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Request ID: 011150951  
 Transaction ID: 37981649  
 Category ID: UN/E


Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2009/03/30  
 Time Report Produced: 14:56:27  
 Page: 1

## CORPORATION PROFILE REPORT

<b>Ontario Corp Number</b>	<b>Corporation Name</b>	<b>Amalgamation Date</b>
1456195	CRAIGLEE NURSING HOME LIMITED	2001/01/01
		<b>Jurisdiction</b>
		ONTARIO
<b>Corporation Type</b>	<b>Corporation Status</b>	<b>Former Jurisdiction</b>
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
<b>Registered Office Address</b>	<b>Date Amalgamated</b>	<b>Amalgamation Ind.</b>
102 CRAIGLEE DRIVE	NOT APPLICABLE	A
SCARBOROUGH	<b>New Amal. Number</b>	<b>Notice Date</b>
ONTARIO	NOT APPLICABLE	NOT APPLICABLE
CANADA M1N 2M7		<b>Letter Date</b>
<b>Mailing Address</b>		NOT APPLICABLE
102 CRAIGLEE DRIVE	<b>Revival Date</b>	<b>Continuation Date</b>
SCARBOROUGH	NOT APPLICABLE	NOT APPLICABLE
ONTARIO	<b>Transferred Out Date</b>	<b>Cancel/Inactive Date</b>
CANADA M1N 2M7	NOT APPLICABLE	NOT APPLICABLE
	<b>EP Licence Eff.Date</b>	<b>EP Licence Term.Date</b>
	NOT APPLICABLE	NOT APPLICABLE
	<b>Date Commenced in Ontario</b>	<b>Date Ceased in Ontario</b>
	NOT APPLICABLE	NOT APPLICABLE
<b>Activity Classification</b>	<b>Number of Directors</b>	
NOT AVAILABLE	Minimum Maximum	
	00001 00010	

This is Exhibit A referred to in the  
 affidavit of Stephen Wood  
 sworn before me, this 23rd  
 day of April, 2009

  
 A COMMISSIONER FOR TAKING AFFIDAVITS

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## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1456195

CRAIGLEE NURSING HOME LIMITED

Corporate Name History

Effective Date

CRAIGLEE NURSING HOME LIMITED

2001/01/01

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Amalgamating Corporations

Corporation Name

Corporate Number

CRAIGLEE NURSING HOME LIMITED

498622

MULTI-CARE NURSING SERVICES LTD.

464796

Request ID: 011150951  
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Ministry of Government Services

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## CORPORATION PROFILE REPORT

### Ontario Corp Number

### Corporation Name

1456195

CRAIGLEE NURSING HOME LIMITED

### Administrator:

#### Name (Individual / Corporation)

#### Address

ROY  
WASHINGTON  
MCDOUGALL

1790 ROSEBANK ROAD NORTH

PICKERING  
ONTARIO  
CANADA L1V 1P6

### Date Began

### First Director

2001/01/01

YES

### Designation

### Officer Type

### Resident Canadian

DIRECTOR

Y

### Administrator:

#### Name (Individual / Corporation)

#### Address

CELIA  
ANN  
MCDOUGALL

1790 ROSEBANK ROAD NORTH

PICKERING  
ONTARIO  
CANADA L1V 1P6

### Date Began

### First Director

2001/01/01

YES

### Designation

### Officer Type

### Resident Canadian

DIRECTOR

Y

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## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1456195

CRAIGLEE NURSING HOME LIMITED

Administrator:  
Name (Individual / Corporation)

Address

DORIS  
MAY  
MCOUGALL

1790 ROSEBANK ROAD NORTH

PICKERING  
ONTARIO  
CANADA L1V 1P6

Date Began

First Director

2001/01/01

YES

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

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## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1456195

CRAIGLEE NURSING HOME LIMITED

### Last Document Recorded

Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2006	1C	2008/06/07 (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.



EXPECT THE BEST

March 31, 2009

**DELIVERED & BY REGISTERED MAIL**

Craiglee Nursing Home Limited  
102 Craiglee Drive  
Toronto, ON M1N 2M7

Craiglee Nursing Home Limited  
9 Vanburgh Avenue  
Toronto, ON M1N 3S8

Craiglee Nursing Home Limited  
c/o Roy McDougall  
1790 Rosebank Drive  
Pickering, ON L1V 1P6

Craiglee Nursing Home Limited  
c/o Celia McDougall  
1790 Rosebank Drive  
Pickering, ON L1V 1P6

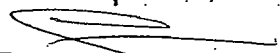
Craiglee Nursing Home Limited  
c/o Doris McDougall  
1790 Rosebank Drive  
Pickering, ON L1V 1P6

Dear Sir/Mesdames:

Re: Desjardins Financial Security Life Assurance Company & Craiglee Nursing  
Home Limited ("Craiglee")  
Mortgaged Premises: 94, 96 & 102 Craiglee Drive, Toronto  
10 Sharpe Street, Toronto  
9 Vanburgh Avenue, Toronto

We are the solicitors for Desjardins Financial Security Life Assurance Company  
("Desjardins") and for First National Financial LP ("First National", formerly known as  
First National Financial Corporation) which services the loan in question made by  
Desjardins to Craiglee.

This is Exhibit B referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009

  
A COMMISSIONER FOR TAKING AFFIDAVITS

Queen Street West  
Suite 1400  
Toronto, Canada M5H 2V3  
Tel: 593.1221  
Fax: 593.5437  
www.blaney.com

Golden  
Tel: 593.3927  
golden@blaney.com

As of March 31, 2009, Craiglee was indebted to Desjardins for approximately \$10,530,879.96 in respect of a mortgage loan originally made by First National to Craiglee on or about January 22, 2004, secured by way of a first mortgage (the "Mortgage") for \$11,781,565.00 given by Craiglee to First National on or about January 22, 2004 over the property municipally known as 94, 96 & 102 Craiglee Drive, Toronto, Ontario and 10 Sharpe Street, Toronto, Ontario (collectively, the "Nursing Home Property") and legally described in Schedule "A" attached hereto registered in the Land Titles Division of the Toronto Land Registry Office (No.66) (the "Land Registry Office") as PIN 06432-0413(LT) which was subsequently assigned and transferred to Desjardins as herein mentioned.

The Mortgage was registered as Instrument No. AT3911092 on January 22, 2004, in the Land Registry Office. It was transferred and assigned to Desjardins by way of Transfer of Charge registered as Instrument No. AT1017117 on December 21, 2005 in the Land Registry Office, and was amended pursuant to Agreement Amending Charge/Mortgage made as of December 20, 2005, notice of which was registered in the Land Registry Office as Instrument No. AT1019710 on December 23, 2005.

The Mortgage loan is also secured by way of:

1. an Assignment of Rents in respect of the Nursing Home Property from Craiglee in favour of First National registered on title as Instrument No. AT3911093 on January 22, 2004, and assigned from First National to Desjardins on or about December 20, 2005, notice of which is registered in the Land Registry Office on December 21, 2005 as Instrument No. AT1017118;
2. a General Security Agreement from Craiglee in favour of First National dated January 20, 2004, and assigned from First National to Desjardins on or about December 20, 2005;
3. a collateral mortgage given by Craiglee in favour of Desjardins over the property municipally known as 9 Vanburgh Avenue, Toronto, Ontario (the "Vanburgh Property") and legally described as on Schedule "B" attached hereto, which was registered against title to this property on February 20, 2009 as Instrument No. AT2015651 in the Land Registry Office; and
4. an Assignment of Rents in respect of the Vanburgh Property from Craiglee in favour of Desjardins registered on title as Instrument No. AT2015652 on February 20, 2009 in the Land Registry Office.

Craiglee has committed several acts of default under the Mortgage. It is in arrears in respect of several statutory remittances, including but not limited to Workman's Compensation Board premiums, employee pension contributions, Employer Health Tax premiums, Canada Pension Plan contributions and Employment/Unemployment Insurance premiums. It is also indebted to Her Majesty the Queen in Right of Ontario, as represented by the Ministry of Health and Long-Term Care for Ontario (the "MOH") as a result of overfunding provided to Craiglee by the MOH in respect of its monthly funding

of Craiglee's nursing home facility. The total indebtedness set out above is well over \$2 million.

On behalf of Desjardins, and in accordance with the terms of the Mortgage and the Guarantees, we hereby make demand on you for payment to Desjardins of \$10,530,879.96, plus legal fees, disbursements and GST of \$5,250.00. The *per diem* is \$2,067.66.

If you fail to comply with this demand on or before April 10, 2009, we will take whatever steps we deem necessary to protect Desjardins' interest without further notice. In this regard, we enclose our client's Notice pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act*.

Yours very truly,

**Blaney McMurtry LLP**

Eric Golden  
EG/la  
Encl.  
E&OE

cc. Stan Rosenfarb



**SCHEDULE "A" - Legal Description**

in respect of those land and premises municipally known as  
94, 96 & 102 Craiglee Drive, Toronto, Ontario and 10 Sharpe Street, Toronto, Ontario

Consolidation of various properties being Lots 508, 509, 510, 513, 514, 523 & 524 on Plan M-388; Part of Lot 526 on Plan M-388, designated as Part 2 on Plan 66R-20226, Part of Lot 525 on Plan M-388, designated as Part 4 on Plan 66R-20226; Part of Lot 512, being the westerly 7 feet 10 inches in Plan M-388; Lot 511 (except Part 1 on Plan 66R-11153), Part of Lot 512, lying to the east of the northerly 7 feet 10 inches on Plan M388, City of Toronto (formerly City of Scarborough), Land Titles Division of the Toronto Registry Office (No. 66), being all of PIN 06432-0413(LT).

