File No. CI15-01-97928

THE QUEEN'S BENCH

Winnipeg Centre

IN THE MATTER OF: **THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY ACT R.S.C. 1985, c. B-3 AS AMENDED**

B E T W E E N:

CAMERON STEPHENS FINANCIAL CORPORATION

Applicant

- and –

5448124 MANITOBA LTD.

Respondent

AFFIDAVIT OF GREGORY RYAN AZEFF
(SWORN SEPTEMBER 28, 2015)

FOGLER, RUBINOFF LLP
Lawyers
77 King Street West
Suite 3000, P.O. Box 95
TD Centre North Tower
Toronto, ON M5K 1G8

Joshua R. Freeman (LSUC# 55823J)
Gregory R. Azeff (LSUC# 45324C)
Tel: 416.864.9700
Fax: 416.941.8852

Lawyers for Applicant

THE QUEEN'S BENCH

Winnipeg Centre

IN THE MATTER OF: **THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY ACT R.S.C. 1985, c. B-3 AS AMENDED**

B E T W E N:

CAMERON STEPHENS FINANCIAL CORPORATION

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- and –

5448124 MANITOBA LTD.

Respondent

AFFIDAVIT OF GREGORY RYAN AZEFF
(SWORN SEPTEMBER 28, 2015)

I, GREGORY RYAN AZEFF, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS**:

1. I am a Lawyer with the law firm of Fogler, Rubinoff LLP, the lawyers for the Applicant and, as such, have knowledge of the matters contained in this affidavit. Where the source of my information or belief is other than my

own personal knowledge, I have identified the source and the basis for my information and believe it to be true

2. In the course of our preparation for the upcoming receivership application in this matter, an Amending Agreement dated June 9, 2015 was executed by the Applicant and Respondent (the "**Mortgage Amending Agreement**"). Attached hereto and marked as **Exhibit "A"** is a copy of the Mortgage Amending Agreement.

3. The Mortgage Amending Agreement amends certain terms of the mortgage over the lands known municipally as 519 Burnell Street, Winnipeg, Manitoba (as more fully described in the Affidavit of David Minor sworn September 25, 2015), which Mortgage was registered in the Winnipeg Land Titles Office on April 29, 2015 as Instrument No. 4597987/1 (the "**Mortgage**"). Attached hereto and marked as **Exhibit "B"** is a copy of the Mortgage.

4. Our offices have been advised by the offices of Dickinson Wright LLP, who also act as counsel to the Applicant, that the original signed copy of the Mortgage Amending Agreement is being couriered by them to the offices of D'Arcy & Deacon LLP, who will be registering the Mortgage Amending

Agreement on title to the subject property as their agents. I verily believe this to be true.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on September 28th, 2015	
A Notary in and for the Province of Ontario	**GREGORY RYAN AZEFF**
JOSHUA R. FREEMAN	

This is Exhibit “A” referred to in the Affidavit of Gregory Ryan Azeff sworn September 28, 2015

A Notary in and for the Province of Ontario

JOSHUA R. FREEMAN

AMENDING AGREEMENT Form 9.1

1. **REGISTERED OWNER(S) OF MORTGAGE/ENCUMBRANCE**
CAMERON STEPHENS FINANCIAL CORPORATION
25 Adelaide Street East, Suite 600
Toronto ON M5C 3A1
see schedule ☐

2. **REGISTERED OWNER(S) OF LAND**
5448124 MANITOBA LTD.
902-388 Portage Avenue, Winnipeg, Manitoba R3C 0C8
see schedule ☐

3. **AFFECTED MORTGAGE/ENCUMBRANCE**

☒ Mortgage ☐ Caveat ☐ Other *(specify)*: ____________

Instrument No. 4597987/1

4. **CURRENT AFFECTED TITLE(S)**
Lots 41 to 47, Block 3, Plan 775 WLTO
in RL 65 Parish of St. James
Title No. 2291534/1

SP Lot 28 Plan 33661 WLTO
in RL 63 TO 65 Parish of St. James
Title No. 2291538/1
see schedule ☐

5. **ADDITIONAL LAND** *(complete only if additional land is being added)*

The land affected by the above (mortgage/encumbrance) is hereby varied to add the following land:
N/A

TITLE NO.(S)
see schedule ☐

6. **ENCUMBRANCES ON ADDITIONAL LANDS** *(complete only if additional land is being added)*

The parties acknowledge that the following encumbrances affecting the additional land have priority of registration over the affected (mortgage/encumbrance):
N/A
see schedule ☐

7. **AMENDED TERMS**

The affected (mortgage/encumbrance) is hereby amended as follows:
The second recital of Paragraph 1 (b) on Page 1 of Schedule "A" to the Mortgage is amended to read as follows:
"Interest at the aforesaid rate on the amounts advanced from time to time, computed from the respective dates of such advances, shall become due and be paid on the 1st day of May, 2015, and thereafter, the sum of NINE MILLION FOUR HUNDRED AND TWENTY-FIVE THOUSAND ($9,425,000.00) DOLLARS with interest thereon at the aforesaid rate, computed from the 1st day of May 2015, shall become due and be paid in instalments of $68,405.36 each, on the 1st day of each and every month in each and every year from and including the 1st day of June, 2015 (such instalments to be applied FIRST in payment of the interest due from time to time, calculated at the said rate of 3.75% per annum, and the BALANCE to be applied in reduction of the principal sum) and the BALANCE of the said principal sum of NINE MILLION FOUR HUNDRED AND TWENTY-FIVE THOUSAND ($9,425,000.00) DOLLARS with interest thereon as aforesaid shall become due and payable on the 1st day of May, 2020."

In all other respects the parties hereto confirm the terms and conditions contained in the Mortgage.

8. **SIGNATURE OF REGISTERED OWNER(S) OF MORTGAGE/ENCUMBRANCE**
see schedule ☐

1. I am (~~entitled to be~~) (~~an~~/the) owner of the affected (mortgage/~~encumbrance~~).
2. I am of the age of majority.
3. I agree to amend the affected (mortgage/~~encumbrance~~) as set forth herein.

CAMERON STEPHENS FINANCIAL CORPORATION
Per:

witness signature	name and title	signature	date (YYYY/MM/DD)
[signature]	Giuliano Mauro AVP Loan Servicing and Funding	[signature]	2015/05/06

STEWART WALLACE
A practicing Ontario Lawyer
199 Bay St., Suite 2200,
Toronto ON M5L 1G4

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

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

9. SIGNATURE OF REGISTERED OWNER(S) OF LAND

see schedule ☐

1. I am (~~entitled to be~~) (~~an~~/the) owner of the land.
2. I am of the age of majority.
3. I agree to amend the affected (mortgage/~~encumbrance~~) as set out above.
4. ~~As security for performance of all my obligations herein, I hereby (mortgage/encumber) to the (mortgagee/encumbrancer) my interest in the additional land (if any).~~
5. The registration of this instrument does not contravene the provisions of *The Farm Lands Ownership Act* because:
   (a) the within land is not farm land as defined in *The Farm Lands Ownership Act*;
   (b) ~~the interest in the farm land is being mortgaged/encumbered pursuant to a bona fide debt obligation;~~
   (c) ~~other (specify section of The Farm Lands Ownership Act):~~ ____________________
   Particulars:
6.

