIONS

This mortgage is a closed mortgage until **September 1, 2018.**

When not in default, up to 10% of the original mortgage amount may be prepaid on each anniversary date of the Interest Adjustment Date. Regular monthly payments must continue without interruption. These privileges are non-cumulative.

The Chargor, when not in default, may at any time prior to the Maturity Date, on any payment date, prepay the whole of the unpaid Principal Amount together with accrued and unpaid interest due thereon, upon payment of three (3) months bonus interest thereon or the interest rate differential for the balance of the term, whichever is greater, calculated on the amount prepaid. In the event of such amount becoming due by virtue of any default, the prepayment penalty provided for herein shall be due and payable.

DUE ON DEFAULT

In the event of any default by the Chargor, or any other obligor, of any of the obligations and liabilities secured hereunder, the entire principal amount outstanding, and interest and costs pursuant thereto shall, at the option of the Chargee, immediately become due and payable, the Chargor shall be in default hereunder and the Chargee shall be entitled to exercise all of its rights and remedies with respect to this Charge.

ASSIGNMENT OF RENTS

The Chargor doth hereby assign, transfer and set over unto the Chargee, its successors and assigns, all rents both present and future payable, for space in the Lands and all benefits accruing from all leases therein to hold and receive the same unto the Chargee, its successors and assigns, until the monies due under and by virtue of the Charge have been fully paid and satisfied. The Chargor hereby declares that any direction or request from the Chargee to pay the rents or other payments to the Chargee shall be sufficient warranty and authority to any lessee to make such payments and such direction or request may be effectively given by sending the same by prepaid, registered post to the lessee at the premises leased by such lessee or by leaving the same at the premises leased by such lessee. The Chargor further covenants and agrees with the Chargee to execute such further assurances as may be required of it by the Chargee in order to effectually assign to the Chargee, the rents and benefits of all leases assigned hereunder.

APPOINTMENT OF RECEIVER

Notwithstanding anything herein contained, it is declared and agreed that at any time and from time to time when there shall be an event of default under the provisions of this Charge, the Chargee may at such time and from time to time and with or without entering into possession of the land or any part thereof and whether before or after such entry into possession, appoint in writing or apply to a court of competent jurisdiction for the appointment of a receiver or trustee (who may, if the Chargee elects, be an officer or employee of the Chargee and which term, when used herein, shall include a receiver and manager) of the land or any part thereof and of the rents and profits thereof and with or without security, and may from time to time by similar writing or by application to court, as the case may be, remove any such receiver or trustee and appoint another in his place and stead and in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. The Chargor hereby agrees and consents to the appointment of such receiver or trustee.

Without limitation, the purpose of such appointment shall be the orderly management, administration and/or sale of the land or any part thereof, and the Chargor hereby consents to a court order for the appointment of such receiver or trustee. If the Chargee, in its discretion, chooses to obtain such an order, it may be obtained on the terms and for such purposes as the Chargee, at its sole discretion, may require, including, without limitation, the power to manage, mortgage, pledge, lease and/or sell the land and/or complete or partially complete any construction thereon and to receive advances of mortgage and other moneys pursuant to any mortgages, pledges and/or loans entered into by the receiver or trustee or the Chargor.

Upon the appointment of any such receiver or trustee from time to time, the Chargor covenants and agrees that the following provisions shall apply:

(a) a statutory declaration of an officer of the Chargee as to default under the provisions of this Charge shall be conclusive evidence thereof;

(b) every such receiver or trustee shall be the irrevocable agent or attorney of the Chargor (whose appointment, as such, shall be revocable only by the Chargee) for the collection of all rents and other amounts falling due in respect of the land or any part thereof, whether in respect of any tenancies created in priority to this Charge or subsequent thereto;

(c) every such receiver or trustee may, in the discretion of the Chargee, be vested with all or any of the powers and discretions of the Chargee including, without limitation, the power to sell the land;

(d) the Chargee may from time to time fix the remuneration of every such receiver or trustee who shall be entitled to deduct same out of the land or the proceeds thereof;

(e) every such receiver or trustee shall, so far as concerns responsibility and liability for his acts and omissions, be deemed to be the agent or attorney of the Chargor and in no event the agent of the Chargee;

(f) the appointment of every such receiver or trustee by the Chargee shall not incur or create any liability on the part of the Chargee to the receiver or trustee or to the Chargor or to any other person, firm or corporation in any respect and such appoint or anything which may be done by any such receiver or trustee or the removal of any such receiver or trustee or the termination of any such receivership or trusteeship shall not have the effect of constituting the Chargee a mortgagee in possession in respect of the land or any part thereof;

(g) the receiver or trustee shall have the power to rent any portion of the land for such term and subject to such provisions as he may deem advisable or expedient, subject to the restrictions on leasing contained in any existing tenancy agreements affecting the land and, in so doing, such receiver or trustee shall be acting as the attorney or agent of the Chargor and shall have the authority to execute any tenancy agreement of any such premises in the name and on behalf of the Chargor, and the Chargor undertakes to ratify and confirm whatever acts such receiver or trustee may do in the land;

(h) every such receiver or trustee may make such arrangements at such time or times as it may deem necessary without the concurrence of any other persons for the repairing, finishing, adding to or putting in order the land, including, without restricting the generality of the foregoing, for the completion of the construction of any building or buildings or other erections or improvements on the land left by any Chargor in an unfinished state or award the same to others to complete, notwithstanding that the resulting cost exceeds the principal sum hereinbefore set forth, and, in any of such cases, shall have the right to take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances on the land) and property of every kind and description. For the purposes thereof, the receiver or trustee may borrow money on the security of the land and to issue such certificates or charges as may be necessary or desirable to secure such borrowings;

(i) every such receiver or trustee shall have full power to manage, operate, amend, repair or alter the land and the buildings and improvements thereon or any part thereof in the name of the Chargor for the purpose of obtaining rental and other income from the land or any part thereof,

(j) no such receiver or trustee shall be liable to the Chargor to account for moneys or damages, other than moneys actually received by him in respect of the land, and out of such moneys so received from time to time, every such receiver or trustee shall pay in the following order:

(i) his remuneration aforesaid;

(ii) all obligations, costs and expenses made or incurred by him, including, but not limited to, any expenditures in connection with the management, operation, amendment, repair, construction or alteration of the land or any part thereof;

(iii) interest, principal and other moneys which may from time to time be or become charged upon the land in priority to this Charge and all taxes, insurance premiums and every other proper expenditure made or incurred by him in respect of the land or any part thereof;

(iv) to the Chargee all interest due or falling due under this Charge and the balance to be applied on account of the Principal Amount and other moneys due and payable to the account of principal amount and other moneys due and payable to the Chargee and, at the option of the Chargee, to prepay the Principal Amount and all other unpaid monies due and owing under this Charge; and

(v) subject to the above, at the discretion of the receiver or trustee, interest, principal and other moneys which may from time to time constitute a charge or encumbrance on the land subsequent in priority or subordinate to the interest of the Chargee under this Charge,

and that such receiver or trustee shall, in his discretion, retain reasonable reserves to meet accruing amounts and anticipated payments in connection with any of the foregoing and, further, that any surplus remaining in the hands of every such receiver or trustee after payments made and such reasonable reserves retained as aforesaid shall be payable to the Chargor;

(k) the Chargee may at any time and from time to time terminate any such receivership by notice in writing to the Chargor and to any such receiver or trustee;

(l) save as to moneys payable to the Chargor as set forth above, the Chargor hereby releases and discharges the Chargee and every such receiver or trustee from every claim of every nature, whether in damages for negligence or trespass or otherwise, which may arise or be caused to the Chargor or any person claiming through or under the Chargor by reason or as a result of anything done by the Chargee or any such receiver or trustee under the receivership provisions, unless such claim be the direct and proximate result of bad faith or gross negligence; and

(m) the Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required, in the sole discretion of the Chargee and/or its solicitors, so as to give effect to the foregoing provisions, and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the receiver or trustee and/or with respect to the land in the same manner as if such documentation was duly executed by the Chargor himself.