**SCHEDULE "B" - Legal Description**

in respect of those land and premises municipally known as  
9 Vanburgh Avenue, Toronto, Ontario

Consolidation of Various Properties:  
Firstly: Part of Lot 526, Plan M-388, designated as Part 1, Plan 66R-20226;  
Secondly: Part of Lot 525, Plan M-388, designated as Part 3, Plan 66R-20226;  
City of Toronto (formerly City of Scarborough),  
Land Titles Division of the Toronto Registry Office (No. 66),  
being all of PIN 06432-0409(LT),

## FORM 115

**Notice of Intention to Enforce Security**  
**(Subsection 244(1) of the Bankruptcy and Insolvency Act)**

Craiglee Nursing Home Limited  
102 Craiglee Drive  
Toronto, ON M1N 2M7

Craiglee Nursing Home Limited  
9 Vanburgh Avenue  
Toronto, ON M1N 3S8

Craiglee Nursing Home Limited  
c/o Roy McDougall  
1790 Rosebank Drive  
Pickering, ON L1V 1P6

Craiglee Nursing Home Limited  
c/o Celia McDougall  
1790 Rosebank Drive  
Pickering, ON L1V 1P6

Craiglee Nursing Home Limited  
c/o Doris McDougall  
1790 Rosebank Drive  
Pickering, ON L1V 1P6

**TAKE NOTICE THAT:**

1. Desjardins Financial Security Life Assurance Company ("**Desjardins**"), a secured creditor, intends to enforce its security on the property of the insolvent person described below:

(a) Municipal address: 94, 96 & 102 Craiglee Drive, Toronto, Ontario and 10 Sharpe Street, Toronto (the "**Nursing Home Property**").

Legal Description: Consolidation of various properties being Lots 508, 509, 510, 513, 514, 523 & 524 on Plan M-388; Part of Lot 526 on Plan M388, designated as Part 2 on Plan 66R-20226, Part of Lot 525 on Plan M388, designated as Part 4 on Plan 66R-20226; Part of Lot 512, being the westerly 7 feet 10 inches in Plan M388; Lot 511 (except Part 1 on Plan 66R-11153), Part of Lot 512, lying to the east of the northerly 7 feet 10 inches on Plan M388, City of Toronto (formerly City of Scarborough), Land Titles Division of the Toronto Land Registry Office (No. 66), being all of PIN 06432-0413(LT).

(b) Municipal address: 9 Vanburgh Avenue, Toronto, Ontario (the "**Vanburgh Property**").

Legal Description: Consolidation of Various Properties: Firstly: Part of Lot 526, Plan M-388, designated as Part 1, Plan 66R-20226; Secondly: Part of Lot 525, Plan M-388, designated as Part 3, Plan 66R-20226; City of Toronto (formerly City of Scarborough), Land Titles Division of the Toronto Land Registry Office (No. 66), being all of PIN 06432-0409(LT),

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

- (a) a first mortgage over the Nursing Home Property for \$11,781,565.00 granted by Craiglee Nursing Home Limited ("**Craiglee**") to First National Financial LP (formerly known as First National Financial Corporation "**First National**"), registered as Instrument No. AT3911092 on or about January 22, 2004 in the Land Registry Office for Toronto (No. 66), transferred and assigned to Desjardins by way of Transfer of Charge registered as Instrument No. AT1017117 on or about December 21, 2005 in the Land Registry Office for Toronto (No. 66);
- (b) an Assignment of Rents in respect of the Nursing Home Property from Craiglee in favour of First National registered on title as Instrument No. AT3911093 on January 20, 2004 in the Land Registry Office for Toronto (No. 66), and assigned from First National to Desjardins on or about December 20, 2005;
- (c) a General Security Agreement from Craiglee in favour of First National dated January 20, 2004, and assigned from First National to Desjardins on or about December 20, 2005;
- (d) a collateral mortgage given by Craiglee in favour of Desjardins over the Vanburgh Property which was registered on or about February 20, 2009 as Instrument No. AT2015651 in the Land Registry Office for Toronto (No. 66).
- (e) an Assignment of Rents in respect of the Vanburgh Property from Craiglee in favour of Desjardins registered on title as Instrument No. AT2015652 on February 20, 2009 in the Land Registry Office for Toronto (No. 66)

3. The total amount of indebtedness secured by the security is \$10,530,879.96, plus interest and costs.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10 day period following the sending of this notice unless the insolvent person consents to an earlier enforcement.

**DATED** at Toronto on March 31, 2009

**DESJARDINS FINANCIAL SECURITY LIFE  
ASSURANCE COMPANY**

by its lawyers

BLANEY McMURTRY LLP

Per: \_\_\_\_\_  
Eric Golden

# FIRST NATIONAL

FINANCIAL LP



April 20, 2009

Craiglee Nursing Home Limited  
Attn: R. McDougall  
102 Craiglee Drive  
Scarborough ON  
M1N 2M7

## MORTGAGE STATEMENT FOR INFORMATION PURPOSES ONLY

Mortgage No: 504680  
Mortgagor(s): Craiglee Nursing Home Limited  
Property Address: 102 Craiglee Drive, Scarborough ON

Interest Rate:	7.13%	Principal & Interest	\$81,790.00
Maturity Date:	January 1, 2026	Property Tax	31,569.27
Remaining Term (months)	201	Escrow	0.00
Remaining Amortization (months)	244	<b>TOTAL PAYMENT</b>	<b>\$113,359.27</b>

This statement is correct only if all payments have been made and honoured and is subject to the correction of any errors or omissions. Should the mortgage be in arrears, the "Principal Balance" will be as at the due date of the last paid installment.


Principal Balance	\$ 10,614,336.01
Accrued Interest to April 20, 2009	39,234.77
Tax Account Balance – DEBIT (CREDIT)	(101,532.04)
Escrow Balance – DEBIT (CREDIT)	0.00

Next Payment Date: May 1, 2009

The legal fees and receiver fees incurred are not reflected on this statement.

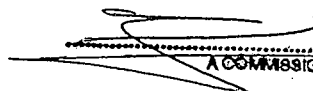
Please note that the City of Toronto has advised us that there are water and fire arrears outstanding in the amount of \$12,584.50.

This statement is provided for **INFORMATION PURPOSES ONLY** and should not be construed as a statement for discharge or assumption purposes.

  
First National Financial LP  
Commercial Mortgage Administration

E. & O. E.

This is Exhibit C referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009

  
A COMMISSIONER FOR TAKING AFFIDAVITS

100 University Avenue • Suite 700, North Tower • Toronto, Ontario Canada M5J 1V6  
T: 416.593.1100 F: 416.593.3059 Toll Free T: 1.800.465.0039 • www.firstnational.ca

VANCOUVER • CALGARY • TORONTO • MONTREAL • HALIFAX

# MANAGEMENT AGREEMENT

THIS AGREEMENT dated as of the 5th day of February, 2009.

## BETWEEN:

Craiglee Nursing Home Limited, a corporation incorporated under the laws of the Province of Ontario

("CNH")

- and -

EXTENDICARE (CANADA) INC., a corporation incorporated under the laws of Canada

("Extendicare")

## WHEREAS:

- A. CNH operates an one hundred and sixty-nine (169) long-term care beds on lands owned by it in the City of Toronto, Ontario (the "Facility").
- B. Extendicare owns and/or manages numerous long-term care facilities in Canada including many in Ontario, and employs personnel experienced in all aspects of long-term care home development and management;
- C. CNH and Extendicare have agreed to enter into this agreement providing for Extendicare's services in connection with the management of the Facility.

WITNESSETH that in consideration of the mutual promises and covenants herein contained, CNH and Extendicare hereby agree each with the other as follows:

## ARTICLE I INTERPRETATION

1.1 **Defined Terms.** In addition to the terms defined in the Recitals to this Agreement, in this Agreement, unless the context otherwise requires, the following words and phrases will have the meanings set forth below:

"Administrator" means the CNH employee in charge of the management of the Facility.

"Affiliate" has the meaning ascribed to such term in the *Canada Business Corporations Act*, as now in effect.

This is Exhibit D referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009

  
A Notary Public

**"Annual Plan"** for any Fiscal Year means the pro forma operating budget and capital expenditures budget for such Fiscal Year prepared by Extencicare and approved by CNH in accordance with Section 4.1.10, as the same may be amended from time to time also in accordance with Section 4.1.10.

**"Applicable Law"** means all laws, by-laws, rules, regulations, orders, ordinances, or other instruments having the force of law of any:

- (a) federal, provincial, regional, municipal, local or other government, governmental or public department, court, tribunal, arbitral body, commission, board, official, minister, bureau or agency;
- (b) commission, board or authority of any of the foregoing; or
- (c) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing and all policies in relation to the operation of a nursing home promulgated by and required to be complied with by MOH.