5448124 MANITOBA LTD.

Per:
Susannah Simes, President .... 2015/~~05~~06/24

witness signature | name and title | signature | date (YYYY/MM/DD)

Per:
Russell Knight, Secretary .... 2015/~~05~~06/24

witness signature | name and title | signature | date (YYYY/MM/DD)

PETER GINAKES
A Practicing Manitoba Lawyer
666 Leila Avenue
Winnipeg, Manitoba R2V 3N7

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

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

10. IMPORTANT NOTICES

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

1. Is either personally known to you, or that their identity has been proven to you.

AND

2. That they have acknowledged to you that they:
   (a) are the person named in this instrument;
   (b) have attained the age of majority in Manitoba; and
   (c) are authorized to execute this instrument.

By virtue of section 194 of *The Real Property Act*, any statement set out in this document and signed by the party making the statement has the same effect and validity as an oath, affidavit, affirmation or statutory declaration given pursuant to *The Manitoba Evidence Act*.

***The Mortgage Act* provides that the mortgagor can obtain free of charge, from the mortgagee, a statement of the debts secured by this mortgage once every 12 months, or as needed for pay off or sale.**

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

11. SIGNATURE OF COVENANTOR(S)

see schedule ☐

I acknowledge receipt of a copy of this instrument and all of the terms herein and I agree to perform my obligations herein.

RUSSELL KNIGHT .... 2015/~~05~~06/24

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

SUSANNAH SIMES .... 2015/~~05~~06/24

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

12. ~~HOMESTEADS ACT CONSENT TO DISPOSITION AND ACKNOWLEDGEMENT~~

~~Note: For consent by widow(er) or surviving common-law partner, see section 22 of The Homesteads Act.~~

~~I, the spouse or common-law partner of the (mortgagor/encumbrancee), consent to the disposition of the homestead effected by this instrument and acknowledge that:~~

1. ☐ ~~I am the first spouse or common-law partner to acquire homestead rights in the property; or~~
   ☐ ~~A previous spouse or common-law partner of the (mortgagor/encumbrancee) acquired homestead rights in the property but those rights have been released or terminated in accordance with The Homesteads Act.~~
2. ~~I am aware that The Homesteads Act gives me a life estate in the homestead and that I have the right to prevent this disposition of the homestead by withholding my consent.~~
3. ~~I am aware that the effect of this consent is to give up my life estate in the homestead to the extent necessary to give effect to this disposition.~~
4. ~~I execute this consent apart from my spouse or common-law partner freely and voluntarily without any compulsion on the part of my spouse or common-law partner.~~

.... //

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

.... //

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

A Notary Public in and for the Province of Manitoba
A Commissioner for Oaths in and for the Province of Manitoba
My commission expires: ________________
Or other person authorized to take affidavits under *The Manitoba Evidence Act* (specify): ________________

13. **CONSENTS OF SUBSEQUENT ENCUMBRANCER(S)** see schedule ☐

_______________ as holder of _______________ No. _______________

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

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

_______________ as holder of _______________ No. _______________

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

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

_______________ as holder of _______________ No. _______________

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

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

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

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

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

Jonathan Goldenberg, D'Arcy & Deacon LLP,
2200 One Lombard Place,
Winnipeg, MB R3B 0X7 (204) 925-5371

LAND TITLES OFFICE USE ONLY			
SEE ATTACHED LETTER/FAX/ADDITIONAL EVIDENCE FOR BOX(ES) ____________			
Set for acceptance ☐		Fee ____________ Fee adjustment ____________ ☐ Extra Fee ☐ Refund	
Examined by: ☐ Fees checked ☐		Registration No. /	

This is Exhibit "B" referred to in the Affidavit of Gregory Ryan Azeff sworn September 28, 2015

A Notary in and for the Province of Ontario

JOSHUA R. FREEMAN

MORTGAGE Form 6.1

[X] Mortgage ☐ Encumbrance ☐ Mortgage of Mortgage/Encumbrance

1. MORTGAGOR(S)/GRANTOR(S) OF ENCUMBRANCE (Encumbrancee(s))

5448124 MANITOBA LTD.
902-388 Portage Avenue, Winnipeg, Manitoba R3C 0C8

see schedule ☐

2. LAND DESCRIPTION

Lots 42 to 47, Block 3, Plan 775 WLTO
in RL 66 Parish of St. James
Title No. 2291534/1

SP Lot 28 Plan 33661 WLTO
in RL 63 TO 65 Parish of St. James
Title No. 2291538/1

see schedule ☐

TITLE NO.(S) **2291534/1 and 2291538/1** MORTGAGE/ENCUMBRANCE NO.(S)

3. ENCUMBRANCES, LIENS AND INTERESTS — The within document is subject to instrument number(s) Mortgage Nos. 4452308/1, 4452377/1, 4499095/1, 4581661/1, Caveat Nos. 4452309/1 and 4452378/1, PPSN Nos. 4452310/1 and 4452379/1, Certificate of Judgment No. 4490076/1.

see schedule ☐

4. MORTGAGEE(S)/ENCUMBRANCER(S) *(full legal name and address for service)*

CAMERON STEPHENS FINANCIAL CORPORATION
25 Adelaide Street East, Suite 600
Toronto ON M5C 3A1

see schedule ☐

5. TERMS

The following terms are incorporated herein:

~~(a) Standard Charge Mortgage Terms filed as Number: Name:~~

(b) The terms and provisions attached hereto as schedule(s) [A] ☐ ☐ ☐

In this instrument, unless otherwise specified, "herein" means this instrument, all schedules to this instrument and the terms referred to in Boxes 5 and 6.

6. PAYMENT PROVISIONS see schedule [A]

(a) Principal amount $ 9,425,000.00				(b) Interest Rate - As per Schedule A % per annum	(c) Calculation Period As per Schedule A	
(d) Interest adjustment date	Y: xx	M: xx	D: xx	(e) Payment date and period: First day of each month, Monthly	(f) First payment date	Y: xx M: xx D: xx
(g) Last payment date	Y: xx	M: xx	D: xx	(h) Amount of each payment dollars $ As per Schedule A		
(i) Balance due date	Y: xx	M: xx	D: xx	(j) Guarantee mortgage ☐		

Additional provisions
As per Schedule A.

see schedule [A]

7. SIGNATURE OF MORTGAGOR(S)/ENCUMBRANCEE(S) see schedule ☐

1. I am (entitled to be) (an/the) owner of the (land/~~mortgage/encumbrance of the land~~).
2. As security for performance of all my obligations herein, I hereby (mortgage/encumber) to the (mortgagee/~~encumbrancer~~) my interest in the (land/~~mortgage/encumbrance~~) of the land.
3. I promise to pay the principal amount and interest and all other charges and money hereby secured and to be bound by all the terms herein.
4. I acknowledge receipt of a copy of this instrument and all of the terms herein.
5. I am of the age of majority.
6. The registration of this instrument does not contravene the provisions of The Farm Lands Ownership Act because (insert appropriate Farm Lands Ownership Act evidence): the within land is not farm land as defined in The Farm Lands Ownership Act
7. ~~The registration of this instrument does not contravene the provisions of The Homesteads Act because (insert appropriate Homesteads Act evidence):~~

5448124 MANITOBA LTD.

Per:
Susannah Simes, President — 2015/03/30
witness signature — name and title — signature — date (YYYY/MM/DD)

Per: Russell Knight, Secretary — 2015/03/30
witness signature — name and title — signature — date (YYYY/MM/DD)

PETER GINAKES
A Practicing Manitoba Lawyer
666 Leila Avenue
Winnipeg, Manitoba R2V 3N7

Prior to signing and witnessing this document, please carefully review the notices in Box 8. Insert name, position and address of witness below signature. See subsection 72.5(5) of The Real Property Act.