DUE ON SALE OR CHANGE OF CONTROL

Section 14 of Standard Charge Terms No. 200033 is hereby deleted and replaced with the following:

"In the event:

(a) the Chargor directly or indirectly sells, conveys, transfers or otherwise disposes of its interest in the Property or any part thereof; or

(b) the Chargor directly or indirectly agrees to sell, convey, transfer or otherwise dispose of its interest in the Property or any part thereof; or

(c) the effective voting control of the Chargor or beneficial ownership of the Property changes; or

(d) the Chargor amalgamates or merges;

without the prior written consent of the Chargee being obtained, such consent not to be unreasonably withheld, then the Chargee may, at its sole option, declare forthwith due and payable the entire balance of the unpaid Principal Amount together with accrued and unpaid Interest due thereon. The decision to accelerate the Charge shall be at the sole option of the Chargee. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions.

The Chargor will provide reasonable notice to the Chargee of any anticipated or impending transaction which would require the consent of the Chargee under this clause together with such reasonable information as the Chargee may require to determine whether or not to grant its consent thereof."

COMPLIANCE WITH BY-LAWS AND REGULATIONS

The Chargor shall promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directions, ordinances, and regulations of every governmental authority or agency concerning the said Property and further agrees at its cost and expense to take any and all steps which may be required at any time hereafter by any such present or future laws, rules, requirements, orders, directions, ordinances or regulations.

PAYMENT OF OTHER CHARGES AND PERFORMANCE OF OTHER OBLIGATIONS BY THE CHARGEE

The Chargor covenants and agrees with the Chargee to pay all property tax, public utilities rates, charges, condominium common expenses, and insurance premiums as and when they become due, to keep all encumbrances and agreements in good standing, comply with all zoning by-laws, standards and work orders and not to permit the existence of any work orders, deficiency notices, letters of compliance or the registration of any liens of any nature or kind; the failure of the Chargor to comply with this covenant shall constitute an event of default hereunder and entitles the Chargee at its sole and absolute discretion to avail itself of remedies available hereunder and at law including the right to accelerate the principal sum secured hereunder together with all accrued interest thereon plus costs.

In addition, at the Chargee's sole and absolute discretion, the Chargor hereby agrees that the Chargee may satisfy any charge, lien, any matter raised in the previous paragraph or other encumbrances now or hereafter existing or to arise or to be claimed upon the charged Property and the amount so paid together with all costs associated therewith shall be a charge on the Property and shall bear interest at the rate herein set forth and shall be payable forthwith by the Chargor to the Chargee, and in default of payment, the entire principal sum, accrued interest and costs, shall become payable at the sole and absolute discretion of the Chargee and the remedies hereby given and available at law may be exercised forthwith without notice. In the event the Chargee satisfies any such charge or claim, it shall be entitled to all equities and securities of the person(s) so satisfied and it may retain any discharge, cessation of charge or assignment of charge unregistered until paid.

SERVICING FEE

In the event that the Chargee is called upon to pay any payment in order to protect its security position including but not limited to realty taxes, insurance premiums, condominium common expenses, principal interest or costs under a prior mortgage, there shall be a service charge of not less than $250.00 for making each such payment or payments. Any service fee owing by the Chargor to the Chargee which is not paid shall be added to the mortgage indebtedness and shall bear interest at the rate herein set forth.

COSTS AND EXPENSES

It is agreed that all costs and expenses of the Chargee incurred in endeavouring to collect any money overdue under this Charge, including all legal costs on a solicitor and client 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 fees and costs pursuant to this Charge, upon default under this Charge the Chargee or any person on their behalf shall be appointed as the Chargee's manager and will charge a fee of $200.00 per hour for its services and such fee shall be added to the mortgage indebtedness and shall bear interest at the rate herein set forth.

INSURANCE

The Chargor will at all times during the term maintain the insurance required by the Chargee including, without limitation, the following coverages:

a. All risks of direct physical loss or damage, including, without limitations, coverage for the foundations of all improvements and flood and earthquake coverage, all on a replacement cost basis with loss payable to the Chargee under an Insurance Bureau of Canada Charge clause; the policy should allow for the improvements on the Property to be completed (if applicable), for partial occupancy, and for the Property to be vacant and unoccupied for a period of at least 30 days;

b. Comprehensive broad form boiler and machinery insurance covering all pressure vessels (whether fired or unfired), air conditioning and miscellaneous electrical apparatus on the Property, for an amount satisfactory to the Chargee, with loss payable to the Chargee under a Boiler and Machinery Insurance Association Charge clauses;

c. Business interruption or rental income loss coverage on a gross profits or rentals form sufficient to cover 100% of the loss of rent or loss of business income from the business conducted on the Property for a period of twelve (12) months, based on the greater of actual or projected revenue, in respect of all perils described in (a) and (b) above;

d. Comprehensive general liability insurance, inclusive of bodily injury, death, Property damage for loss, fur a minimum amount of $3,000,000.00 per occurrence or such other amount as the Chargee may reasonably request;

e. Theft of chattels;

f. Prior to any advance of the Principal Amount, the Chargor will provide to the Chargee or its solicitors, original or certified copies of insurance policies providing the above coverages. The Chargee may have the insurance policies reviewed by a qualified Property insurance consultant at the expense of the Chargor to ensure that the insurance requirements of the Commitment Letter are satisfied;

g. During such time or times as there is construction of any building or other improvements on the Property, the Chargor will maintain builder's all-risk builder's insurance with stated amount clause for the improvements for full insurable value; and

h. Evidence of policy renewal or satisfactory replacement must be provided annually at least thirty (30) days before expiry.

In addition to any other insurance provisions contemplated by this Charge or the Standard Charge Terms registered as No. 200033:

Although the Chargee reserves the right to insist that all policies be on a "no co-insurance" basis, the Chargee may consider accepting stated amount co-insurance provided that the Chargor shall at all times maintain a sufficient amount of insurance to prevent the Chargor from becoming a co-insurer under the terms and conditions of the policy.

Each policy shall be in a form and with an insurer satisfactory to the Chargee and will provided that any loss shall be payable to the Chargee as their interest may appear, subject to the standard form of Charge clauses approved by the Insurance Bureau of Canada. The above referenced policies shall provide that the Chargee shall receive thirty (30) days' prior written notice of cancellation or material change to the policies. The Chargor will furnish to the Chargee or its solicitors, prior to the advance of any funds, original or certified copies of insurance policies providing the above coverage. Evidence of policy renewal or satisfactory replacement must be provided annually at least (30) days before expiry of the policy.

If the Chargor fails to comply with the insurance obligations herein, the Chargee may take out insurance which it deems adequate and the Chargor shall pay to the Chargee, on demand, all sums paid for that purpose plus the servicing fee and bearing interest as set out herein.

In the event of a loss, the Chargor shall immediately advise the Chargee and shall not undertake any repairs or renovations without the consent of the Chargee. The Chargor acknowledges and agrees that any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating, or repairing any building, or be paid to the Chargor, or be applied in the sole discretion of the Chargee, in full or in part against the amounts due hereunder or any part thereof, whether due or not then due, or paid partly in one way and partly in another.

In the event that the Chargor defaults with respect to any of the terms of any undertakings delivered to the Chargee in consideration of the advance of funds under this Charge, or thereafter or with respect to any covenant contained in these additional provisions, such default will be an event of default under this Charge and entitle the Chargee to all of its remedies hereunder, including the acceleration of the principal without further notice to the Chargor.

The Chargee shall be entitled to its standard servicing fee for dealing with each cancellation, premium payment or other non-compliance with insurance requirements. In the event that the evidence of continuation of insurance as herein required has not been delivered to the Chargee, the Chargee shall be entitled to its standard servicing fee for each written inquiry which the Chargee shall make to the insurer pertaining to such renewal (or resulting from the Chargor's non-performance of the within covenant). In the event that the Chargee pursuant to the within provision arranges insurance coverage with respect to the said Property, the Chargee in addition to the aforenoted servicing fee shall be entitled to a further servicing fee for arranging the necessary insurance coverage.