**"Approved Amounts"** has the meaning ascribed thereto in Section 4.3.

**"Business Day"** means any day that is not a Saturday, Sunday or a statutory or civic holiday in Toronto or Sault Ste. Marie, Ontario.

**"CNH Designated Account"** has the meaning ascribed thereto in Section 6.4.

**"Financing Party"** means any arm's length third party lender, financial intermediary or investment vehicle that has or will provide financing in respect of the Facility or to refinance construction debt.

**"Fiscal Year"** means a period of twelve (12) months beginning January 1 and ending December 31. Notwithstanding the foregoing, the first Fiscal Year will be the period beginning on the first day of the term of this Agreement and ending on the next December 31 and the last Fiscal Year will be the period beginning on the last January 1 during the term of this Agreement and ending on the last day of the term of this Agreement.

**"Gross Revenues"** has the meaning ascribed thereto in Section 7.1.2.

**"Insolvency Event"** in respect of a party means:

- (a) the party fails to discharge forthwith any judgment or judgments for the payment of money rendered against it, which individually, or in the aggregate exceeds One Million Dollars (\$1,000,000.00), provided the judgment is not under appeal or the appeal period in respect thereof has expired;

- (b) the party has been adjudged a bankrupt by a court of competent jurisdiction and does not commence a challenge, appeal or seek to set aside such decision within thirty (30) days after receipt of notice of such decision or admits its insolvency (as defined or provided for in any applicable statute);
- (c) any proceeding, voluntary or involuntary, is commenced, or an order or petition is issued respecting the party pursuant to any statute relating to bankruptcy, insolvency, reorganization of debts for insolvent debtors, liquidation, winding-up or dissolution, including, any proceeding, order or petition under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or the *Winding-Up Act* (Canada) and such proceeding, order or petition is not finally dismissed or permanently stayed within a period of thirty (30) days from the date it first arose;
- (d) the party passes any resolution for its bankruptcy, liquidation, winding-up or dissolution; or
- (e) any receiver, manager, receiver and manager, trustee, sequester, custodian, administrator or liquidator or a Person with similar powers is appointed judicially or extra-judicially in respect of the party or for any material part of its property and such appointment is not permanently revoked within a period of thirty (30) days from the date it was made.

"Management Fee" means the fee payable to Extendicare calculated pursuant to Section 7.1.1.

"Management Advisory Committee" means the committee established pursuant to Section 6.2.

"MOH" means the Ontario Ministry of Health and Long-Term Care and any successor Ministry with responsibility for long-term care.

"NHA" has the meaning ascribed thereto in Section 2.3.

"Operating Expense" means all costs and expenses incurred in maintaining, managing and supervising the operation of the Facility, but excludes amounts provided for in this Agreement as being for the account of Extendicare.

"Person" means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted.

"Prime Rate" means the annual rate of interest, compounded semi-annually not in advance, which the Royal Bank of Canada establishes at its principal office in Toronto as



the reference rate of interest to determine rates it will charge on such day for loans in Canadian dollars made to its customers in Canada and which it refers to as its "prime rate" or words of similar meaning.

"Service Agreement" means the agreement between CNH and MOH pursuant to which MOH provides funding for the operation of the Facility, once entered into and until such time means the then current standard form of the service agreement referred to in the NHA, a copy of which is attached as Schedule "C".

"Site" at any time means the lands upon which the Facility is located.

"Subsidiary" has the meaning ascribed to it in the *Canada Business Corporations Act*, as now in effect.

"this Agreement", "herein", "hereof", "hereto" and similar expressions mean and refer to this Agreement (but not to any particular portion of this Agreement) and include any instrument amending or supplementing the same, and the expressions "Article" and "Section" followed by a number mean and refer to the specified article or section of this Agreement.

## 1.2 References

Except as otherwise specifically provided, reference in this Agreement to any contract, agreement or any other instrument shall be deemed to include references to the same as varied, amended, supplemented or replaced from time to time with the consent of both Extendicare and CNH and references in this Agreement to any enactment, including any statute, law, by-law, regulation, ordinance or order, shall be deemed to include references to such enactment as re-enacted, amended or extended from time to time unless otherwise expressly provided. No party shall be bound by the terms of any variation, amendment, supplement or replacement of any contract, agreement or instrument entered into without such party's consent.

## 1.3 Generally Accepted Accounting Principles

All accounting and financial terms used herein shall be interpreted and applied in accordance with Generally Accepted Accounting Principles, unless such terms are defined or contemplated as being interpreted or applied in a manner inconsistent therewith. For the purposes of this Agreement, "Generally Accepted Accounting Principles" means generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which any calculation or determination is required to be made in accordance with generally accepted accounting principles, and where the Canadian Institute of Chartered Accountants includes a recommendation in its Handbook concerning the treatment of any accounting matter, such recommendation shall be regarded as the only generally accepted accounting principle applicable to the circumstances that it covers.

**ARTICLE II**  
**ENGAGEMENT OF EXTENDICARE AS MANAGER**

**2.1 Engagement by CNH**

For and during the term of this Agreement, CNH hereby grants to Extendicare the sole and exclusive right, and engages Extendicare, to supervise and manage the daily operations of the Facility in the name and for the account of CNH upon the terms and conditions hereinafter set forth. Furthermore, CNH hereby grants to Extendicare, the exclusive right at its sole discretion to provide any information requested and/or required to any Financing Party and its agents.

**2.2 Acceptance by Extendicare**

Extendicare accepts such engagement and agrees that it will:

- (a) faithfully perform its duties and responsibilities hereunder in compliance, to the extent applicable, with Applicable Law, the Service Agreement, and all other MOH requirements;
- (b) supervise and direct the management and operation of the Facility in a cost-efficient, prudent and business-like manner consistent with the MOH programs and industry standards for long-term care facilities and, in any event, in compliance with this Agreement, Applicable Law, the Service Agreement, the Annual Plan, all other MOH requirements, and the terms of any other agreement entered into by CNH with Extendicare's consent;
- (c) use all reasonable commercial efforts to obtain and maintain accreditation of the Facility by the Canadian Council on Health Services Accreditation or any successor thereto or any other organization accreditation by which entitles a long-term care facility to receive a supplementary allowance from the MOH;
- (d) submit to CNH for CNH's approval:
  - (i) decisions for which CNH has specifically negotiated an approval right within this Agreement;
  - (ii) all decisions affecting exterior appearance or affecting use of the Site or property adjoining or in close proximity to the Site; and
  - (iii) any changes to the Facility which could have an adverse impact on the community surrounding the Facility; and
- (e) prepare and retain health records for the Facility in accordance with all Applicable Laws.

Subject to the foregoing and to the other provisions of this Agreement, Extendicare shall have control of the management of the Facility and the right to determine all operating policies affecting the appearance, maintenance, standards of operation, quality of service and any other matters affecting the Facility or the operation thereof maintaining policies to be no lower in quality than those in effect. CNH shall not give orders or instructions to any personnel employed in the Facility. Extendicare shall report to the Management Advisory Committee and the designated representative of CNH with respect to the services it provides hereunder.

### 2.3 Subcontracting

Subject to compliance with the provisions of Section 4.1.4, Extendicare may subcontract any portion of its duties under this Agreement consistent with its practice at other managed, owned or leased facilities at any time or from time to time provided (i) no such subcontract shall release Extendicare from any of its obligations under this Agreement; (ii) the subcontract must be reasonably expected to reduce the Operating Expenses while maintaining standards comparable to those prevailing in other facilities owned or managed by Extendicare; and (iii) for greater certainty, any such subcontract is in compliance with section 11 of the *Nursing Homes Act* (Ontario) (the "NHA") to the extent applicable.

## ARTICLE III TERM OF AGREEMENT

### 3.1 Term

The term of this Agreement shall commence on February 1, 2009 (the "Commencement Date") and shall end on the fifth (5th) anniversary of the Commencement Date, unless sooner terminated, renewed or extended as herein provided. All references in this Agreement to its term, unless otherwise provided, mean the five (5) year term and any extensions thereof pursuant to the provisions of Section 3.2.

### 3.2 Extension Options

The term of this Agreement may be extended for successive periods of five(5) years each upon the same terms, covenants and conditions as in this Agreement. The extension or extensions shall be automatic unless either Extendicare or CNH notifies the other party in writing at least three (3) months prior to the expiration of the then current term that it does not wish to extend the term of this Agreement, whereupon this Agreement will, subject to any surviving rights of any party for adjustments or otherwise, terminate at the expiration of its then current term.

**ARTICLE IV**  
**RIGHTS AND DUTIES OF EXTENDICARE**

**4.1   Extendicare's Covenants**

During the term of this Agreement and in the course of its management of the Facility on behalf of CNH:

*4.1.1   Employees*

CNH shall be the employer of all employees at or engaged in providing services at the Facility and all such employees shall be on the payroll of CNH and shall not participate in any employee benefit programs offered by Extendicare for its own employees. The costs of employment of all employees, including benefits, shall constitute expenses of the Facility. Extendicare shall define personnel requirements, staffing patterns and personnel policies and shall hire, promote and discharge all administrative, operating and service employees performing services in and about the Facility. Extendicare shall provide such training or orientation programs for the administrative staff, nurses and aides and all other staff, as it deems necessary to give effect to the provisions of this Agreement. Reasonable care shall be used in the selection of qualified, competent and trustworthy employees. Extendicare shall consult with CNH prior to rendering any annual or other performance appraisal to the Administrator and shall advise CNH regarding removal or replacement of such person as the Administrator. From time to time during the Term, subject to CNH's approval, the Administrator and/or the Director of Care may be employees of Extendicare. The cost for these employees would remain a cost of the Facility.