8. **IMPORTANT NOTICES**

WHO MAY BE A WITNESS to this document: Only those persons specified in section 72.7 of *The Real Property Act* may act as a witness to this document.

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

1. Is either personally known to you, or that their identity has been proven to you.

   AND

2. That they have acknowledged to you that they:
   (a) are the person named in this instrument;
   (b) have attained the age of majority in Manitoba; and
   (c) are authorized to execute this instrument.

By virtue of section 194 of *The Real Property Act*, any statement set out in this document and signed by the party making the statement has the same effect and validity as an oath, affidavit, affirmation or statutory declaration given pursuant to *The Manitoba Evidence Act*.

***The Mortgage Act* provides that the mortgagor can obtain free of charge, from the mortgagee, a statement of the debts secured by this mortgage once every 12 months, or as needed for pay off or sale.**

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

9. **SIGNATURE OF COVENANTOR(S)** see schedule ☐

I acknowledge receipt of a copy of this instrument and all of the terms herein, and I agree to perform my obligations herein.

witness signature	name	signature	date (YYYY/MM/DD)
[signature]	RUSSELL KNIGHT	[signature]	2015/03 /30
[signature]	SUSANNAH SIMES	[signature]	2015/ 03 /30

10. ~~**HOMESTEADS ACT CONSENT TO DISPOSITION AND ACKNOWLEDGEMENT**~~

~~Note: For consent by widow(er) or surviving common-law partner, see section 22 of *The Homesteads Act*.~~

~~I, the spouse or common-law partner of the (mortgagor/encumbrancee), consent to the disposition of the homestead effected by this instrument and acknowledge that:~~

~~1. ☐ I am the first spouse or common-law partner to acquire homestead rights in the property; or~~
~~☐ A previous spouse or common-law partner of the (mortgagor/encumbrancee) acquired homestead rights in the property but those rights have been released or terminated in accordance with *The Homesteads Act*.~~
~~2. I am aware that *The Homesteads Act* gives me a life estate in the homestead and that I have the right to prevent this disposition of the homestead by withholding my consent.~~
~~3. I am aware that the effect of this consent is to give up my life estate in the homestead to the extent necessary to give effect to this disposition.~~
~~4. I execute this consent apart from my spouse or common-law partner freely and voluntarily without any compulsion on the part of my spouse or common-law partner.~~

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

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

A Notary Public in and for the Province of Manitoba
A Commissioner for Oaths in and for the Province of Manitoba
My commission expires: ________
Or other person authorized to take affidavits under *The Manitoba Evidence Act (specify)*: ________

11. **INSTRUMENT PRESENTED FOR REGISTRATION BY** *(include address, postal code, contact person and phone number)*

Jonathan Goldenberg, D'Arcy & Deacon LLP,
2200 One Lombard Place,
Winnipeg, MB R3B 0X7
File # 107081-23

The District Registrar hereby certifies that this is a true copy of a record maintained in the public records of The Property Registry of Manitoba

LAND TITLES OFFICE USE ONLY MAY 12 2015

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

Set for acceptance		Fee ____
Examined by:		Fee adjustment ____
Fees checked		☐ Extra Fee ☐ Refund
		Registration No.

SCHEDULE Form 16.1

SCHEDULE A

TERMS, PAYMENT PROVISIONS AND ADDITIONAL PROVISIONS

IN CONSIDERATION of the sum of **NINE MILLION FOUR HUNDRED AND TWENTY-FIVE THOUSAND DOLLARS ($9,425,000.00)** lent to the Mortgagor by

CAMERON STEPHENS FINANCIAL CORPORATION

(who and whose successors and assigns, are hereinafter included in the expression "**the Mortgagee**"), the receipt of which sum the Mortgagor does hereby acknowledge, the Mortgagor **COVENANTS** with the Mortgagee:

(1) That the Mortgagor will pay to the Mortgagee the above sum of **NINE MILLION FOUR HUNDRED AND TWENTY-FIVE THOUSAND DOLLARS ($9,425,000.00)**, in lawful money of Canada at Toronto, Ontario, or such other place in Canada as the Mortgagee may direct as follows:

a) The principal sum of **NINE MILLION FOUR HUNDRED AND TWENTY-FIVE THOUSAND DOLLARS ($9,425,000.00)** (the "**Loan**") shall become due and be paid **on the 1st day of May, 2020** (the "**Balance Due Date**");

b) Provided this Mortgage to be void on payment of **NINE MILLION FOUR HUNDRED AND TWENTY-FIVE THOUSAND ($9,425,000.00) DOLLARS** of lawful money of Canada with interest at the rate of 3.75 per centum per annumm, calculated half-yearly, not in advance, as well after as before maturity and both before and after default, as follows:

Interest at the aforesaid rate on the amounts advanced from time to time, computed from the respective dates of such advances, shall become due and be paid on the 1st day of May, 2015, and thereafter, the sum of **NINE MILLION FOUR HUNDRED AND TWENTY-FIVE THOUSAND ($9,425,000.00) DOLLARS** with interest thereon at the aforesaid rate, computed from the 1st day of June, 2015, shall become due and be paid in instalments of $68,405.36 each, on the 1st day of each and every month in each and every year from and including the 1st day of June, 2015 (such instalments to be applied FIRST in payment of the interest due from time to time, calculated at the said rate of 3.75 per centum per annum, and the BALANCE to be applied in reduction of the principal sum) and the BALANCE of the said principal sum of **NINE MILLION FOUR HUNDRED AND TWENTY-FIVE THOUSAND ($9,425,000.00) DOLLARS** with interest thereon as aforesaid shall become due and payable on the 1st day of, 2020.

c) The Mortgagor further covenants to pay to the Mortgagee an additional principal sum of $20,000.00 per month on the same dates as the payments noted in paragraph (1) b). Such accelerated principal payment will be reviewed annually by the Mortgagee.

All payments to be made by the Mortgagor shall be made without compensation, set-off or counterclaim and without any deduction of any kind in the event that demand shall be made under this Mortgage. This Mortgage shall become immediately due and payable on demand in the event that there is any default by the Mortgagor under the terms of the Mortgage.