ENVIRONMENTAL CONDITION

The Chargor is operating and will continue to operate the business in conformity with all environmental legislation and neither the Chargor nor the prior owner of the Property has used it in violation of environmental laws. All future uses of the Property will be in full compliance with relevant environmental laws and any clean-up measures will be in full compliance with all applicable laws at the sole costs of the Chargor. Any breach of the foregoing may constitute an event of default.

HAZARDOUS SUBSTANCES

THE CHARGOR represents and warrants that:

(a) 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 Property;

(b) 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 subparagraph (a) hereof;

(c) it and its tenants, invitees and other occupiers of the Property have and will at all times carry out, and to the best of its knowledge, information and belief after making due inquiry, all prior owners and occupiers of the Property have at all times carried out, all business and other activities upon the 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;

(d) no order, direction, enforcement action or other governmental or regulatory action or notice, nor any action, suit or proceeding relating to any Hazardous Substance or the environment has been issued or is otherwise threatened or pending with respect to the Property;

(e) each 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

(f) 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.

THE CHARGOR, acting reasonably, shall permit the Chargee to conduct, at the Chargor's expense, any and all tests, inspections, appraisals and environmental audits of the Property so as to determine and ensure compliance with the provisions of the Charge including, without limitation, the right to conduct soil tests and to review and copy any records relating to the Property or the businesses and other activities conducted thereon at any time and from time to time.

THE CHARGOR agrees to 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 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:

(a) a breach of any of the representations, warranties or covenants hereinbefore set out;

(b) the presence of any Hazardous Substance in, on or under the Property; or

(c) the discharge, emission, spill or disposal of any Hazardous Substance from the Property into or upon any land, the atmosphere, any watercourse, body of water or wetland;

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

(a) the costs of defending, counterclaiming or claiming over against one or more third parties in respect of any action or matter; and

(b) 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 liabilities secured by this Charge. 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.

For the purposes of this Charge, "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:

(a) any such substance as defined or designated under any applicable laws and regulations for the protection of the environment or any living thing;

(b) asbestos, urea formaldehyde, poly-chlorinated biphenyl (PCB) and materials manufactured with or containing the same; and

(c) radioactive and unstable toxic substances.

FINANCIAL STATEMENTS

At the option of the Chargee, the Chargor and Guarantor shall within HUNDRED AND TWENTY (120) days of the end of each fiscal year of the operation of the said Property by the Chargor, furnish to the Chargee audited annual operating statements prepared at the expense of the Chargor and Guarantor, which statements, notwithstanding the generality of foregoing, shall set forth the gross rents and other revenue derived by the Chargor from the said Property, the costs and expenses of the operation and maintenance of the said Property and such information or explanations in respect of the foregoing as may be required by the Chargee and such statements shall be required to be prepared by a duly qualified Chartered Accountant and/or a Certified Public Accountant suitable to the Chargee and the correctness of such statements shall be duly supported by the Affidavit of an appropriate officer of the Chargor and Guarantor.

PROFESSIONAL MANAGEMENT

At the option of the Chargee, the management of the said Property shall be continued at all times by the Chargor or by such other professional property management organization as may first be approved in writing by the Chargee and the Property will be maintained in good repair and in a state of good operating efficiency.

CHANGE OF USE

The Chargor shall not change or permit to be changed the use of the charged premises, without the written consent of the Chargee and at no time shall the lands and premises herein charged be used in a manner that would contravene any laws, rules, requirements, orders, directions, ordinances, and regulations of every governmental authority or agency concerning the charged lands and premises in force from time to time.

ADVANCE OF FUNDS

THE CHARGOR agrees that neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance any monies to the Chargor, nor shall the advance of a part of the monies secured hereby bind the Chargee to advance any unadvanced portion thereof, but nevertheless the Charge shall take effect forthwith upon the execution of these presents by the said Chargor, and the expenses of underwriting the loan, the examination of the title and of the Charge and its registration are to be secured the Charge in the event of the whole or any balance of the Principal not being advanced, the same to be charged hereby upon the said lands and shall be without demand thereof, payable forthwith with interest at the rate provided for in this Charge, and in default the remedies hereunder shall be exercisable.

ADDITIONAL SECURITY

PROVIDED that the Chargee (in addition to the premises secured hereunder) holds further additional securities on account of the liabilities secured herein, it is understood and agreed that no single or partial exercise of any of the Chargee's powers hereunder or under any of such additional securities, shall preclude other and further exercise of any other right, power or remedy pursuant to any of such securities or herein. The Chargee shall at all times have the right to proceed against all, any, or any portion of such security or securities in such order or such manner, cumulatively and concurrently and not alternatively, separately, successively or together as it shall in its sole and absolute discretion deem fit, without waiving any rights which the Chargee may have hereunder and with respect to any and all such securities and the exercise of any such powers or remedies from time to time shall not in any way affect the liability of the Chargor hereunder and under the remaining securities. Any judgment or recovery hereunder or under any other security held by the Chargee to secure the liabilities of the Chargor shall not affect the right of the Chargee to realize upon this or any other such security. Unless agreed to the contrary in writing no discharge of any one or more of such securities and the within Charge shall be given until the full and ultimate amount of the Principal, interest and other costs secured hereby has been paid in full.

NO FURTHER ENCUMBRANCES

The Chargor covenants and agrees that it will not charge or otherwise encumber the charged property or any part thereof or its interest therein without the prior written consent of the Chargee.

INCONSISTENCY OF TERMS

THE PROVISIONS herein shall be in addition to and not in substitution for those found in the Standard Charge Terms No. 200033 and in the event of any inconsistency between the provisions herein and/or the Commitment and those contained in the said Standard Charge Terms, the provisions herein and/or the Commitment shall prevail.

VALIDITY OF PROVISIONS

IF ANY PROVISION of this Charge is held to any extent invalid or unenforceable, the remainder of this Charge, other than the provision, which is held invalid or unenforceable, shall not be affected.

EXHIBIT "G"

PACE CREDIT UNION Well beyond a bank.

BUSINESS LOAN GENERAL SECURITY AGREEMENT

TO: **PACE SAVINGS & CREDIT UNION LIMITED**
(hereinafter called **the "Credit Union")**

FROM: **692536 ONTARIO LIMITED**
(hereinafter called **the "Debtor")**

1300 Bay Street, Suite 400 Toronto, Ontario M5R 3K8
(Address)

1. DEFINITIONS

In this Agreement,

(a) "Collateral" means all personal property of any nature whatsoever, both tangible and intangible including, among other things, Inventory, Equipment, Receivables, Accounting Books of Record, Chattel Paper, Goods, Documents of Title, Instruments, Intangibles, Money, Securities and any Accessions thereto now owned or hereafter acquired by or on behalf of the Debtor or in respect of which the Debtor now or hereafter has any right, title or interest, except Consumer Goods, and any reference to "Collateral" shall be deemed to be a reference to "Collateral or any part thereof" except where otherwise specifically provided;

(b) "Obligation" means all of the obligations, liabilities and indebtedness of the Debtor to the Credit Union from time to time, whether present or future, absolute or contingent, liquidated or unliquidated, of whatsoever nature or kind, in any currency or otherwise, including all Obligations, liabilities and indebtedness hereunder;

(c) "PPSA" means the Personal Property Security Act, 1990 (Ontario), and any Act that may be substituted therefore, as from time to time amended;

(d) "Proceeds" means any identifiable or traceable personal property in any form derived directly or indirectly from any dealing with property or proceeds therefrom, and includes any payment representing indemnity or compensation for loss or damage to the property or proceeds therefrom;

(e) "Accessions", "Account", "Chattel Paper", "Document of Title", "Equipment", "Goods", "Instrument", "Intangible", "Inventory", "Securities", "Money" have the respective meanings given to them in PPSA.