*4.1.2   Labour Relations*

All activities related to employee relations and labour relations; including but not limited to grievance handling, collective bargaining and day-to-day support will be included in the management fee.

Extendicare's cost of grievance handling, arbitrations, Labour Relations Board matters and other employee related matters that are handled and invoiced by third parties will be included as expenses of the Facility.

#### 4.1.3 Consulting

##### (a) Phase 1

During the first six (6) months of the Term, Extendicare shall appoint a qualified staff person to provide ongoing oversight of the facility. During this period Extendicare will have the authority to make any changes necessary for the home to achieve compliance with MOHLTC standards and meet financial goals. Extendicare will determine what additional resources are needed to achieve these goals and shall seek the approval of the CNH prior to the expenditure of funds beyond the normal annual approved operating and capital budgets for the facility.

Extendicare will not charge a fee beyond the normal management fee for this intense period of review if the Term of the contract continues for twelve (12) consecutive months. If the contract is terminated before this twelve (12) month period, all consulting days in excess of 12 will be billed at the rates as noted below. Hours/expenses will be charged to the envelopes of the home in a manner consistent with applicable rules governing envelope expenditures and/or what a prudent operator would consider to be an appropriate envelope expenditure allocation.

Certain computer equipment may be required to interface with Extendicare's systems. Extendicare will fund the minimum required and defer payment for the first three (3) months of the Term. The computer equipment and related installation expenses will then be repaid starting in month four(4) of the Term in six (6) equal monthly installments (in addition to the regular monthly management fee, plus applicable taxes and expenses).

##### (b) Phase 2

This phase will begin immediately after Phase 1 and continue until the end of the initial Term and any renewal periods thereafter. During this period of operations consulting resources (nursing, dietary, housekeeping, laundry, programs and engineering) over and above the day to day phone support will be limited to 12 days per year.

Additional days will be billed as follows:

Position	Daily Rate (plus expenses and APPLICABLE TAXES)
Regional Director	\$2,000.00
Senior Manager (Administrator/Corporate Consultant)	\$1,500.00
Director of Care	\$1,000.00
Departmental Managers (i.e. Dietary Manager, Program Manager)	\$500.00

Extendicare will provide to CNH a statement of consultant usage charged to the Facility during the preceding six (6) months.

#### *4.1.4 Utilities, Supplies and Services*

Extendicare shall furnish all utilities, services, concessions and supplies including gas, electricity, food, sanitation, maintenance, laundry, pharmacy, laboratory and diagnostic imaging for the maintenance and operation of the Facility ("Utilities, Supplies and Services"). All amounts incurred for Utilities, Supplies and Services shall be expenses of the Facility. Extendicare shall attempt to seek operational and financial improvements in such areas and will seek the approval of CNH prior to making any changes.

#### *4.1.5 Maintenance and Repairs*

Extendicare, at CNH's expense, shall develop and execute a preventive maintenance program for the Facility. Extendicare shall also make or install or cause to be installed, at CNH's expense and in the name of CNH, as may be required from time to time by Financing Party, if any, or regulatory authorities having jurisdiction over the Facility all necessary and proper repairs, replacements, additions and improvements in and to the Facility and the furnishings and equipment in order to keep and maintain the same in good repair, working order and condition, and outfitted and equipped for the proper operation thereof in accordance with standards comparable to those prevailing in other facilities owned or operated by Extendicare or its Subsidiaries or Affiliates; provided, however, that nothing contained in this Section shall be deemed to authorize Extendicare to make any additions to the Facility increasing the size thereof, without the prior written approval of CNH.

#### *4.1.6 Licenses and Permits*

Extendicare shall apply for, and use its best efforts to obtain and maintain in the name and at the expense of CNH, all licenses, approvals and permits required in connection with the management and operation of the Facility. CNH agrees to cooperate with Extendicare in applying for, obtaining and maintaining such licenses, approvals and permits.

#### *4.1.7 Insurance*

Extendicare shall maintain in full force and effect at all times throughout the term of this Agreement such insurance coverages as would be maintained by a prudent owner of a Facility comparable to the Facility meeting all of the requirements of MOH and such other insurance, in such amounts, as required to be maintained pursuant to the Service Agreement and as required by the Financing Party from time to time. All insurance is to be on such terms and with such carriers as may reasonably be required by the parties. The confirming letter will be kept on file. As of the date hereof such insurance shall include the following:

- (a) insurance against loss or damage by fire or other insurable hazards, subject to standard industry exclusions, in relation to the physical premises of the Facility and any property of Extendicare on Site, in an amount at least equal to the replacement cost of such assets;
- (b) general liability and professional liability insurance in a minimum amount of Five Million Dollars (\$5,000,000) per occurrence to insure against any acts of misfeasance, nonfeasance or negligence on the part of any employees, servants or agents of Extendicare and CNH and, in the case of Extendicare, to insure against any acts of misappropriation or fraud or any fraudulent acts on the part of Extendicare and its employees, servants and agents, in such amounts and on such terms as may be commercially available at any time, consistent with the practice of other prudent operators of long-term care facilities; and

The cost of providing any insurance coverage related to the Facility and its operations shall constitute expenses of the Facility.

#### *4.1.8 Government Regulations*

Extendicare shall cause, at CNH's expense, all such acts and things to be done in and about the Facility as shall be required by any Applicable Law relating to the Facility or the maintenance or operation thereof, including all orders and requirements of the local Fire Marshall or any other body which may hereafter exercise similar functions; provided, however, that CNH, at its expense and without cost to Extendicare, shall have the right to contest by proper legal proceedings the validity of any such Applicable Law, if (i) such contest shall not result in the suspension of operations of the Facility; and (ii) CNH shall adequately secure and protect Extendicare from loss, cost, damage or expense

arising there from by indemnity, bond or other means satisfactory to Extendicare. Extendicare shall prepare and file all regulatory filings in respect of the Facility on behalf of CNH and cooperate with CNH in representing the Facility to the MOH and other regulatory authorities. In addition, Extendicare shall liaise with all government officials and departments at the municipal, regional, provincial and federal levels relevant and appropriate to the Facility from time to time and provide reports to CNH during the currency of any processes deemed relevant by Extendicare or CNH regarding regulatory or policy changes of such regulatory authorities relevant to the operation of the Facility.

#### *4.1.9 Taxes*

Extendicare shall cause, in the name of and on behalf of CNH, all taxes, assessments and charges of every kind imposed upon CNH in respect of the Facility and by any governmental authority (collectively "Taxes"), to be paid when due, unless CNH directs Extendicare in writing not to pay any such taxes at such time as the payment thereof is being contested by CNH, in good faith, at its sole expense and without cost to Extendicare, and enforcement thereof is stayed. CNH shall give Extendicare written notice of such contest and stay and authorize the nonpayment thereof, not less than ten (10) days prior to the date on which any Taxes are due and payable. If CNH advises Extendicare in writing that it no longer desires to contest the payment of such Taxes, or if following the completion of such contest, Taxes are found to be payable or, if Extendicare fails to pay any Taxes when due, Extendicare shall as soon as possible thereafter, cause, in the name of and on behalf of CNH, all such Taxes and interest and penalties thereon to be paid. For greater certainty, such interest or penalty payments shall be reimbursed by Extendicare to CNH if imposed upon CNH by reason of negligence on the part of Extendicare in failing to make any payment required to be made hereunder. CNH shall fund any penalties incurred as a result of Extendicare not making any payment otherwise required to be made hereunder if Extendicare is acting on instructions from CNH not to make such payment. CNH shall be responsible for preparing and filing its corporate and income tax filings, if any.

#### *4.1.10 Statements*

Extendicare shall deliver or cause to be delivered to CNH the following statements:

- (a) forty-five (45) days or more prior to the first day of each Fiscal Year, or such other date as CNH and Extendicare may hereafter agree, an annual operating/service plan, operating budget and proposed capital expenditures budget (such documents once so approved by CNH and to the extent amended as hereinafter provided for, are collectively referred to as the "Annual Plan") in each case designed to maximize efficiencies and generate revenues that are realistic and achievable and to cover the period commencing January 1 of such year and ending December 31 of the next



following year or for such other period agreed to by mutual consent of CNH and Extendicare. Amendments to the Annual Plan may be submitted for approval from time to time as deemed appropriate by Extendicare. The Annual Plan as approved by CNH and the Management Advisory Committee shall be implemented by Extendicare insofar as permitted by the funds generated by the operations of the Facility; provided that Extendicare shall immediately notify CNH if at any time it has reason to believe that such funds will be insufficient for such purpose and, having done so, amend the Annual Plan to reflect the costs which CNH identifies are to be reduced or eliminated, as a result of such insufficiency of funds. Nothing in this section shall relieve CNH from its obligations to pay the Management Fee to Extendicare in accordance with Article VII of the Agreement;

- (b) on or before the end of each calendar month, a profit and loss statement showing the results of operation of the Facility for the preceding calendar month and the year to date and having annexed thereto a computation of the Management Fee for such preceding month and the year to date;
- (c) within seventy-five (75) days after the last day of each Fiscal Year (or such other date as the parties may agree): (i) an unaudited balance sheet and related statement of profit and loss of the Facility as at the last day of the Fiscal Year (or such other date as the parties may agree) and the results of the operation of the Facility during such Fiscal Year (or such other period as the parties may agree); and (ii) a computation of the Gross Revenues and the Management Fee for such Fiscal Year;
- (d) annual long-term care audited Facility report corresponding to each Fiscal Year as soon as the audit is completed by Extendicare's external auditor, all within a time frame acceptable to the MOH; and
- (e) within thirty (30) days of the end of each fiscal quarter, internally prepared quarterly statements relating to the Facility.