(2) And that in case the sums hereby secured be not paid on the days above set forth, the Mortgagor will, so long as said sums or any part thereof remain unpaid, pay interest thereon at the rate and in the manner aforesaid. And the Mortgagor further covenants that on default in payment of any interest, such interest shall at once become principal and bear interest from the time when the same becomes due, at the rate and calculated in the manner aforesaid.

INITIALS

SCHEDULE Form 16.1

(3) It is agreed that the taking of a judgment or judgments under any of the covenants herein contained shall not operate as a merger of said covenants or affect the Mortgagee's right to interest at the rate and times aforesaid.

(4) And the Mortgagor further covenants with the Mortgagee that the Mortgagor will forthwith insure, and during the continuance of this security keep insured, against loss or damage by fire, and such other hazards as shall be required by the Mortgagee, each and every building on the said Land in the total sum of the full insurable value thereof in some Insurance Company to be approved of by the Mortgagee, and that the Mortgagor will not do or suffer anything whereby the said policy or policies may be vitiated, and will pay all premiums and sums of money necessary for such purposes as the same shall become due, and will assign and deliver over unto the Mortgagee the policy or policies of insurance, receipt or receipts thereto appertaining, and if the Mortgagor shall neglect to keep the said buildings or any of them insured as aforesaid, or to pay the said premiums or deliver such policy or policies of insurance and receipts, or to assign unto the Mortgagee such policy or policies or renewals thereof, then it shall be lawful for the Mortgagee to insure the said buildings in such an amount up to the full insurable value thereof as the Mortgagee in its sole discretion may from time to time decide, and all moneys expended by it with interest at the rate aforesaid computed from the time or times of advancing the same shall be repaid by the Mortgagor to the Mortgagee on demand, and in the meantime the amount of such payments shall be added to the said principal sum hereby secured and shall bear interest at the rate aforesaid and compounded as aforesaid from the time of such payment and shall be payable at the time appointed for the next ensuing payment of interest on the said principal sum and all such payments shall become a part of the principal secured by this Mortgage and shall be a charge upon the said Land and all of the Mortgagor's estate and interest therein.

(5) It is hereby agreed that all moneys received by virtue of any policy or policies of insurance may, at the option of the Mortgagee, either be forthwith applied in or towards substantially rebuilding, reinstating and repairing the said premises or in or towards the payment of the last instalment of principal falling due under and by virtue of these presents, and in case of surplus, in or towards payment of the instalment next preceding in point of time of payment, and so on until the whole of the principal hereunder shall be paid, and in case of a surplus, then, in or towards payment of interest.

(6) And the Mortgagor further agrees forthwith on the happening of such loss or damage by fire to furnish at its expense all the necessary proofs and do all the necessary acts to enable the Mortgagee to obtain payment of the insurance moneys. Provided always that such insurance must be in a company selected by the Mortgagee and that the Mortgagee may effect same without reference to the Mortgagor and charge any moneys paid by the Mortgagee in respect thereof upon the said Land.

(7) And for the purpose of better securing the punctual payment of the said Mortgage moneys the Mortgagor, does hereby attorn tenant to the Mortgagee for the said Land, at a monthly rental equivalent to the monthly instalment hereinbefore agreed to be paid, such rental to be paid on the date for payment of each of said monthly instalments, the legal relation of landlord and tenant being hereby constituted between the Mortgagee and the Mortgagor; provided however, this paragraph shall not be applicable to any premises comprising of the said Land or any portion thereof that fall within the meaning of "rental units" or "residential complexes" as defined in *The Residential Tenancies Act*.

(8) Provided, also, that the Mortgagee may at any time after default in payment hereunder, enter into and upon the said Land or any part thereof without giving any notice to quit, and may lease the said Land or any part thereof, but it is agreed that neither the existence of this clause, nor anything done by virtue thereof, shall render the Mortgagee, Mortgagee in possession, or accountable for any moneys except those actually received, whether from a tenant thereof or otherwise.

(9) And further that if the Mortgagor shall make default in payment of any part of the said principal or interest at any day or time hereinbefore limited for the payment thereof, it shall and may be lawful for the Mortgagee, and the Mortgagor does hereby grant full power and license to the Mortgagee to enter, seize and distrain upon the said 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 said Land as much of said principal and interest as shall from time to time be or remain in arrear and unpaid, together with all costs, charges and expenses attending such levy or distress as in like cases of distress for rent.

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SCHEDULE Form 16.1

(10) It is also covenanted between the Mortgagor and the Mortgagee that if the Mortgagor shall make default in payment of the said principal sum and interest thereon or any part thereof at any of the above appointed times, then the Mortgagee shall have the right and power, and the Mortgagor does hereby covenant with the Mortgagee for such purpose and do grant to the Mortgagee full license and authority for such purpose when and so often as in its discretion it shall think fit, to enter into possession either by itself or its agent of the said Land, and to collect the rents and profits thereof and to make any demise or lease of the said Land or any part thereof for such terms, periods and at such rent as it shall think proper, and that the power of sale herein embodied and contained, either expressly or implied, may be exercised either before or after and subject to such demise.

(11) Provided that any sale made under the powers herein may be for cash or credit, or partly for cash and partly upon credit, and that the Mortgagee may vary or rescind any contract for sale made or entered into by virtue thereof.

(12) Provided also, that upon and after default in payment of any of the moneys hereby secured or payable under these presents from time to time the Mortgagee shall be entitled to send its inspector or agent to inspect and report upon the value, state and conditions of the Land at its expense of the Mortgagor, and all expenses incurred and paid in so doing together with all costs and charges (between solicitor and client) which the Mortgagee may incur or pay in enforcing or attempting to enforce all or any of the remedies and powers given hereby or subsisting for the recovery of the moneys hereby secured, or any part thereof, whether the proceedings then prove abortive or not, and of, in and about taking, recovering and keeping or attempting to procure possession of the said Land or any part thereof, shall form and be a charge upon the said Land and be payable forthwith to the Mortgagee, and shall bear interest at the rate aforesaid until paid, and the Mortgagor hereby covenants to pay the same.

(13) It is also agreed between the Mortgagor and the Mortgagee that if the Mortgagor shall commit any act of waste upon the said Land, or if any default shall happen to be made in any payment of interest or principal or any moneys hereby secured or any part thereof, or in the performance of any of the covenants or provisoes herein contained, then, and in any such case the principal money hereby secured and every part thereof shall, at the option of the Mortgagee, become due and payable in like manner and to all intent and purposes as if the time herein mentioned for payment of such principal sum had come and expired.

(14) Provided that the Mortgagee may at its discretion at all times release any part or parts of the said Land or any other security for the moneys hereby secured either with or without any consideration therefor, and without being accountable for the value thereof or for any moneys except those actually received by it and without thereby releasing any other part of the said Land or any of the covenants herein contained.