2. SECURITY INTEREST

As security for the payment, performance and satisfaction of the Obligations to the Credit Union, the Debtor hereby grants to the Credit Union by way of security interest, mortgage, pledge, charge, assignment and hypothec a continuing security interest of the Debtor in the Collateral (including all renewals, accretions and substitutions therefore) and all Proceeds of the foregoing.

3. REPRESENTATIONS AND WARRANTIES

The Debtor hereby represents and warrants to the Credit Union that:

(a) it has the power and capacity to own its properties and assets and to carry on its business as presently carried on by it;

(b) It has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement;

(c) except for the security interest granted hereby, the Debtor or any one or more of them is (and as to Collateral to be acquired after the date hereof, shall be) the owner of the Collateral free and clear of all liens, charges, claims, encumbrances, taxes or assessments.

4. COVENANTS

(a) The Debtor will not sell, offer to sell, transfer, pledge or mortgage the Collateral, nor will the Debtor suffer to exist any other security interest in the Collateral in favour of any person other than the Credit Union, without the prior written consent of the Credit Union. All proceeds of sales shall be received as trustee for the Credit Union and shall be forthwith paid over to the Credit Union.

(b) The Debtor shall, during the currency of this Agreement, insure and keep insured the Collateral to its full insurable value for fire, theft, and such other risks as the Credit Union may reasonably require, and will, at the request of the Credit Union, pay such further premium as is necessary to obtain an endorsement that the security interest of the Credit Union will not be invalidated by any breach of statutory condition. The proceeds in any insurance held pursuant to this paragraph shall be payable to the Credit Union and any proceeds of such insurance shall, at the option of the Credit Union, be applied to the replacement of the Collateral or towards repayment of any indebtedness of the Debtor or any one or more of them to the Credit Union. Should the Debtor neglect to maintain such insurance the Credit Union may insure, and any premiums paid by the Credit Union together with interest thereon shall be payable by the Debtor to the Credit Union upon demand. The Debtor will deposit a certified copy of such insurance with the Credit Union on request, or obtain an insurance endorsement in favour of the Credit Union.

(c) The Debtor shall provide from time to time upon request from the Credit Union, written information relating to the Collateral or any part thereof, and the Credit Union shall be entitled from time to time to inspect the tangible collateral including, without limitation, the books and records of the Debtor wherever located. For such purpose the Credit Union shall be access to all places where the Collateral or any part thereof is located and to all premises occupied by the Debtor.

(d) The Debtor shall carry on and conduct its business in a proper and efficient manner and so as to protect and preserve the Collateral and shall keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for its business and accurate and complete records concerning Collateral, and shall mark any and all such records and Collateral at the Credit Union's request so as to indicate the existence of the security interest.

(e) The Debtor shall pay all taxes, rates, levies, assessments and other charges of every kind which may be lawfully levied, assessed or imposed against or in respect of it or Collateral as and when the same become due and payable.

(f) The Debtor shall notify the Credit Union promptly of:

(i) any change in the information contained in this Agreement relating to it, its business or the Collateral;

(ii) the details of any significant acquisition of Collateral;

(iii) the details of any claims or litigation affecting it or the collateral;

(iv) any loss of or damage to the Collateral.

(g) The debtor shall not change its name without giving prior written notice to the Credit Union of the new name and the date upon which such change of name is to take effect.

(h) The Debtor shall do, execute, acknowledge and deliver such financing statements and further assignments, transfers, documents, acts, matters and things as may be reasonable requested by the Credit Union or with respect to Collateral in order to give effect to this Agreement.

(i) The Debtor shall not maintain accounts at any other financial institution without the consent of the Credit Union.

(j) The Debtor may at any time, without the consent of the Credit Union:

(i) sell, assign, transfer, exchange, lease, consign or otherwise dispose of inventory in the ordinary course of its business;

(ii) sell or otherwise dispose of such part of its equipment which is no longer necessary or useful in connection with its business or which has become worn out or obsolete or unsuitable for the purpose for which hit was intended; and

(iii) collect accounts in the ordinary course of its business.

5. EVENTS OF DEFAULT

Any or all of the Obligations to the Credit Union shall, at the option of the Credit Union and notwithstanding any time or credit allowed by any instrument evidencing a liability, be immediately due and payable without notice or demand upon the occurrence of any of the following events (hereinafter referred to as "Events(s) of Default"):

(a) Default in the payment or performance when due or payable of all or any of the Obligations, or of any endorser, guarantor, or surety for any liability of the Debtor or any one or more of them to the Credit Union;

(b) Default by the debtor in the performance of any of its agreements in this Agreement;

(c) Proof that any warranty, representation or statement made by the Debtor or furnished to the Credit Union herein, or in the application for any loan, was false in any material respect when made or furnished;

(d) Any loss, theft, damage or destruction of Collateral or of any part of it, or the making of any levy, seizure or attachment thereto or the appointment of a receiver or any part thereof;

(e) If the Credit Union should at any time deem itself insecure, bearing in mind the extent of the Obligations secured hereby, the value of the Collateral and any other relevant considerations;

(f) The death, dissolution, termination of existence, insolvency, business failure, or commencement of any proceedings under any law relating to bankruptcy, insolvency, reorganization or compromise of debts affecting the Debtor or any one or more of them.

6. REMEDIES

Upon any Event of Default and at anytime thereafter the Credit Union, at its option, may declare that all indebtedness and Obligations secured by this agreement shall immediately become due and payable, and;

(a) The Credit Union shall then have all rights and remedies of a secured party under the PPSA.

(b) The Credit Union shall then be constituted to appoint in writing any person to be a receiver (which term shall include a receiver and a manager) of the Collateral, including any rents and profits thereof, and many remove any receiver and appoint another in his stead. Such receiver so appointed shall have power to take possession of the Collateral and to carry on or concur in carrying on the business of the Debtor, and to sell or concur in selling the Collateral or any part thereof. Any such receiver shall for all purposes be deemed to be the agent of the Debtor. The Credit Union may from time to time fix the remuneration of such receiver. All moneys from time to time received by such a receiver shall be paid by him first in discharge of all rents, taxes, rates, insurance premiums and outgoings affecting the Collateral, secondly in payment of his remuneration as receiver, thirdly in keeping in good standing any liens and charges on the Collateral prior to the security constituted by this Agreement, and fourthly in or toward payment of such parts of the indebtedness and liability of the Debtor to the Credit Union as to the Credit Union seems best, and any residue of such moneys so received shall be paid to the Debtor. The Credit Union is appointing or refraining from appointing such receiver shall not incur any liability to the receiver, the Debtor or otherwise.

(c) The Credit Union may then collect, realize, sell or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions at such time or times, and without notice to the Debtor, as may seem to it advisable. The Credit Union shall not be liable or accountable for any failure to collect, realize, sell or obtain payment of the Collateral or any part thereof, and shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any rights of the Credit Union, the Debtor or any other person, firm or corporation in respect of the same. All moneys collected or received by the Debtor in respect of the Collateral shall be received as trustee for the Credit Union and shall be forthwith paid over to the Credit Union. All moneys collected or received by the Credit Union in respect of the Collateral may be applied on account of such parts of the indebtedness and liability of the Debtor as to the Credit Union seems best or, in the discretion of the Credit Union, may be released to the Debtor, all without prejudice to the liability of the Debtor or the Credit Union's right to hold an realize this security.

(d) The Debtor shall remain liable to the Credit Union for any deficiency after the proceeds of any sale, lease or disposition of Collateral are received by the Credit Union.

(e) All rights, powers and remedies of the Credit Union under this Agreement may be exercised separately or in combination and shall be in addition to, and not in substitution for, any other security now or hereafter held by the Credit Union.