All costs and expenses incurred in connection with the preparation of any statements, computations or reports required to be prepared and/or delivered pursuant to this Section 4.1.10 shall be expenses of CNH. If CNH requires any additional financial statements or audits, Extendicare will provide such reports at CNH's cost.

Extendicare represents and warrants that the statements to be prepared pursuant to Sections 4.1.10(b), (c), (d) and (e) respectively, shall be accurate in all material respects and prepared substantially in accordance with Generally Accepted Accounting Principles but without notes. All of the statements required to be filed with MOH or required by MOH to be maintained shall be filed and maintained as required by MOH.

Notwithstanding the foregoing and without limiting the applicability of Section 6.1, CNH may at its own expense at all reasonable times during ordinary business hours cause an independent inspection or audit or both to be made of all records, books and accounts maintained by or on behalf of Extendicare in respect of the Facility.

#### *4.1.11 Legal Actions*

Extendicare, or its authorized agent, shall institute, in its own name or in the name of CNH, but in any event at the expense of CNH, any and all legal actions or proceedings to collect charges, rent or other income of the Facility or to lawfully oust or dispossess residents or other persons in possession under, or lawfully cancel, modify or terminate, any lease, license agreement or admission agreement for the breach thereof or default thereunder by a tenant, licensee or resident; provided that Extendicare shall obtain CNH's consent before commencing any such legal action. Unless otherwise directed by CNH, Extendicare or its authorized agent shall take, at CNH's expense, any appropriate steps to protest and/or litigate the final decision in any appropriate court or forum any violation, order, rule or regulation affecting the Facility. Any counsel to be engaged under this section shall be mutually approved by CNH and Extendicare. All costs of defending CNH in any such counterclaim, cross claim or otherwise in connection with any legal action or proceeding relating to the Facility or in satisfying any damages or costs awarded against CNH or Extendicare thereunder shall be a Facility expense unless such award is a result of the breach by Extendicare of its obligations under this Agreement, in which case such costs shall be for the account of Extendicare.

#### *4.1.12 Compliance with Service Agreement*

Extendicare agrees to supervise and direct the management and operation of the Facility in compliance with the Service Agreement and to comply with all of the obligations of the "Operator" therein for which it is specifically responsible hereunder. Among other things, Extendicare agrees that it shall:

- (a) prepare and deliver all reports and documentation (in a form satisfactory to MOH) required to be provided to the MOH pursuant to the Service Agreement from time to time including a Statement of Disbursements and Source of Funds, an Occupancy Plan, a Semi-annual Report, an Annual Report and an auditor's report on the Annual Plan to the extent required by MOH. Extendicare acknowledges that the Service Agreement provides that the Semi-annual Report and the Annual Report must be in a form and contain such information as approved or required by the MOH;
- (b) complete and submit to the MOH annually a list setting out the documents provided to residents in accordance with section 20.16 of the NHA, including documents advising residents of their rights under the NHA and stating that the licensee is obliged to respect and promote those rights and

describing the accommodation, care, services, programs and goods that the licensee is required to provide or offer under the NHA and under the Service Agreement; and

- (c) maintain "Personal Information" and "Confidential Information", as such terms are defined in the Service Agreement, in compliance with Applicable Law, not disclose such information to its personnel not having a need to know such information and advise its personnel of the requirements of the Service Agreement regarding "Personal Information" and "Confidential Information".

#### *4.1.13 Resident Trust Accounts*

Extendicare, at CNH's expense, shall maintain trust accounts in a banking institution for the deposit of all monies received in trust from or on behalf of residents, shall maintain books showing the balances of each resident in such accounts and shall arrange for the audit of such accounts annually or as otherwise required by CNH or Applicable Law.

#### **4.2 Extendicare Expertise**

Extendicare shall provide the Facility with the management services, techniques, know-how and expertise, which it employs from time to time in operating the facilities which it or its Affiliates and Subsidiaries either own, operate or manage.

#### **4.3 Agency Relationship**

In connection with the fulfillment of its obligations under this Article IV, Extendicare is authorized to enter into one or more contracts or agreements for and on behalf of CNH provided that the maximum amounts payable under any such contract or agreement have been approved in the Annual Plan or otherwise approved of by CNH (each an "Approved Amount"). Extendicare hereby agrees to indemnify and hold CNH harmless in respect of all amounts payable by CNH under any such contract or agreement which exceed the Approved Amounts.

### **ARTICLE V RIGHTS AND DUTIES OF CNH**

#### **5.1 CNH's Covenants**

During the term of this Agreement:

##### *5.1.1 Right of Inspection*

Subject to the rights of residents and the ongoing responsibilities of CNH's employees employed to staff the Facility, CNH shall have the right to enter upon any part of the Facility at all reasonable times for the purpose of examining or inspecting the same or examining or making extracts of books and records of the

Facility or for any other purpose which CNH, in its discretion, shall deem necessary or advisable, but the same shall be done with as little disruption to the business of the Facility as possible.

*5.1.2 Cooperation with Extendicare*

CNH will fully cooperate with Extendicare in the management of the Facility and the performance by Extendicare of all of its obligations under and by virtue of this Agreement.

*5.1.3 Membership in the Ontario Long-Term Care Association*

CNH will, with the assistance of Extendicare, initiate and maintain membership in the Ontario Long-Term Care Association.

*5.1.4 Amendment of Agreements*

CNH will not amend or consent to the amendment of the Service Agreement, without the consent of Extendicare. Consent to any such execution or amendment will not be unreasonably withheld.

*5.1.5 Communications with MOH and the Financing Party*

Forthwith upon receipt, each of CNH and Extendicare will provide the other with copies of any correspondence or notices it receives from MOH or the Financing Party regarding the Facility which have not otherwise already been delivered to the other party.

*5.1.6 Confidentiality*

It is acknowledged by CNH that this agreement contains information which, if disclosed to Extendicare's competitors, would damage Extendicare's ability to negotiate agreements with other operators/owners who may be interested in engaging Extendicare's management or consulting services. CNH agrees not to disclose, or cause to be disclosed, any part of this agreement, including the terms, conditions or fees, in any manner or form that may damage Extendicare's ability to carry on its normal business activities. It is agreed that CNH may disclose relevant details of this agreement to any Financing Party and its agents.

### *5.1.7 Security for Unpaid Fees and Expenses*

The owner shall execute and deliver a collateral charge of the Facility in favour of Extendicare in the principal amount of \$350,000. The collateral charge shall secure all fees, expenses and any other amounts owing by CNH to Extendicare hereunder from time to time remaining unpaid, including without limitation any amounts due on termination of this Agreement and shall rank second in priority subject only to a first mortgage in favour of Desjardins Financial Security Life Assurance Company securing a principal amount of not more than \$11,781,565. Extendicare shall discharge the collateral charge at the request of CNH at anytime after the termination or expiration of the term of this Agreement on payment of all amounts due and payable to Extendicare hereunder.

## ARTICLE VI

### GENERAL COVENANTS OF CNH AND EXTENDICARE

#### 6.1 Books and Records

Extendicare, on behalf of CNH, shall supervise and direct the keeping of full and accurate books of accounts and such other records reflecting the results of operation of the Facility including books of account in respect of the application and expenditure of the funding provided by the MOH in accordance with the terms of the Service Agreement and maintain same unless otherwise provided herein. CNH acknowledges that certain books and records, including the general ledger, may be kept in another office of Extendicare and all payrolls and accounts payable may be made from such offices. CNH shall be entitled to copies of all books and records relating to the operation of the Facility, upon its request therefore. All of the books and records of the Facility shall at all times remain the property of CNH and shall be delivered to CNH on termination of this Agreement. Extendicare shall provide the Financing Party access to the books and records of CNH as may be directed by CNH from time to time at the Facility's expense.