(15) And the Mortgagor agrees that the execution or registration of this Mortgage or the advance in part of the money secured, shall not bind the Mortgagee to advance the said moneys or any of the unadvanced portion thereof, but nevertheless the lien and charge hereby created shall take effect forthwith on the execution of these presents, and the expenses of the examination of the title and of this Mortgage and valuation are to be secured hereby in the event of the whole or any balance of the principal sum not being advanced, the same to be charged hereby upon the said Land, and shall be, without demand thereof, payable forthwith with interest at the rate provided for in this Mortgage, and in default, the Mortgagee's power of sale hereby given and all other remedies hereunder shall be exercisable.

(16) The Mortgagor COVENANTS to pay all taxes, rates and other impositions whatsoever, already charged or hereafter be charged by any authority on the Land as they fall due and that the Mortgagor will within thirty (30) days from the date fixed for the payment of each and every instalment due date for such taxes, rates or other impositions in each year, furnish the Mortgagee with receipted tax bills showing all such taxes, rates and other impositions paid.

(17) The Mortgagor COVENANTS with the Mortgagee that the Mortgagor will, on or before the first day of July in each and every year, produce and leave with the Mortgagee a receipt for the payment of all liens, taxes, charges or encumbrances upon said Land, and that it will keep down and destroy all noxious weeds on the said Land, and the Mortgagee may pay all Builder's or other liens, taxes, rates, charges, mortgages or encumbrances upon said Land and any moneys for insurance against damage by fire, tempest, lightning, or for hail insurance on crops on said Land, or for keeping down and destroying noxious weeds on the Land,

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and may pay all claims to liens or claims to payment by any workman, contractors or persons for any work done, contract made or material supplied, for or in respect of the said Land, or any building, work, improvement or erection thereon, and the amounts paid for any of the purposes aforesaid together with all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of said Land, or in inspecting the same and generally in any other proceedings taken to realize or protect the moneys hereby secured, or to perfect the title of the said Land, shall be deemed to be secured hereby, and shall be a charge on the Land in favour of the Mortgagee, and shall be without demand thereof payable forthwith by the Mortgagor, to the Mortgagee with interest at the rate and compounded as provided for in this Mortgage until paid, and in default the principal and interest hereby secured shall at the option of the Mortgagee become due and payable, and the power of sale hereby given shall, without notice, be exercisable in addition to all other remedies. And the Mortgagor does hereby agree to pay to the Mortgagee any sum or sums of money which, in addition to the said principal sum hereby secured, the Mortgagee may pay for the purpose of satisfying and paying off any balance of purchase price, mortgage, lien, charge, encumbrance or other claim that may be outstanding against the property in order to perfect the title to the said Land or any part thereof and make this Mortgage a first charge and encumbrance thereon, the propriety of paying out any sum or sums to be a matter upon which the decision of the Mortgagee shall be absolute and final, any such sum or sums so paid shall be and remain a charge on the said Land and shall be repaid to the Mortgagee by the Mortgagor, with interest at the rate and compounded as herein provided, and in default, the power of sale hereby given shall be exercisable in addition to all other remedies. In the event of the money hereby advanced, or any part thereof being applied to the payment of any lien, charge, mortgage or encumbranco, the Mortgagee shall stand in the position of and be entitled to all the equities of the person or persons so paid off, whether any such lien, charge, mortgage or encumbrance has or has not been discharged.

(18) Provided that the Mortgagor shall not be entitled to a discharge of this Mortgage until and unless it shall have kept and performed all the covenants, provisoes, agreements and stipulations herein contained, whether the Mortgagee has taken legal proceedings thereon and recovered judgment or otherwise, and the Mortgagor covenants with the Mortgagee that the Mortgagor shall and will in everything do, perform, and keep all the provisions and covenants in these presents according to the true intent and meaning thereof.

(19) And it is hereby declared and agreed that any erections, buildings or improvements now on or that shall hereafter be put upon said premises shall be fixtures and a part of the realty and form a part of this security, even though not attached to the Land otherwise than by their own weight.

(20) And the Mortgagor, covenants with the Mortgagee that the Mortgagee, at such time or times as it may deem necessary, and without the concurrence of any other person, may make arrangements for the repairing, finishing, and putting in order of any building or improvement on the mortgaged premises, and for inspecting, taking care of, keeping down and destroying noxious weeds, leasing (either on crop shares or otherwise) collecting the rents of (including the costs incurred by the Mortgagee for its officer or agent attending on the harvesting, threshing and marketing the crop) and managing generally the mortgaged property, and of working, breaking, summer fallowing and otherwise farming or improving the said mortgaged premises and may expend money for any and all of the premises aforesaid as it may deem expedient, and all moneys expended, costs, charges and expenses, including allowance for the time and service of any officer of the Mortgagee, or other person appointed for any of the above purposes, shall be forthwith payable to the Mortgagee or its assigns, (and the Mortgagor, hereby covenants to pay the same) and shall be a charge upon the mortgaged property, and shall bear interest at the Mortgage rate compounded as aforesaid until paid.

(21) And the Mortgagor further agrees with the Mortgagee that on default of payment of any of the sums hereby secured for the period of two months, it may lease, sell and convey the said Land without entering into possession of the same and without any notice to the Mortgagor or its successors or assigns, and that when any notice is required to be given under any statute, the same may be effectually given by leaving the same with a grown-up person of the said Land, if occupied, or by placing the same thereon, or any part thereof if unoccupied, or at the option of the Mortgagee by publishing the same in some newspaper published in the Province of Manitoba and this notice shall be sufficient though not addressed to any person or persons by name or designation, and notwithstanding any person or persons to be affected thereby may be unknown, unascertained or under disability, and such notice shall be sufficient if addressed to the Mortgagor or to any officer or director thereof. And that no want of notice or publication when required hereby or by any statute or any other impropriety or irregularity shall invalidate any sale made or purporting to be made hereunder, but the vendor alone shall be responsible, and the said powers may be exercised by the assigns of the

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Mortgagee and against the Mortgagor, its successors and assigns, and in any event of a sale on credit or for part cash and part credit the Mortgagee is not to be accountable for or charged with any moneys until actually received, and that sale may be made from time to time of portions of said Land to satisfy interest or parts of the principal overdue, leaving the principal or parts thereof to run with interest payable as aforesaid, and may make any stipulation of the principal overdue, leaving the principal or parts thereof to run with interest payable as aforesaid, and may make any stipulation as to title or evidence or commencement of title or otherwise as it shall deem proper, and may buy in or rescind or vary any contract for sale of any of the said Land and may sell without being answerable for loss occasioned thereby, and for any of such purposes may make and execute all agreements and assurances as it shall think fit.

(22) Provided also that all moneys, payments, costs, charges and expenses whatsoever which are by these presents charged or to be charged or chargeable upon the said Land shall be considered as mortgage money and interest and default in payment of the same or any part thereof shall entitle the Mortgagee to exercise the power of sale and all other powers and remedies contained in these presents or subsisting for recovery of mortgage moneys and interest or any part thereof from time to time.