7. CHARGES AND EXPENSES

The Credit Union may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (expressly including legal advice and services) in or in connection with realizing, disposing of, retaining or collecting the Collateral or any part thereof. Such sums shall be a first charge on the proceeds of realization, disposition or collection. The Credit Union may at its option pay taxes, discharge any encumbrance or charge claimed (whether validly or not) against the Collateral and pay any amount which, in the Credit Union's sole discretion, it may consider requisite to secure possession of the Collateral with or without litigation or compromise. The Credit Union may settle any litigation in respect of the Collateral or the possession thereof, and may pay for insurance, repairs and maintenance to the Collateral, and any sum so paid by the Credit Union shall constitute indebtedness of the Debtor secured hereunder which the Debtor shall repay on demand.

8. POSSESSION OF COLLATERAL

Until default, the Debtor may have possession of the Collateral and enjoy the same subject to the terms hereof. However, whether or not default has occurred, the Credit Union may at any time request that debtors on any accounts receivable be notified of the Credit Union's security interest. Until such notification is made, the Debtor shall continue to collect any accounts receivable but shall hold the proceeds received from collection in trust for the Credit Union without commingling the same with other funds, and shall turn the same over to the Credit Union immediately upon receipt in the identical form received.

9. LOCATION OF COLLATERAL

The Collateral, insofar as it consists of tangible property, is now and will hereafter be kept at the address listed above or the addresses listed on Schedule A.

10. GENERAL

(a) This Agreement shall be a continuing agreement in every respect;

(b) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

(c) The Debtor may terminate this Agreement by delivering written notice to the Credit Union at any time when the Debtor, or each of them, is not indebted or liable to the Credit Union. No remedy for the enforcement of the rights of the Credit Union hereunder shall be exclusive of or dependent on any other such remedy and any one or more of such remedies may from time to time be exercised independently or in combination. The security interest created or provide for by this Agreement is intended to attach when this Agreement is signed by the Debtor and delivered to the Credit Union. For greater certainty it is declared that any and all future loans, advances or other value which the Credit Union may in its discretion make or extend to or for the account of the Debtor or any one or more of them shall be secured by this Agreement. If more than one person executes this Agreement their Obligations hereunder shall be joint and several.

(d) In construing the Agreement, the word "Debtor" and the personal pronouns "he" or "his" and any verb relating thereto shall be read and construed as the number and gender of the parties signing this Agreement may require.

(e) The Credit Union may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Debtor, debtors of the Debtor, sureties and others, and with the Collateral and other securities, as the Credit Union may see fit and without prejudice to the liability of the Debtor or the Credit Union's right to hold and realize this security.

Signed, sealed and delivered, this 29 day of August, 2016

at Toronto, Ontario.

692536 ONTARIO LIMITED

Per: ______________________________
Authorized Signing Officer Title

Per: ______________________________
Authorized Signing Officer Title

GENERAL SECURITY AGREEMENT

SCHEDULE "A"

The following are the addresses of the locations of the Collateral in addition to the address given on Page One of this original security agreement:

120 Elizabeth Street, Brighton, Ontario

EXHIBIT "H"

Properties

PIN	51166 - 1052 LT
Description	PT LT 34 CON A BRIGHTON PARTS 2, 3, 4, 7, 8 & 9, 38R1753; S/T & T/W NC210067; BRIGHTON
Address	120 ELIZABETH ST BRIGHTON

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name	692536 ONTARIO LIMITED
Address for Service	1300 Bay Street Suite 400 Toronto, Ontario M5R 3K8

I, Stephen Bordo, President, have the authority to bind the corporation.

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

Party To(s) *Capacity* *Share*

Name	PACE SAVINGS & CREDIT UNION LIMITED
Address for Service	8111 Jane Street Unit 1 Vaughan, Ontario L4K 4L7

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, ND138168 registered on 2016/09/01 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Manal Farah	800-150 York St. Toronto M5H 3S5	acting for Applicant(s)	Signed	2016 08 25

Tel 416-364-1553

Fax 416-364-1453

I have the authority to sign and register the document on behalf of all parties to the document.

Manal Farah	800-150 York St. Toronto M5H 3S5	acting for Party To(s)	Signed	2016 08 25

Tel 416-364-1553

Fax 416-364-1453

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

MACDONALD SAGER MANIS LLP	800-150 York St. Toronto M5H 3S5	2016 09 01

Tel 416-364-1553

Fax 416-364-1453

Fees/Taxes/Payment

Statutory Registration Fee	$62.85
Total Paid	$62.85

File Number

Applicant Client File Number :	16-8279
Party To Client File Number :	162497

ASSIGNMENT OF RENTS

B E T W E E N:

692536 ONTARIO LIMITED

(hereinafter called the "Assignor")

- and -

PACE SAVINGS & CREDIT UNION LIMITED

(hereinafter called the "Assignee")

FOR VALUE RECEIVED, the Assignor doth hereby assign to the Assignee, all right, privileges, advantages and benefits whatsoever including all rental and other income arising pursuant to leases and/or agreements to lease and/or tenancies, herein referred to as the "Leases", now or hereafter affecting the lands and premises more particularly described on Page 1 hereto.

This Agreement is given as additional security for the payment of the sum of SIX MILLION FIVE HUNDRED THOUSAND DOLLARS ($6,500,000.00) and all other sums secured by a charge between the Assignor as Chargor and the Assignee as Chargee and which charge is registered in the said Land Registry Office on even date conveying the premises of which those demised in said Leases form all or part and which charge is herein referred to as the "Mortgage". The security of this Assignment is and shall be primary and on a parity with the real estate conveyed by said Mortgage and not secondary. All amounts collected hereunder, after deducting the expense of collection, shall be applied on account of the indebtedness secured by said Mortgage, or in such other manner as may be provided in such Mortgage. Nothing herein contained shall be construed as constituting Assignee as trustee or mortgagee in possession.

The Assignor does hereby empower the Assignee, its agents or attorneys, to collect, sue for, settle, compromise and give acquittances for all of the rents that may become due under the said Leases and avail itself of and pursue all remedies for the enforcement of said Leases and Assignor's rights in and under the said Leases as the Assignor might have pursued but for this Assignment.

The Assignor warrants that said Leases are in full force and effect, and that the copies thereof heretofore delivered to the Assignee are true and correct copies, that Assignor has not heretofore assigned or pledged the same or any interest therein, and no default exists on the part of the lessees (the "Lessees"), or the Assignor, as lessor (the "Lessor"), in the performance on the part of either, of the terms, covenants, provisions or agreements in said Leases contained; that no rent has been paid by any of the Lessees in advance, and that the payment of none of the rents to accrue under said Leases has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by the Assignor directly or indirectly by assuming any Lessee's obligations with respect to other premises; that no security deposit has been made by Lessees under any of the said Leases.

The Assignor waives any rights of set-off against the Lessees.