#### 6.2 Management Advisory Committee

The parties shall form a Management Advisory Committee in accordance with the provisions of this Section 6.2 which shall be situated within the reporting structure as indicated on Schedule "D". The Management Advisory Committee shall be comprised of four (4) voting members (each, a "Representative"), two (2) appointed by each of CNH and Extendicare. Each of CNH and Extendicare shall forthwith advise the other as to the identity of each party's Representatives. The Director of Care of the Facility shall be a non-voting member of the Management Advisory Committee. Each Representative on the Management Advisory Committee shall continue to serve until removed by the party that appointed such Representative or until such person's resignation and upon such resignation or removal, the party that appointed such Representative shall be entitled to appoint his or her replacement. One of the appointees of CNH selected by CNH shall serve as the chair (the "Chair") of the Management Advisory Committee. A quorum for meetings shall require the attendance of at least two (2) Representatives appointed by

CNH and one (1) Representative appointed by Extendicare. All meetings of the Management Advisory Committee will be chaired by the Chair or, in the absence of the Chair, by another Representative appointed by CNH, as selected by the Representatives in attendance at such meeting. Any decision of the Management Advisory Committee shall be by majority vote of the Representatives present at a meeting of the Management Advisory Committee. In the event of a tie vote by the members of the Management Advisory Committee, the Chair shall have a second deciding vote. The Chair shall convene meetings of the Management Advisory Committee on no less than forty-eight (48) hours' notice to all members of the Management Advisory Committee. In addition, either Extendicare or CNH may require a meeting of the Management Advisory Committee upon providing forty-eight (48) hours' notice to the other party and to all of the members of the Management Advisory Committee. Notice of meetings shall be delivered to Representatives by hand or by fax or by email and may be waived by consent of all of the members. Representatives may participate by conference call. Representatives may invite other persons to attend a meeting of the Management Advisory Committee with the consent of the majority of the Representatives present at such meeting, but such persons shall not be entitled to vote. The Management Advisory Committee shall maintain records of its proceedings including copies of minutes of meetings. Copies of the records of the Management Advisory Committee will be made available to both Extendicare and CNH. Duties of the Management Advisory Committee shall be as determined by CNH and Extendicare from time to time but unless otherwise agreed to will include:

- (a) receiving reports and monitoring the operations, continuous quality improvement (CQI) and management of the Facility;
- (b) monitoring the financial position of the Facility;
- (c) reviewing and discussing significant matters that may arise from time to time; and
- (d) executing directions from CNH.

### 6.3 Preparation of Annual Plan

Any Annual Plan prepared by Extendicare or approved by CNH will provide for the payment of all expenses necessary to comply with the Service Agreement.

### 6.4 Deposit and Disbursement of Funds—

Each of Extendicare and CNH agrees to deposit or cause to be deposited in one or more accounts (collectively, the "CNH Designated Accounts") in a banking institution designated by CNH in writing from time to time, in CNH's name, all receipts and monies arising from the operation of the Facility or otherwise received by Extendicare for and on behalf of CNH in respect of the Facility (excluding for greater certainty any donations or testamentary bequests). CNH shall appoint as signing officers on such accounts from time to time, in addition to CNH's own signing officers, those Extendicare employees which Extendicare designates for this purpose. Extendicare is hereby authorized to

disburse and pay the monies within such accounts in accordance with the provisions of Section 7.2, provided that all cheques or other withdrawal authorizations shall be signed only in accordance with the authorized signing protocol adopted by mutual agreement between CNH and Extendicare from time to time. Initially, the authorized signing protocol shall be as follows:

- (a) any cheques or other draws for amounts in excess of Ten Thousand Dollars (\$10,000.00) must be signed by at least one director or officer of CNH in addition to the appropriate Extendicare signing authority;
- (b) any cheques or other draws for amounts payable to Extendicare must be signed by two (2) directors or officers of CNH; and
- (c) utilities, food, realty taxes, payroll authorizations and Revenue Canada remittances may be signed by two (2) Extendicare signing officers.

If required by the Financing Party, Extendicare and CNH shall direct all such receipts and monies to a collection trust account pursuant to an agreement with the Financing Party and with Extendicare and CNH. Such collection trust account shall be deemed to be a CNH Designated Account for the purposes of this Agreement.

## **ARTICLE VII**

### **MANAGEMENT FEE**

#### **7.1 Management Fee**

The fee for the services to be rendered by Extendicare during the term of this Agreement (the "Management Fee") shall be determined and paid in the following manner:

##### *7.1.1 Determination of Management Fee*

Extendicare shall be entitled to an annual fee equal to three and one half percent (3.5%) of the Gross Revenues derived during each year of operation, plus expenses and any applicable taxes. Subject to the provisions of Section 7.2, the Management Fee shall be paid on account in monthly instalments on the first day of each month for the preceding month based on the foregoing as a percentage of the Gross Revenues for such preceding month. However, during the first three (3) months of the term, Extendicare agrees to defer the payment of this fee. The deferred fee will be payable in equal monthly increments starting in month four (4) over the next six (6) months. This deferred payment will be in addition to the regular monthly management fee required plus applicable taxes and expenses. Extendicare will provide a breakdown of gross revenue and explanation/details of said invoice. Subject to the provisions of Section 6.4(b), Extendicare is authorized and directed to pay the Management Fee to itself from funds in the CNH Designated Account in accordance with Section 7.2. Within thirty (30) days of the delivery to CNH of each statement for the Facility as required by Section

4.1.10(c), CNH shall pay Extendicare or Extendicare shall reimburse CNH, as appropriate, an amount equivalent to the difference between the Management Fee which should have been paid based on the amounts set forth on such statement and the aggregate of the amounts actually paid by CNH to Extendicare pursuant to the foregoing provisions of this Section 7.1.1, throughout the twelve (12) month period which was the subject of the statement, unless within fifteen (15) days after receipt by CNH of such statement, CNH requests an independent audit as permitted by Section 4.1.10 and the amounts payable by CNH or Extendicare under this Section 7.1.1 shall instead be payable based on the statement of the independent auditor and shall be payable within thirty (30) days of the delivery of the statement of the independent auditor to CNH and Extendicare.

*7.1.2 Definition of Gross Revenues*

The term "Gross Revenues" shall mean and include all revenues and income of any kind derived directly or indirectly from the Facility (including payments from or on behalf of residents and patients of the Facility), whether on a cash basis or on credit, paid, collected or received, determined in accordance with Generally Accepted Accounting Principles consistently applied, excluding, however:

- (a) governmental and municipal excise, sales and use taxes collected directly from patients as a part of the sales price of any goods or services;
- (b) proceeds of any life or other insurance policies, other than business interruption insurance;
- (c) gains arising from the sale or other disposition of capital assets;
- (d) any reversal of any contingency or tax reserve or any refund of taxes paid or other rebate;
- (e) any amount receivable if written off as uncollectible;
- (f) any capital funding received from the MOH;
- (g) funds received directly or indirectly from the Financing Party and all amounts accruing thereon;
- (h) the value of goods and services contributed in kind;
- (i) the amounts within, or earned on, the accounts maintained pursuant to Section 4.1.13; and
- (j) interest accrued on any of the amounts listed in subparagraphs (a) through (i) above.

The proceeds of business interruption insurance or funds arising as a result of or from any prepaid care plan or program shall be included in Gross Revenues.



## 7.2 Payment Priorities

In each month, Extendicare shall make payments from funds in the CNH Designated Account in the following order of priority:

- (a) first, to the extent that principal, interest, realty taxes and any other sundry fees owed to the lender is due and payable to the Financing Party for that month has not been paid, to the Financing Party for such unpaid amounts;
- (b) second, to payment of the Management Fee then due and payable;
- (c) third, to Operating Expenses owed to third parties and to reimburse Extendicare for Operating Expenses paid by Extendicare;
- (d) fourth, to reimburse CNH for Operating Expenses paid by CNH; and
- (e) fifth, upon CNH's written request, to a bank account opened and maintained solely by CNH for its own account, provided, however, that no transfer of funds by or to CNH or for the benefit or account of CNH shall be made if the result thereof, in the opinion of Extendicare, acting reasonably, shall either:
  - (i) impair the reasonable working capital requirements of Extendicare to operate the Facility in the manner contemplated by this Agreement; or
  - (ii) leave insufficient funds in the CNH Designated Account to satisfy the foregoing provisions of this Section 7.2.

## 7.3 Deficiencies

If the funds within the CNH Designated Account are insufficient to pay the Management Fee in the manner contemplated by Section 7.2(d), the amount of the Management Fee not paid shall accrue interest at the Prime Rate plus five percent (5%) per annum and shall be payable by CNH on demand.

## 7.4 Readjustment of Management Fee

If as a result of any retroactive readjustment by MOH the Gross Revenue for any of the preceding three (3) Fiscal Years which occurred during the Term of this Agreement is changed, Extendicare and CNH shall readjust the Management Fee forthwith on demand.

## 7.5 Verification of Management Fee

If CNH disagrees with the calculation of the Management Fee (as opposed to the calculation of Gross Revenues), as set forth on the statement delivered pursuant to

Section 4.1.10(c) or the statement of the independent auditor obtained pursuant to Section 7.1.1, then such dispute shall be resolved pursuant to the provisions of Article X.

**ARTICLE VIII**  
**TERMINATION RIGHTS AND INDEMNITY**

**8.1 Termination**

(a) **Default by either party:** If at any time or from time to time during the term of this Agreement any of the following events shall occur and not be remedied, within the applicable period of time herein specified, namely:

(i) Extendicare or CNH defaults on any obligation imposed on it or is in breach of any term, condition or provision of this Agreement and fails to cure such default or breach within ninety (90) days of written notice thereof;

(ii) Extendicare or CNH suffers an Insolvency Event; or

the other of them (the "Non-Defaulting Party") may forthwith terminate and cancel the Agreement by written notice effective immediately and the party in default, that has suffered the Insolvency Event or that has attempted to assign or transfer without prior written consent.