(23) The Mortgagor represents and warrants that the Land does not contain asbestos in any form, urea formaldehyde in any form, polychlorinated biphenyl ("PCB"), or products treated with PCBs, radioactive substances or any other substance which has been determined by any government authority having jurisdiction (including, without limitation, The Workers Compensation Board of Manitoba), to be injurious to human health and that no enforcement actions are threatened or pending. If such a substance is found in the mortgaged premises prior to an advance of funds hereunder, the Mortgagee shall be relieved of its obligation to make such an advance and any standby fee paid by the Mortgagor to the Mortgagee shall be immediately forfeited to the Mortgagee. If such substance is found in the mortgaged premises after funds have been advanced by the Mortgagee to the Mortgagor, then, at the Mortgagee s option, the funds so advanced with all other amounts payable under this Mortgage shall become immediately due and payable by the Mortgagor to the Mortgagee.

(24) The Mortgagor and Covenantors agree that they shall be liable for and indemnify and hold the Mortgagee and its officers, directors, employees and agents harmless from and against any and all costs, expenses, claims, losses, liabilities and damages of any kind whatsoever, directly or indirectly arising from or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Land or any improvement thereon, of any hazardous or noxious substances as referred to in paragraph (23) hereof, including without limitation:

(a) reasonable legal fees, disbursements and applicable taxes; and,

(b) the cost, liability or damage arising out of the settlement or any action entered into by the Mortgagee, either with or without the consent of the Mortgagor.

The Mortgagor further covenants and agrees that it shall not, nor shall the Mortgagor permit any other person, to place, hold, locate or disperse on or from the Land any such substance or substances. The Covenantors and all directors shall, at the request of the Mortgagee execute a separate environmental indemnity agreement in form and substance satisfactory to the solicitors for the Mortgagee.

(25) The Mortgagor represents and warrants that the property and its existing prior uses comply and have at all times complied with all laws, requisitions, orders and approvals of all governmental authorities having jurisdiction with respect to environmental matters applicable to the ownership, use, maintenance and operation of the property (collectively, the "**Environmental Laws**") and, without limiting the generality of the foregoing:

(a) the property has never been used as a landfill site or to store pollutants either above or below ground, storage tanks or otherwise;

(b) all pollutants used in connection with the business conducted at the property have at all times been received, handled, used, stored, treated, shipped and disposed of in strict compliance with all Environmental Laws;

(c) no pollutants have been released into the environment or deposited, discharged, placed or disposed of at, on or near the property as a result of the conduct of business on the property;

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(d) no notices of any violation of any matters referred to above relating to the property or its use have been received by the Mortgagor and there are no directions, writs, injunctions, orders or judgments outstanding, no law suits, claims, proceedings, or investigations pending or threatened, relating to the ownership, use, maintenance or operation of the property nor is there any basis for such law suits, claims, proceedings, or investigations being instituted or filed.

For the purposes of this Mortgage, a hazardous substance includes but is not limited to contaminants, pollutants, dangerous substances, gasoline, oil, liquid, wastes, industrial wastes, whole liquid wastes, toxic substances, hazardous wastes, hazardous materials and pollutants as defined in or pursuant to the *Environment Act* or any applicable environmental law.

At the option of the Mortgagee, giving consideration to the potential for a subsequent discovery of contamination after excavation, and rectification thereof, it shall be an event of default under the Mortgage if any of the foregoing representations or warranties shall be false or misleading as at the time given.

The Mortgagor further acknowledges and agrees to:

(a) Provide the Mortgagee with copies of all communications received from environmental agencies with respect to the property, whether written or verbal.

(b) Provide the Mortgagee with copies of all communications received by any person relating to an environmental claim, whether written or verbal.

(c) It shall become an event of default if at any time the property is designated as contaminated site of non-compliance with an environmental requirement (such as a remediation order).

(d) Provide an Environmental Indemnity to the benefit of the Mortgagee. Said indemnity shall survive the repayment and discharge of the Mortgage. A separate Environmental Indemnity Agreement may be required at the Mortgagee's option.

(e) The Mortgagee shall have the right, before and after default, to enter the property at any time to carry out any environmental investigations which are deemed necessary, beyond a Phase I Investigation, which involves more intrusive tests such as boreholes for soil and water samples. The cost of any such further investigation shall be payable by the Mortgagor and shall be a charge upon the property. The exercise of any of the powers enumerated in this clause shall not deem the Mortgagee to be in possession, management or control of the said lands and buildings.

It shall be an event of default under this Mortgage if any of the foregoing representations or warranties shall be false or misleading as at the time given.

(26) The representations, covenants and indemnities contained in paragraphs (23), (24) and (25) hereof shall survive any action of foreclosure pursuant to this Mortgage, notwithstanding anything to the contrary contained herein, and any other extinguishing of the obligations of the Mortgagor and the Covenantors and any other exercise by the Mortgagee of any remedies available to it pursuant to default hereunder.

(27) The Mortgagor agrees to permit reasonable access to the Land by the Mortgagee at any time, and its agents and employees from time to time, in order to conduct further inspections and investigations regarding hazardous or toxic substances on, under or about the Land and make available at any time and from time to time, upon reasonable notice, all of the Mortgagor's records of account, books, business and assets to ensure compliance with the provisions of paragraphs (23) and (24) hereof. All costs associated with such inspection rights shall be the responsibility of the Mortgagor.

(28) The Mortgagor agrees to hold the Mortgagee and its officers, directors, employees and agents harmless from and against all cost, expense, claim, damage or liability directly or indirectly attributable to such inspections and investigations including, without limitation, injury to persons or property (including the Land) occasioned by such inspection or inspections and investigation or investigations.

(29) The Mortgagor and/or Covenantors covenant and agree to provide the Mortgagee:

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(a) Within 90 days of each fiscal year end during the term of the Mortgage and any renewal thereof, accountant prepared financial statements for the Mortgagor. The statements are to be prepared by a recognized firm of accountants and will include a balance sheet, a detailed statement of income and expenditures, and supporting notes and schedules;

(b) updated Rent Rolls for the property, on a semi-annual basis;

(c) operating statements for the property on a semi-annual basis;

(d) updated financial statements and/or net worth statements annually for each personal Covenantor;

(e) all such other financial and supporting information as the Mortgagee may require.

(30) Provided that in the event of a further encumbrance or a sale, conveyance or transfer of the property or any portion thereof, or a lease of the whole of the property, all sums secured hereunder, shall, unless the written consent of the Mortgagee has been first obtained, forthwith become due and payable at the Mortgagee's option. The rights of the Mortgagee pursuant to this provision shall not be affected or limited in any way by the acceptance of payments due under this Mortgage from the Mortgagor or any person claiming through our under him and the rights of the Mortgagee hereunder shall continue without diminution for any reason whatsoever until such time as the Mortgagee has consented in writing as required by this provision.

Provided further that no permitted sale or other dealing by the Mortgagor with the property or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the monies hereby secured.