The Assignor covenants and agrees;

1. the Leases shall remain in full force and effect irrespective of any merger of the interest of the Lessor and Lessee thereunder; and that it will not transfer or convey the fee title to said premises to any of the Lessees without requiring such Lessees, in writing, to assume and agree to pay the debt secured by the Mortgage in accordance with the terms covenants and conditions contained in the Mortgage;

2. that if the Leases provided for an abatement of rent during the repair of the demised premises by reason of fire or other casualty, the Assignor shall furnish rental insurance to the Assignee, the policies to be in an amount and form and written by such insurance companies as shall be satisfactory to the Assignee;

3. not to terminate, modify or amend said Leases or any of the terms thereof, and grant any concessions in connection therewith, either orally or in writing, or to accept a surrender thereof without the written consent of the Assignee and that any attempted termination, modification or amendments of said Leases without such written consent shall be null and void;

4. not to collect any of the rent, income and profits arising or accruing under said Leases in advance of the time when the same become due under the terms thereof;

5. not to discount any future accruing rents;

6. not to execute any other assignments of said Leases or any interest therein or any of the rents thereunder;

7. to perform all of the Assignor's covenants and agreements as Lessor under said Leases and not to suffer or permit to occur any release of liability of the Lessees, or any rights to the Lessees to withhold payment of rent; and to give prompt notices to the Assignee of any notice of default on the part of the Assignor with respect to said Leases received from the Lessees thereunder, and to furnish Assignee with complete copies of said notices;

8. that all offers to lease and Leases shall be bona fide, the terms of which are to be approved by the Assignee prior to execution, and shall be at rental rates and terms consistent with comparable space in the area of the lands and premises described herein;

9. if so requested by the Assignee, to enforce said Leases and all remedies available to the Assignor against the Lessees, in case of default under said Leases by the Lessees;

10. that none of the rights or remedies of the Assignee under the Mortgage shall be delayed or in any way prejudiced by this Assignment;

11. that notwithstanding any variation of the terms of the Mortgage or any extension of time for payment thereunder, the Leases and benefits hereby assigned shall continue as additional security in accordance with the terms hereof;

12. not to alter, modify or change the terms of any guarantees of any said Leases or cancel or terminate such guarantees without the prior written consent of the Assignee;

13. not to consent to any assignment of said Leases, or any subletting thereunder, whether or not in accordance with their terms, without the prior written consent of the Assignee;

14. not to request, consent to, agree to or accept a subordination of said Leases to any mortgage or other encumbrance now or hereafter affecting the premises;

15. not to exercise any right of election, whether specifically set forth in any such Leases or otherwise which would in any way diminish the tenant's liability or have the effect of shortening the stated term of the lease; and

16. to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this Assignment or any notice hereof which may be required and of every renewal related thereto.

Upon any vesting of title to the properties secured under the Mortgage in the Chargee or other party by Court order, operation of law, or otherwise or upon delivery of a deed or deeds, pursuant to the Chargee's exercise of remedies under the Mortgage all right, title and interest of the Assignor in and to the Leases shall by virtue of this instrument, thereupon vest in and become the absolute property of the party vested with such title or the grantee or grantees in such deed or deeds without any further act or assignment by the Assignor. The Assignor hereby irrevocably appoints Assignee and its successors and assigns, as its agent and attorney in fact, to execute all instruments or assignment or further assurances in favour of such party vested with title or the grantee or grantees.

In the exercise of the powers herein granted to the Assignee, no liability shall be asserted or enforced against the Assignee, all such liability being hereby expressly waived and released by the Assignor. The Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Leases, or under or by reason of this Assignment, and the Assignor shall and does hereby agree to indemnify the Assignee for, and to save and hold it harmless of and from, any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases.

Should the Assignee incur any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defence of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, shall be secured hereby, and the Assignor shall reimburse the Assignee therefore immediately upon demand.

Although it is the intention of the parties that this instrument shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that the Assignee shall not exercise any of the rights or powers herein conferred upon it until a default shall occur under the terms and provisions of this Assignment or of the Mortgage, but upon the occurrence of any such default, the Assignee shall be entitled upon notice to the Lessees, to all rents and other amounts then due under the Leases and thereafter accruing, and this Assignment shall constitute a direction to and full authority to the Lessees to pay all such amounts to the Assignee without proof of the default relied upon.

The Lessees are hereby irrevocably authorized to rely upon and comply with any notice or demand by the Assignee for the payment to the Assignee of any rental or other sums which may be or thereafter become due under the Leases regardless whether any default under the Mortgage has actually occurred or is then existing.

This Assignment is intended to be additional to and not in substitution for or in derogation of any assignment of rents contained in the Mortgage or in any other document.

This Assignment shall include any extensions and renewals of the Leases and any reference herein to the Leases shall be construed as including any such extensions and renewals.

This Assignment shall be binding upon and enure to the benefit of the respective successors and assigns of the parties hereto. The words “Assignor”, “Assignee” and “Lessees”, wherever used herein, and designated as such and their respective heirs, administrators, successors and assigns, and all words and phrases shall be taken to include the singular or plural and masculine, feminine or neuter gender, as may fit the case.

EXHIBIT "I"

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 8/28/2019
File Currency Date: 08/27/2019
Family(ies): 2
Page(s): 4

SEARCH : Business Debtor : 692536 ONTARIO LIMITED

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 8/28/2019
File Currency Date: 08/27/2019
Family(ies): 2
Page(s): 4

SEARCH : Business Debtor : 692536 ONTARIO LIMITED

```
FAMILY :   1 OF   2                              ENQUIRY PAGE :   1 OF   4
SEARCH  : BD  : 692536 ONTARIO LIMITED

00 FILE NUMBER : 719722008   EXPIRY DATE : 18AUG 2021 STATUS :
01 CAUTION FILING :          PAGE : 001 OF 001        MV SCHEDULE ATTACHED :
   REG NUM : 20160818 0947 1862 3714 REG TYP: P  PPSA    REG PERIOD: 5
02 IND DOB :             IND NAME:
03 BUS NAME: 692536 ONTARIO LIMITED
                                                                OCN :
04 ADDRESS : 113 YORKVILLE AVENUE, 3RD FLOOR
   CITY    : TORONTO                 PROV: ON    POSTAL CODE: M5R 1C1
05 IND DOB :             IND NAME:
06 BUS NAME:
                                                                OCN :
07 ADDRESS :
   CITY    :                         PROV:       POSTAL CODE:


08 SECURED PARTY/LIEN CLAIMANT :
        PACE SAVINGS & CREDIT UNION LIMITED
09 ADDRESS : 8111 JANE STREET, UNIT 1
   CITY    : VAUGHAN                 PROV: ON    POSTAL CODE: L4K 4L7
  CONS.                               MV                     DATE OF  OR NO FIXED
  GOODS INVTRY. EQUIP  ACCTS  OTHER  INCL     AMOUNT       MATURITY    MAT DATE
10        X      X      X      X
   YEAR MAKE                      MODEL               V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT: MACDONALD SAGER MANIS LLP   (DN/MF 162497)
17 ADDRESS : 150 YORK STREET, SUITE 800
   CITY    : TORONTO                 PROV: ON     POSTAL CODE: M5H 3S5
```

```
SEARCH  : BD  : 692536 ONTARIO LIMITED
                                                         FILE NUMBER 719722008
                  PAGE   TOT                   REGISTRATION NUM      REG TYPE
01 CAUTION  :     001 OF 001  MV SCHED:     20160825 1241 1862 4215
21 REFERENCE FILE NUMBER : 719722008
22 AMEND PAGE:     NO PAGE: X  CHANGE: A  AMNDMNT REN YEARS:      CORR PER:
23 REFERENCE DEBTOR/    IND NAME:
24       TRANSFEROR:    BUS NAME: 692536 ONTARIO LIMITED

25 OTHER CHANGE:
26 REASON: TO AMEND THE ADDRESS OF THE DEBTOR TO 1300 BAY STREET, SUITE 400,
27 /DESCR: TORONTO, ONTARIO M5R 3K8.
28       :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE: 692536 ONTARIO LIMITED
                                                                    OCN:
04/07 ADDRESS: 1300 BAY STREET, SUITE 400
       CITY: TORONTO                 PROV: ON    POSTAL CODE: M5R 3K8
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
11
12
13
14
15
16 NAME : MACDONALD SAGER MANIS LLP      (DN/MF 162497)
17 ADDRESS : 150 YORK STREET, SUITE 800
   CITY    : TORONTO                PROV : ON    POSTAL CODE : M5H 3S5
```

```
SEARCH  : BD  : 692536 ONTARIO LIMITED
                                                          FILE NUMBER 719722008
                  PAGE   TOT                   REGISTRATION NUM      REG TYPE
01 CAUTION  :     001 OF 001  MV SCHED:     20160825 1536 1862 4295
21 REFERENCE FILE NUMBER : 719722008
22 AMEND PAGE:     NO PAGE: X  CHANGE: A  AMNDMNT REN YEARS:      CORR PER:
23 REFERENCE DEBTOR/    IND NAME:
24       TRANSFEROR:    BUS NAME: 692536 ONTARIO LIMITED

25 OTHER CHANGE:
26 REASON: TO ADD ADDITIONAL DEBTOR AT LINE 3. TO ADD ADDITIONAL ADDRESS TO
27 /DESCR: LINE 4 AND COLLATERAL.
28       :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE: APPLEFEST LODGE
                                                                 OCN:
04/07 ADDRESS: 1300 BAY STREET, SUITE 400
         CITY: TORONTO                 PROV: ON    POSTAL CODE: M5R 3K8
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        X     X     X     X
11
12
13
14
15
16 NAME : MACDONALD SAGER MANIS LLP   (DN/MF 162497)
17 ADDRESS : 150 YORK STREET, SUITE 800
   CITY    : TORONTO                 PROV : ON    POSTAL CODE : M5H 3S5
```

```
SEARCH  : BD  : 692536 ONTARIO LIMITED

00 FILE NUMBER : 753358086   EXPIRY DATE : 15JUL 2024 STATUS :
01 CAUTION FILING :          PAGE : 001 OF 1         MV SCHEDULE ATTACHED :
   REG NUM : 20190715 1541 1590 1091 REG TYP: P  PPSA    REG PERIOD: 5
02 IND DOB :             IND NAME:
03 BUS NAME: 692536 ONTARIO LIMITED
                                                               OCN :
04 ADDRESS : 113 YORKVILLE AVENUE, SUITE 300
   CITY    : TORONTO                 PROV: ON    POSTAL CODE: M5R 1C1
05 IND DOB :             IND NAME:
06 BUS NAME:
                                                               OCN :
07 ADDRESS :
   CITY    :                         PROV:       POSTAL CODE:



08 SECURED PARTY/LIEN CLAIMANT :
        C. WILLIAM DILLANE
09 ADDRESS : C/O GR LLP 22 ADELAIDE ST. W., STE. 3600
   CITY    : TORONTO                 PROV: ON    POSTAL CODE: M5H 4E3
  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: GARDINER ROBERTS LLP (KL)
17 ADDRESS : 3600-22 ADELAIDE STREET WEST
   CITY    : TORONTO                 PROV: ON     POSTAL CODE: M5H 4E3
```