(b) **Default by Extendicare:** If at any time or from time to time during the term of this Agreement any of the following events shall occur:

(i) at any time Extendicare ceases to carry on substantially all of its nursing home business in Ontario or has transferred, assigned or otherwise disposed of all or substantially all of its assets, or

(ii) the MOH requires this Agreement to be terminated or Extendicare to be replaced, as a condition to CNH maintaining its license to operate the Facility;

CNH may forthwith terminate and cancel the Agreement by written notice effective immediately.

(c) **Default by CNH:** If at any time or from time to time during the term of this Agreement the Facility or any portion thereof shall be damaged or destroyed by fire or other casualty and if CNH fails to take such steps as may be reasonable in the circumstances to commence the repair, restoration, rebuilding or replacement necessary as a result thereof within forty-five (45) days after such fire or other casualty or fails to complete such work diligently, Extendicare may forthwith terminate and cancel the Agreement by written notice effective immediately.

- (d) **Termination of License:** If at any time or from time to time during the term of this Agreement any licenses or permits for the operation of the Facility are suspended, terminated or revoked and such suspension, termination or revocation shall continue unstayed and in effect for a period of thirty (30) consecutive days, either Extendicare or CNH may forthwith terminate and cancel this Agreement by written notice, effective immediately.
- (e) **Termination Notice:** Notwithstanding anything in this agreement, during the Term of this agreement, if either party provides the other with ninety (90) days written notice of termination for reason other than default, this Agreement will be terminated at the end of the ninety (90) day period.

## 8.2 Continued Services

CNH and Extendicare shall comply with the provisions of any consent of the MOH to the execution of this Agreement and in the event of its termination shall co-operate with each other to ensure that any required MOH consent is obtained and resident care is not compromised during any transition of management. Extendicare shall continue to make its services available through any reasonable transition period provided CNH continues to pay the Management Fee in respect of any such transition period.

## 8.3 Extendicare Systems

CNH acknowledges that Extendicare has developed unique proprietary systems, software and processes for the management of long-term care facilities that represent a business asset of Extendicare. On termination of this Agreement, Extendicare may remove all such systems, software and processes from the Facility and CNH shall have no right or license to use such systems, software or processes. All of the data regarding the operation of the Facility shall remain the property of CNH. Extendicare shall provide support to CNH and the use of Extendicare systems and software at CNH's expense to access data and to transition data to alternative systems and software as may be required by CNH. Extendicare shall cooperate with CNH to transition the management and operation of the Facility to CNH or such other manager as may be appointed by CNH at the termination of this Agreement as contemplated in Section 8.2

## 8.4 Mutual Indemnity

Each of CNH and Extendicare (the "Indemnifying Party") agrees to indemnify the other party (the "Indemnified Party") (and such other party's directors, governors, officers, volunteers and employees) against all claims, demands, costs and other liabilities resulting from the breach by the Indemnifying Party of any of the terms of this Agreement or arising out of the malfeasance, non-feasance, gross negligence or default by or of the Indemnifying Party or its employees or agents upon or in relation to the fulfillment of the Indemnifying Party's obligations hereunder (collectively referred to as a "Claim") provided that:

- (a) if the Claim is made against a Person in respect of which a party may be liable pursuant to this section, the Indemnified Party shall give notice (the "Indemnity Notice") to the Indemnifying Party specifying the particulars of such claim promptly and, in any event, within ten (10) days after it receives notification thereof; provided that any accidental failure to provide any such notice shall not prejudice the rights of any Indemnified Party hereunder, unless as a direct result of any such failure to provide such notice, default judgment is registered or a final determination, decree or adjudication is made in respect of such Claim or other proceeding and after using its best efforts, the Indemnifying Party is unable to have such judgment, determination, decree or adjudication set aside and the reason for such inability is not that it is unable to establish that there is a good defence on the merits; and
- (b) The Indemnifying Party shall have the right to participate in any negotiations or proceedings with respect to such Claim at its own expense. The Indemnified Party shall not settle or compromise any such Claim without the prior written consent of the Indemnifying Party (such consent not to be unreasonably withheld) unless the Indemnifying Party has not, within fifteen (15) days after the giving of the Indemnity Notice, given notice to the Indemnified Party that it wishes to dispute such Claim. If the Indemnifying Party gives such notice, it shall have the right at its own cost and expense to assume the defence of such Claim and to defend such Claim in the name of the Indemnified Party; provided that the Indemnifying Party shall not settle or compromise any such Claim without the prior written consent of the Indemnified Party (such consent not to be unreasonably withheld). Each party shall provide all files, books, records and other information in its possession or control which may be relevant to the defence of such Claim and shall cooperate in all reasonable respects in the defence of such Claim at the expense of the Indemnifying Party. If the Indemnifying Party fails, after the giving of such notice, diligently and reasonably to defend such Claim throughout the period that such Claim exists, its rights to defend the Claim shall terminate and the Indemnified Party may assume the defence of such Claim at the sole expense of the Indemnifying Party. In such event, the Indemnified Party may compromise or settle such Claim, without the consent of the Indemnifying Party.

If at any time in the course of defending any such Claim it appears that the interests of the Indemnifying Party and the Indemnified Party are such that they cannot be properly represented by the same counsel, the Indemnified Party shall be entitled, at the expense of the Indemnifying Party, to retain its own counsel to act on its behalf in connection with such Claim.

### 8.5 Right of First Offer

If CNH intends to sell the Facility, CNH shall give written notice of such intention to Extendicare and shall allow Extendicare a period of not less than thirty (30) days to prepare and submit an offer to purchase the Facility ("Extendicare's Offer"). If CNH does not accept Extendicare's Offer, CNH may offer the Facility for sale. For a period of one hundred and eighty days (180) after the receipt of Extendicare's offer, CNH shall not accept any offer to purchase the Facility or offer the Facility for sale for an amount less than 105% of the purchase price offered in Extendicare's Offer without first offering the Facility to Extendicare at the same price. If CNH receives an offer to purchase the Facility at any time prior to the submission of Extendicare's Offer or more than one hundred and eighty days (180) after receipt of the most recent Extendicare's Offer, CNH shall give Extendicare a right of first refusal to purchase the Facility at the price of the unsolicited offer for a period of at least thirty days before accepting the unsolicited offer. CNH shall provide to Extendicare true and complete copies of all offers to purchase or sell received or to be made by CNH promptly on receipt.

Notwithstanding anything set out in this Section 8.5 or anything else in this Agreement, the parties agree the covenants in this section shall be solely personal between CNH and Extendicare and shall not be binding upon any Financing Party of CNH.

## ARTICLE IX EXPROPRIATION OR CONDEMNATION

### 9.1 Expropriation or Condemnation of Facility

If the whole of the Facility shall be taken or condemned in any eminent domain, condemnation, compulsory acquisition or like proceeding by any competent authority for any public or quasi-public use or purpose, or if such a portion thereof shall be taken or condemned as to make it imprudent or unreasonable, in Extendicare's reasonable opinion, to use the remaining portion thereof as a long-term care Facility of the type and class immediately preceding such taking or condemnation, then in either of such events the term of this Agreement shall cease and terminate as of the date on which CNH shall be required to surrender possession of all or such part of the Facility as a consequence of such taking or condemnation but, to the extent and only to the extent any award for such

taking or condemnation includes compensation to Extendicare for any loss of income resulting from such taking or condemnation, such award shall be fairly and equitably apportioned between CNH and Extendicare so as to compensate Extendicare for any such loss of income. Extendicare shall continue to supervise and direct the management and operation of the Facility until such time as CNH shall be required to surrender possession of the Facility as a consequence of such taking or condemnation.

## **9.2 Partial Expropriation or Condemnation**

If only a part of the Facility shall be taken or condemned and the taking or condemnation of such part does not make it unreasonable or imprudent, in Extendicare's reasonable opinion, to operate the remainder as a long-term care Facility of the type and class immediately preceding such taking or condemnation, this Agreement shall not terminate. In such event, the entire award for such taking or condemnation shall belong to CNH, but out of the award to CNH so much thereof as shall be reasonably necessary to repair any damage to the Facility, or any part thereof, so as to render the Facility a complete and satisfactory architectural unit as a long-term care Facility of the same type and class immediately preceding the taking or condemnation, shall be used for that purpose.

## **9.3 Apportionment**

For greater certainty, in the event the parties are unable within a period of thirty (30) days after any controversy arises between them to agree upon the apportionment of any award or are otherwise in dispute as to any matter arising under this Article, any such dispute shall be resolved by arbitration in accordance with the provisions of Article X and the costs hereof or incurred therein shall be borne or apportioned and paid as determined by said arbitration.

# **ARTICLE X ARBITRATION**

## **10.1 Arbitration of Disputes**

Except as specifically provided for herein, all disputes between the parties concerning any matter arising from this Agreement shall be dealt with in the manner hereinafter provided:

- (a) The dispute shall be submitted to the chief executive officers, or if a party has no chief executive officer, its president (in either case hereinafter referred to as "CEOs") of the disputing parties for resolution.
- (b) If the CEOs cannot resolve the dispute within a period of ten (10) days after submission to them for consideration, one of the disputing parties may notify the other disputing party in writing that it wishes to refer the matter for mediation in accordance with this Article X (the date such notice is given shall be the "Submission Date"). The mediation shall be conducted in accordance with the rules set out at Schedule "A".