(31) If after the date of execution of this Mortgage, the shares of the Mortgagor are transferred by sale, assignment, bequest, inheritance, operation of law or other disposition, or issued by subscription or allotment, or cancelled or redeemed, or as to result in a change in the effective voting or other control of the Mortgagor by the person or persons holding control on the date of execution of this Mortgage, or if other steps are taken to accomplish a change of the control, the Mortgagor shall promptly notify the Mortgagee in writing of the change, and shall request the approval of the Mortgagee to such change. In the event that the Mortgagee shall not approve such change, such approval not to be unreasonably withheld, then, and in that event, the principal balance and all accrued interest secured hereby, shall immediately become due and payable. The Mortgagor shall make available to the Mortgagee or its lawful representative at the request of the Mortgagee, and from time to time, all corporate books and records of the Mortgagor for inspection at all reasonable times, to ascertain to the extent possible whether there has been a change of control.

(32) This Mortgage shall be closed for the term contemplated.

(33) Without limiting or restricting any other covenant or obligation on the part of the Mortgagor under these presents it is understood and agreed that the Mortgagee shall have the right to estimate the amount of all taxes, rates, assessments, levies, liens and penalties payable in each year and the Mortgagor covenants and agrees with the Mortgagee that:

(a) The Mortgagor will pay to the Mortgagee one-twelfth of such estimated amount on the first day of each and every month during the term of this Mortgage, commencing with the date fixed for the payment of the first instalment of principal and or interest;

(b) In the event that the taxes, rates, assessments, levies and liens actually charged for any one year together with any interest and penalties thereon exceed the estimated amount or in the event of any part of the estimated amount paid to the Mortgagee being applied by the Mortgagee in or towards principal, interest or other moneys in default, the Mortgagor will pay to the Mortgagee on demand the amount required to make up the deficiency;

(c) The Mortgagor will transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Mortgagor. It is further understood and agreed that

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(i) so long as there is not default under any covenant or agreement in this Mortgage contained, the Mortgagee shall apply such payments on the taxes chargeable against said Land but the Mortgagee shall be under no obligation to apply such payments oftener than annually;

(ii) if before any such sum or sums in the hands of the Mortgagee shall have been so applied there shall be default in respect to any payment of principal, interest or other moneys as herein provided, the Mortgagee may, at the option of the Mortgagee, apply such sum or sums in or towards payment of the principal, interest or other moneys so in default.

(34) Notwithstanding anything herein contained, it is declared and agreed that any time and from time to time when there shall be default under the provisions of this Mortgage the Mortgagee may at such time and from time to time and with or without entry into possession of the mortgaged premises or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee of the Mortgagee or not, to be a Receiver (which term as used herein includes a Receiver-Manager and also includes the plural as well as the singular) of the mortgaged premises or any part thereof and of the rents and profits thereof and with or without security and may from time to time by similar writing remove any Receiver and appoint another in the Receiver s stead and that in making any such appointment or removal the Mortgagee shall be deemed to be acting as the agent or attorney of the Mortgagor but no such appointment shall be revocable by the Mortgagor. The Mortgagor undertakes to ratify and confirm whatever such Receiver may do concerning the mortgaged premises. The remuneration and expenses of the Receiver shall be paid by the Mortgagor on demand and shall be a charge on the mortgaged premises and shall bear interest from the date of demand at the Mortgage rate.

Upon appointment of any such Receiver from time to time the following provisions shall apply:

(a) Every such Receiver shall have unlimited access to the mortgaged premises as agent and attorney for the Mortgagor (which right of access shall not be revocable by the Mortgagor) and shall have full power and unlimited authority to:

(i) collect the rents and profits from tenancies whether created before or after this Mortgage;

(ii) rent any portion of the mortgaged premises which may become vacant on such terms and conditions as the Receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the mortgaged premises left by the Mortgagor in an unfinished state or award the same to others to complete; and purchase, repair and maintain any personal property including, without limitation, appliances and equipment necessary or desirable to render the mortgaged premises operable or rentable and take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(iv) manage, operate, repair, alter or extend the mortgaged premises or any part thereof.

(b) The Mortgagee may at its discretion vest the Receiver with any or all of the rights and powers of the Mortgagee;

(c) The Mortgagee may fix the reasonable remuneration of the Receiver who shall be entitled to deduct the same out of the revenue of the sale proceeds of the mortgaged premises;

(d) Every such Receiver shall be deemed the agent or attorney of the Mortgagor and, in any event, the Mortgagee and its agents shall not be responsible for the Receiver's acts or omissions;

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(e) The appointment of any such Receivor by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the Receiver or to the Mortgagor or to any other person and no appointment or removal of a Receiver and no actions of a Receiver shall constitute the Mortgagee a mortgagee in possession of the mortgaged premises;

(f) No such Receiver shall be liable to the Mortgagor to account for money other than money actually received by the Receiver in respect of the mortgaged premises or any part thereof and out of such money so received every such Receiver shall pay in the following order:

(i) the Receiver's remuneration aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the Receiver in connection with the exercise of the Receiver's powers and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the mortgaged promises in priority to this Mortgage, including taxes;

(iv) all interest, principal and other money due to the Mortgagee hereunder to be paid in such order as the Mortgagee in its discretion shall determine;

(v) thereafter, every such Receiver shall be accountable to the Mortgagor for any surplus.

(g) Save as to claims for accounting under sub-paragraph (f) hereof, the Mortgagor hereby releases and discharges any such Receiver from every claim of every nature which may arise or be caused to the Mortgagor or any person claiming through or under the Receiver by reason or as a result of anything done by such Receiver unless such claim be the direct and proximate result of dishonesty or fraud;

(h) The Mortgagee may, at any time and from time to time, terminate any such Receivership by notice in writing to the Mortgagor and to any such Receiver;

(i) The statutory declaration of an officer of the Mortgagee as to default under the provisions of this Mortgage and as to the due appointment of the Receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a Receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual;

(j) The rights and powers conferred herein in respect of the Receiver are supplemental to and not in substitution of any other rights and powers which the Mortgagee may have.

(35) In consideration of the advance to the Mortgagor of the moneys hereby secured and the sum of Five ($5.00) Dollars paid by the Mortgagee to the Covenantors (the receipt and sufficiency whereof is hereby acknowledged), the said Russell Knight and Susannah Simes, for themselves, their heirs, their executors, administrators and assigns, do hereby jointly and severally covenant, promise and agree as principal debtor and not as a surety, to and with the Mortgagee, its successors and assigns, that they, the said Russell Knight and Susannah Simes, shall pay or cause to be paid the principal money and interest hereby secured on the days, at the times and in the manner hereinbefore provided for the payment of the same, and they shall observe and keep all the covenants and provisoes on the part of the Mortgagor and the Covenantors herein contained and the Mortgagee may without the consent of the said Russell Knight and Susannah Simes, extend the time for payments or release or deal with the Land hereby secured or with the Mortgagor as in its absolute discretion it may see fit, but nevertheless, this covenant shall remain in full force until all monies payable under this Mortgage are fully paid and satisfied. The Mortgagee shall not be bound to exhaust its recourses against the Mortgagor or other parties pursuant to this Mortgage or any security it may hold before requiring payment from the Covenantors, and the Mortgagee may enforce the various remedies available to it in such order as the Mortgagee may determine, in its sole discretion.