EXHIBIT "J"

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 9/10/2019
File Currency Date: 09/09/2019
Family(ies): 1
Page(s): 3

SEARCH : Business Debtor : APPLEFEST LODGE

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 9/10/2019
File Currency Date: 09/09/2019
Family(ies): 1
Page(s): 3

SEARCH : Business Debtor : APPLEFEST LODGE

```
FAMILY :   1 OF   1                               ENQUIRY PAGE :   1 OF   3
SEARCH  : BD  : APPLEFEST LODGE

00 FILE NUMBER : 719722008   EXPIRY DATE : 18AUG 2021 STATUS :
01 CAUTION FILING :          PAGE : 001 OF 001        MV SCHEDULE ATTACHED :
   REG NUM : 20160818 0947 1862 3714 REG TYP: P  PPSA    REG PERIOD: 5
02 IND DOB :             IND NAME:
03 BUS NAME: 692536 ONTARIO LIMITED
                                                              OCN :
04 ADDRESS : 113 YORKVILLE AVENUE, 3RD FLOOR
   CITY    : TORONTO                 PROV: ON    POSTAL CODE: M5R 1C1
05 IND DOB :             IND NAME:
06 BUS NAME:
                                                              OCN :
07 ADDRESS :
   CITY    :                         PROV:       POSTAL CODE:


08 SECURED PARTY/LIEN CLAIMANT :
        PACE SAVINGS & CREDIT UNION LIMITED
09 ADDRESS : 8111 JANE STREET, UNIT 1
   CITY    : VAUGHAN                 PROV: ON    POSTAL CODE: L4K 4L7
  CONS.                               MV                   DATE OF  OR NO FIXED
  GOODS INVTRY. EQUIP  ACCTS  OTHER  INCL     AMOUNT       MATURITY    MAT DATE
10        X      X      X      X
   YEAR MAKE                      MODEL               V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT: MACDONALD SAGER MANIS LLP   (DN/MF 162497)
17 ADDRESS : 150 YORK STREET, SUITE 800
   CITY    : TORONTO                 PROV: ON     POSTAL CODE: M5H 3S5
```

SEARCH : BD : APPLEFEST LODGE
FILE NUMBER 719722008

```
                  PAGE   TOT                    REGISTRATION NUM      REG TYPE
01 CAUTION  :     001 OF 001  MV SCHED:     20160825 1241 1862 4215
21 REFERENCE FILE NUMBER : 719722008
22 AMEND PAGE:     NO PAGE: X  CHANGE: A  AMNDMNT REN YEARS:      CORR PER:
23 REFERENCE DEBTOR/    IND NAME:
24       TRANSFEROR:    BUS NAME: 692536 ONTARIO LIMITED

25 OTHER CHANGE:
26 REASON: TO AMEND THE ADDRESS OF THE DEBTOR TO 1300 BAY STREET, SUITE 400,
27 /DESCR: TORONTO, ONTARIO M5R 3K8.
28       :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE: 692536 ONTARIO LIMITED
                                                                  OCN:
04/07 ADDRESS: 1300 BAY STREET, SUITE 400
      CITY: TORONTO                PROV: ON    POSTAL CODE: M5R 3K8
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
11
12
13
14
15
16 NAME : MACDONALD SAGER MANIS LLP      (DN/MF 162497)
17 ADDRESS : 150 YORK STREET, SUITE 800
   CITY    : TORONTO                PROV : ON    POSTAL CODE : M5H 3S5
```

```
SEARCH  : BD  : APPLEFEST LODGE
                                                          FILE NUMBER 719722008
                  PAGE   TOT                   REGISTRATION NUM      REG TYPE
01 CAUTION  :     001 OF 001  MV SCHED:     20160825 1536 1862 4295
21 REFERENCE FILE NUMBER : 719722008
22 AMEND PAGE:     NO PAGE: X  CHANGE: A  AMNDMNT REN YEARS:      CORR PER:
23 REFERENCE DEBTOR/    IND NAME:
24       TRANSFEROR:    BUS NAME: 692536 ONTARIO LIMITED

25 OTHER CHANGE:
26 REASON: TO ADD ADDITIONAL DEBTOR AT LINE 3. TO ADD ADDITIONAL ADDRESS TO
27 /DESCR: LINE 4 AND COLLATERAL.
28       :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE: APPLEFEST LODGE
                                                                 OCN:
04/07 ADDRESS: 1300 BAY STREET, SUITE 400
         CITY: TORONTO                PROV: ON    POSTAL CODE: M5R 3K8
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        X     X     X     X
11
12
13
14
15
16 NAME : MACDONALD SAGER MANIS LLP   (DN/MF 162497)
17 ADDRESS : 150 YORK STREET, SUITE 800
   CITY    : TORONTO                PROV : ON    POSTAL CODE : M5H 3S5
```

EXHIBIT "K"

HP
HARRISON PENSA

Timothy C. Hogan
Direct Line: (519)-661-6743
thogan@harrisonpensa.com

Assistant: Cathy Coleiro
Direct Line: (519) 850-5568
ccoleiro@harrisonpensa.com

August 29, 2019

Via Registered & Regular Mail

692536 Ontario Limited
1300 Bay Street, Suite 400
Toronto, ON M5R 3K8

Dear Sir:

Re: Indebtedness to Pace Savings & Credit Union Limited ("Pace")
Our File No. 179577

We are the solicitors for Pace with respect to loans provided to 692536 Ontario Limited (hereinafter the "**Debtor**").

According to Pace's records, the Debtor is indebted to Pace in the amount of $6,351,640.15 as of August 29, 2019, together with interest thereon, plus all costs of enforcement on a solicitor and client basis and accruing interest (the "**Indebtedness**").