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(36) The Covenantors covenant and agree that they shall, during the term of this Mortgage and any extension or renewal thereof, forthwith upon the request of the Mortgagee, deliver to the Mortgagee their net worth statement current to within six (6) months of the providing of such statement.

(37) The Mortgagor covenants and agrees that it will not further encumber the Land by any mortgage or mortgages or debenture debt (including collateral debt), without the expressed written consent of the Mortgagee.

(38) The Mortgagor covenants and agrees that it shall have no right to obtain a partial discharge of this Mortgage prior to its maturity.

(39) If default be made by the Mortgagor in the payment of any instalment of principal (and/or interest) under any mortgage to which this Mortgage is subject, then, in that event, the monies hereby secured shall forthwith become due and payable and all the powers conferred by this Mortgage shall become exercisable, and the powers of sale herein may be exercised forthwith without any notice.

(40) It is understood and agreed that if any payment shall be made by the Mortgagee herein of any mortgage payments or costs incurred, by virtue of default by the Mortgagor with respect to any Mortgage having precedence over this Mortgage, it shall be deemed that such payment shall have been made by the Mortgagee on behalf of the Mortgagor herein and all monies so expended by the Mortgagee shall be repayable to it by the Mortgagor and in the meantime until paid, the amount of such payments shall become a part of the principal secured by this Mortgage and shall bear interest at the rate aforesaid and shall be a charge upon the Land and all the estate or interest therein of the Mortgagor and shall be repayable in full at the time appointed for the next ensuing payment of principal and/or interest on the said principal sum.

(41) Neither the execution or registration of this Mortgage, nor the execution and registration of any securities, collateral or additional to this Mortgage shall in any way merge or terminate the Mortgagor's undertakings, promises and agreements as set forth and contained within the certain commitment letter issued by the Mortgagee dated February 4th, 2015, and accepted by the Mortgagor on February 6th, 2015, and any addendum thereto (collectively the "**Commitment Letter**") and there shall be no merger of the provisions or conditions of the Commitment Letter with those contained herein or any other security documents, provided that in the case of a conflict between the provisions of the Commitment Letter or any of the security documents, the Mortgagee may elect which provisions shall prevail.

(42) If any term or provision contained in this Mortgage or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Mortgage or the application of such term or provision to any person or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Mortgage shall be valid and enforceable to the fullest extent permitted by law.

(43) Provided that the Mortgagor, its successors and assigns, are and shall be bound by the covenants and stipulations herein contained, and the benefit of every covenant or stipulation herein contained on the part of the Mortgagor shall enure to, and every power herein contained may be exercised by the Mortgagee and the successors and assigns of the Mortgagee and against the successors and assigns of the Mortgagor, and that all covenants herein contained are to be construed as both joint and several.

(44) The Mortgagor covenants and agrees that it shall not, without the prior written consent of the Mortgagee, execute or deliver any mortgage, charge, lien or other encumbrance of the property intended to rank subordinate to this Mortgage or any security documents given in support of the Mortgage.

(45) As further security to the Mortgage and without limiting any other provision hereof, the Mortgagor covenants and agrees to grant to the Mortgagee promptly from time to time upon request, a specific assignment of any or all leases, agreements to lease, tenancy agreements or occupancy agreements, as the case may be, relating to the property.

(46) The Mortgagor agrees to submit to the Mortgagee all agreements to lease, leases, rents, income and profits arising from or in connection with the property and all renewals, amendments, assignments or other agreements relating to same (collectively "the **Leases**") for its review and approval prior to the initial advance

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hereunder. All leases entered into after the execution of this Mortgage shall be subject to the review and approval of the Mortgagee. The Mortgagor shall not collect any amounts due under the Leases for rents or otherwise in advance, other than last month's rent due under any of the Leases and shall not waive, release, reduce or discount any such rents or other charges due under the Leases and shall not consent to any assignment of the Leases or subletting thereunder whereby any party is released from the tenant's obligations under the Lease without the prior written consent of the Mortgagee. On the first anniversary date of this Mortgage and each anniversary date thereafter for so long as the Mortgage remains outstanding, the Mortgagor shall provide to the Mortgagee a detailed list of all current tenants, rentals and other income of the Property. Unless otherwise authorized in writing by the Mortgagee, the Mortgagor will not collect rentals in advance from any tenant, subtenant or occupant of the property or grant any concessions or privileges that would have the effect of reducing the rental consideration stated in the Leases.

(47) The Mortgagor covenants and agrees to make payments by way of pre-authorized debits to the Mortgagor's Project Account.

(48) The Mortgagor shall pay to the Mortgagee a discharge fee of $100.00 for each discharge or partial discharge document executed by the Mortgagee, exclusive of legal fees and H.S.T.

(49) The Mortgagor shall pay to the Mortgagee an administration fee of $350.00 for each advance under the Loan, exclusive of legal fees and H.S.T.

(50) And for better securing to the Mortgagee the repayment in manner aforesaid of the principal and interest and other charges and money hereby secured, the Mortgagor hereby mortgages to the Mortgagee all of its estate and interest in the Land above described.

(51) This Mortgage, and any matter arising from it, is governed by the laws of the Province of Manitoba.

INITIALS

SCHEDULE Form 16.1

(52) It is also agreed, wherever the singular and the masculine are used throughout this Mortgage, the same shall be construed as meaning the plural, or the feminine or neuter where the context or the parties require.

This Schedule forms part of a Mortgage *(insert instrument type)*,

dated March 30, 20 15, *(insert date of that instrument)*

from 5448124 MANITOBA LTD.

to CAMERON STEPHENS FINANCIAL CORPORATION

5448124 MANITOBA LTD.

Per: ______________________
President - Susannah Simes

Per: ______________________
Secretary - Russell Knight

____
RUSSELL KNIGHT

____
SUSANNAH SIMES

IMPORTANT NOTICES

By virtue of section 194 of *The Real Property Act*, any statement set out in this document and signed by the party making the statement has the same effect and validity as an oath, affidavit, affirmation or statutory declaration given pursuant to *The Manitoba Evidence Act*.

The date at the bottom of this schedule must be the same as the execution date of the instrument that it forms a part of.

INITIALS

Industry Canada Industrie Canada

Certificate of Compliance

Canada Business Corporations Act
s. 263.1

Certificat de conformité

Loi canadienne sur les sociétés par actions
art. 263.1

CAMERON STEPHENS FINANCIAL CORPORATION

Corporate name / Dénomination sociale

671060-3

Corporation number / Numéro de société

I HEREBY CERTIFY that the corporation named above:

- exists under the *Canada Business Corporations Act;*
- has filed the required annual returns; and
- has paid all prescribed fees required.

JE CERTIFIE, par la présente, que la société ci-dessus mentionnée :

- existe en vertu de la *Loi canadienne sur les sociétés par actions;*
- a déposé les rapports annuels exigés; et
- a acquitté les droits prescrits.

Virginie Ethier

Director / Directeur

2015-03-25

Issuance date (YYYY-MM-DD)
Date d'émission (AAAA-MM-JJ)

Canada