The Indebtedness is comprised of the following:

Mortgage Loan	$6,351,640.15

The Debtor is in default of certain agreements signed in favour of the Bank including, but not limited to, the following:

1. Letter Agreement dated July 28, 2016, and amended on August 22, 2016;
2. Charge/Mortgage of Land from 692536 Ontario Limited, in the principal sum of $6,500,000 and receipted as instrument number ND138168 on September 1, 2016, charging the property legally described as (the "**Property**"): PT LT 34 CON A Brighton Parts 2, 3, 4, 7, 8 & 9, 38R1753; S/T & T/W NC210067; Brighton (PIN 51166-1052 LT);
3. General Security Agreement dated August 29, 2016;
4. Assignment of Rents receipted as ND138169 on September 1, 2016 charging the Property.

On behalf of Pace we hereby demand payment of the Indebtedness owing by the Debtor together with interest thereon to the date of payment.

Failing payment within ten (10) days will result in Pace taking such steps as it considers necessary or appropriate to recover payment of the Debtor's Indebtedness and to protect its interest.

We advise that no intermediate acts, negotiations or indulgences shall act as a waiver to Pace's rights, or demand for payment as set out herein, unless so expressly stated in writing.

Finally, also find attached to this letter our client's Notice of Intention to Enforce Security, as well as the relevant consent to immediate enforcement of Pace's security. By signing this consent the Debtor waives the time period given by Pace under the notice.

Yours truly,

HARRISON PENSA LLP

Timothy C. Hogan
Direct: (519) 661-6743
Email: thogan@harrisonpensa.com

TCH/cc
Enclosure

4913809_1

NOTICE OF INTENTION TO ENFORCE SECURITY
(Section 244(1) of the *Bankruptcy and Insolvency Act*)

TO: 692536 Ontario Limited, an insolvent person

TAKE NOTICE THAT:

1. Pace Savings & Credit Union Limited, a secured creditor, intends to enforce its security on the property of the insolvent person described as

   All collateral of the insolvent person as described in the following security and the proceeds from the sale of said collateral:

   1. Charge/Mortgage of Land from 692536 Ontario Limited, in the principal sum of $6,500,000 and receipted as instrument number ND138168 on September 1, 2016, charging the property legally described as (the "**Property**"): PT LT 34 CON A Brighton Parts 2, 3, 4, 7, 8 & 9, 38R1753; S/T & T/W NC210067; Brighton (PIN 51166-1052 LT);
   2. General Security Agreement dated August 29, 2016;
   3. Assignment of Rents receipted as ND138169 on September 1, 2016 charging the Property.

   The property to which the security relates includes, but is not limited to, all accounts, book debts, inventory, equipment, and real property wherever located and all other collateral however described of the above-noted insolvent persons and the proceeds thereof.

2. The security that is to be enforced is in the form of:

   1. Charge/Mortgage of Land from 692536 Ontario Limited, in the principal sum of $6,500,000 and receipted as instrument number ND138168 on September 1, 2016, charging the property legally described as (the "**Property**"): PT LT 34 CON A Brighton Parts 2, 3, 4, 7, 8 & 9, 38R1753; S/T & T/W NC210067; Brighton (PIN 51166-1052 LT);
   2. General Security Agreement dated August 29, 2016;
   3. Assignment of Rents receipted as ND138169 on September 1, 2016 charging the Property.

3. The total amount of indebtedness secured by the security is $6,351,640.15 as of August 29, 2019, plus interest as set out in the agreements, plus all costs of enforcement on a solicitor and client basis.

4. The secured creditor will not have the right to enforce its 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 London, Ontario this 29th day of August, 2019

PACE SAVINGS & CREDIT UNION LIMITED
by its solicitors, Harrison Pensa LLP

Per:______________________
Timothy C. Hogan
Harrison Pensa LLP
450 Talbot Street, P.O. Box 3237
London, ON N6A 4K3
(519) 661-6743

CONSENT
(s.244(2) of the *Bankruptcy and Insolvency Act*)

THE UNDERSIGNED hereby acknowledges receipt of a copy of Pace Savings & Credit Union Limited's demand dated August 29, 2019 and the Notice of Intention to Enforce Security dated August 29, 2019 pursuant to s.244(1) of the *Bankruptcy and Insolvency Act* and hereby waives the 10 day period set out in the demand and notice and consents to the immediate enforcement of Pace Savings & Credit Union Limited's security.

DATED at , Ontario this day of , 2019.

692536 ONTARIO LIMITED

____
I have authority to bind the company

MAIL POSTE
Canada Post Corporation / Société canadienne des postes

Security or Registered Receipt (Bulk)
This receipt is necessary if enquiry is desired
Fragile and perishable articles are not indemnified against damage. Idemnity and fees information is available on request from your Postal Outlet.

Récépissé (en nombre) Sécurité ou Recommandé
À produire en cas de réclamation.
Aucune indemnité ne sera versée pour l'avarie d'un objet fragile ou périssable. Vous pouvez obtenir des renseignements sur les indemnités et les droits à votre installation postale.

August 29, 2019

Sender / Expéditeur

HARRISON PENSA LLP
P.O. Box 3237
450 Talbot Street
London, Ontario
N6A 4K3

Pace Savings & Credit Union/692536 Ontario Limited/TCH/179577

Sender Instructions
Note: Bulk Receipt is to be completed for 3 or more items. Present mailings at any Postal Outlet.
A Complete and remove customer receipt.
B Remove paper backing from receipt.
C Affix receipt to this form.
D Remove bottom bar code and affix to "Trace Mail Data Capture Document"
E Remove paper backing from label
F Apply label to envelope

Instructions pour l'expéditeur
Avis: Récépissé en nombre, pour 3 items et plus. Doit être complété avant de déposer à l'installation postale.
A Remplissez et retirez le récépissé du client.
B Retirez la pellicule protectrice du récépissé.
C Collez le récépissé sur cette formule.
D Retirez le code à barres du bas et l'apposer sur le "Document de saisie des données" pour le courrier repérable.
E Retirez la pellicule de l'étiquette.
F Collez l'étiquette sur l'enveloppe

(1)

CANADA POST / POSTES CANADA
REGISTERED DOMESTIC
RECOMMANDÉ RÉGIME INTÉRIEUR
R

692536 Ontario Limited
1300 Bay Street, Suite 400
Toronto, ON M5R 3K8

DELIVERY CONFIRMATION / CONFIRMATION DE LA LIVRAISON
canadapost.ca or/ou postescanada.ca
1 888 550-6333

Declared Value / Valeur déclarée $

CPC Tracking Number / Numéro de repérage de la SCP
RN 386 023 295 CA

33-086-584 (17-12)

(2)

(3)

CANADA POST POSTES CANADA
100003
2019 -08- 29
CARLING PO
LONDON ONTARIO
N6A 5R0

(6)

(7)

(8)

(9)

(10)

(11)

(12)

(13)

(14)

(15)

40-076-609 (89-08)

Continued on reverse Suite au verso

PACE SAVINGS & CREDIT UNION LIMITED v. 692536 ONTARIO LIMITED

Applicant Respondent

Court File No. CV-19-00627936-00

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF LORRAINE HENSBERGER

HARRISON PENSA LLP
Barristers & Solicitors
450 Talbot Street
London, Ontario
N6A 5J6

Timothy C. Hogan (LSO #36553S)
Tel : (519) 661-6725
Fax: (519) 667-3362

Lawyers for the Applicant,
Pace Savings & Credit Union Limited

PACE SAVINGS & CREDIT UNION LIMITED v. 692536 ONTARIO LIMITED

Applicant | Respondent

Court File No. CV-19-00627936-00

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

APPLICATION RECORD

HARRISON PENSA LLP
Barristers & Solicitors
450 Talbot Street
London, Ontario
N6A 5J6

Timothy C. Hogan (LSO #36553S)
Tel : (519) 661-6725
Fax: (519) 667-3362

Lawyers for the Applicant,
Pace Savings & Credit Union Limited