- (c) Where a matter is not resolved by mediation within the time period provided therefore in Schedule "A" a party to the dispute who wishes to pursue the resolution or determination of such matter may then refer such matter to a single arbitrator appointed in accordance with Schedule "B". The arbitration shall be conducted in accordance with the rules set out at Schedule "B".
- (d) Any mediation or arbitration hereunder shall be held at Toronto, Ontario unless the parties otherwise agree.
- (e) It shall be a condition precedent to the bringing of any legal proceedings that are contemplated by the rules set out in Schedules "A" and "B" that the parties will have concluded the mediation and arbitration processes as provided in this Agreement. The provisions of the Arbitrations Act, 1991 (Ontario) shall apply to the extent that they are not inconsistent with this Agreement or with the rules set out in Schedules "A" and "B".

## **ARTICLE XI**

### **ASSIGNMENT**

#### **11.1 Assignment by Extendicare**

Subject to compliance with the Service Agreement, Extendicare, without the consent of CNH, shall have the right to assign this Agreement to an Affiliate provided that (i) the assignment shall be expressly subject to the terms and provisions of this Agreement; and (ii) the assignee shall deliver to CNH a written acknowledgment of the assignee's agreement to be bound by the terms of this Agreement; and (iii) Extendicare shall not be relieved of its liability and obligations hereunder.

#### **11.2 Assignment by CNH**

Subject to compliance with the Service Agreement and Applicable Law and the provisions of Section 5.1.6, CNH may, at any time, without the consent of Extendicare, sell, assign, or lease the Site and any buildings located thereon (including such Facility) or any interest therein and in connection therewith assign this Agreement to its assignee or lessee; provided that (i) such sale, assignment or lease shall be made expressly subject to the terms and provisions of this Agreement; (ii) such sale, assignment or lease shall not relieve CNH of its liabilities or obligations hereunder; and (iii) any purchaser, assignee or lessee shall deliver to Extendicare a written acknowledgment of its agreement to be bound by the terms hereunder.

#### **11.3 Encumbrance by CNH**

CNH may, at any time, without the consent of Extendicare, subject its freehold interest in the Facility, or any part thereof, to the lien of one or more deeds of trust, mortgage or other security instruments; provided, however, that (i) so long as CNH has no right to terminate this Agreement because of the default of Extendicare hereunder, in the event of

any foreclosure or other proceeding under any such deed of trust, mortgage or other security instrument to enforce the lien or security interest thereby created, this Agreement shall, at the option of Extendicare, to be exercised by written notice to the purchaser at or within sixty (60) days after such foreclosure or other proceedings, continue in full force and effect notwithstanding such foreclosure or other proceeding; and (ii) the secured party provides Extendicare with a non-disturbance agreement in a form satisfactory to Extendicare, acting reasonably.

## ARTICLE XII MISCELLANEOUS PROVISIONS

### 12.1 Trade Name

During the term of this Agreement, the Facility shall at all times be known and designated by such trade name and accompanying phraseology, if any, as may from time to time be mutually approved by Extendicare and CNH. It is recognized, however, that the names of "Extendicare", or its Affiliates and all trademarks, logos or designs when used along or in conjunction with such name are the exclusive property of Extendicare and its Affiliates. Accordingly, CNH agrees that no provision of this Agreement (including the rights and remedies of CNH for any default of Extendicare) nor delivery of possession of the Facility to CNH upon the expiration or sooner termination of the term of this Agreement shall confer upon CNH or any transferee, assignee or successor of CNH, or any Person claiming by or through CNH, the right to use the names "Extendicare", or its Affiliates, either alone or in conjunction with some other word or words or any such trademark, logo or design, in the use and operation of the Facility by CNH or any transferee, assignee or successor of CNH, or any Person claiming by or through CNH. In the event of any breach of this covenant by CNH, Extendicare shall be entitled to damages or injunctive relief or to any other right or remedy at law or equity, and this provision shall survive the expiration or sooner termination of this Agreement. Similarly, it is recognized that the name "CNH" is proprietary to CNH. Accordingly, Extendicare agrees that no provision of this Agreement (including the rights and remedies of Extendicare for any default of CNH) entitles Extendicare, or any Person claiming by or through Extendicare, the right to use the name "CNH" either alone or in conjunction with some other word or words or any such trademark, logo or design, in the use and operation of the Facility by Extendicare or any transferee, assignee or successor of Extendicare, or any Person claiming by or through Extendicare. In the event of any breach of this covenant by Extendicare, CNH shall be entitled to damages or injunctive relief or to any other right or remedy at law or equity, and this provision shall survive the expiration or sooner termination of this Agreement.



**12.2 Notices**

Any notice, demand or other communication (in this section "Notice") required or permitted to be given or made hereunder shall be in writing and shall be sufficiently given or made if:

- (a) delivered in person during normal business hours on a Business Day and left with a receptionist or other responsible employee of the relevant party at the applicable address set forth below;
- (b) sent by pre-paid first class mail; or
- (c) sent by any electronic means of sending messages, including facsimile transmission, which produces a paper record ("Transmission") during normal business hours on a Business Day, charges pre-paid and confirmed by pre-paid first class mail;

In the case of a notice to CNH:

Craiglee Nursing Home Ltd.  
102 Craiglee Drive  
Scarborough, Ontario M1N 2M7

Attention: Mr. Roy McDougall  
Fax No.: 416-264-4857

and in the case of a Notice to Extendicare, addressed to it at:

Extendicare (Canada) Inc.  
3000 Steeles Avenue East  
Suite 700  
Markham, Ontario L3R 9W2

Attention: Chris McKey, Vice President, Eastern Operations  
Fax No.: (905) 470-5588

Each Notice sent in accordance with this section shall be deemed to have been received:

- (a) on the day it was delivered;
- (b) on the third Business Day after it was mailed (excluding each Business Day during which there existed any general interruption of postal services due to strike, lockout or other cause); or
- (c) on the same day it was sent by Transmission or on the first Business Day thereafter if the day on which it was sent by Transmission was not a Business Day.

Any party may change its address for notice by giving notice in writing to the other party in the aforesaid manner.

### 12.3 No Partnership or Joint Venture

Nothing contained in this Agreement shall constitute or be construed to be or create a partnership or joint venture between CNH, its successors or assigns, on the one part, and Extendicare, its successors or assigns, on the other part.

### 12.4 Modification and Changes

This Agreement shall not be changed or modified except by another agreement in writing signed by both of the parties.

### 12.5 Force Majeure

Notwithstanding anything contained in this Agreement, neither party shall be liable for any failure or delay on its part to perform any of the terms, conditions, covenants or obligations of this Agreement to the extent that such failure or delay is the result of a cause beyond its reasonable control including such things as unavailability of material, equipment, utilities, services, an act of God, a fire, an act of the public enemy, an act of Her Majesty in her sovereign capacity, Laws, a flood, a quarantine restriction, an epidemic, a labour dispute, a riot, a civil commotion, vandalism, malicious mischief or other similar cause beyond its control and not avoidable by the exercise of reasonable foresight (excluding the inability to pay for the performance of such obligation) and which occurs without the default or negligence of the party seeking relief. The party being delayed shall be entitled to extend the time for fulfillment of such obligation by a time equal to the duration of such delay and the other party shall not be entitled to any compensation for any loss or inconvenience occasioned thereby. The party delayed shall however, use its best efforts to fulfill the obligation in question as soon as reasonably possible.

## **12.6 Understandings and Agreements**

This Agreement constitutes all of the understandings and agreements of whatsoever nature or kind existing between the parties with respect to Extendicare's management of the Facility.

## **12.7 Headings and Interpretation**

The division of this Agreement into Articles, Sections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

## **12.8 Further Assurances**

The parties agree to do, execute and deliver, or cause to be done, executed and delivered, all such further assignments, documents, acts, matters and things as from time to time may be reasonably required to give effect to this Agreement and the obligations of the parties hereunder.

## **12.9 Gender and Number**

Words importing the singular include the plural and vice versa and words importing gender include all genders.

## **12.10 Approval or Consent**

Whenever under any provision of this Agreement the approval or consent of a party is required, the decision thereon shall be promptly given or denied. It is further understood and agreed that whenever under any provisions of this Agreement the approval or consent of CNH is required such approval or consent shall only be deemed to have been duly given if such approval or consent is given in writing by the individual or any one of the individuals, as the case may be, designated for that purpose in a notification delivered to Extendicare by CNH from time to time and Extendicare shall rely exclusively and conclusively on the designations set forth in such notifications, notwithstanding any oral notice of knowledge to the contrary. It is further understood and agreed that whenever under any provisions of this Agreement the approval or consent of Extendicare is required such approval or consent only shall be deemed to have been duly given if such approval or consent is given in writing by the individual or any one of the individuals, as the case may be, designated for that purpose in a notification delivered to CNH by Extendicare from time to time and CNH shall rely exclusively and conclusively on the designations set forth in such notifications, notwithstanding any oral notice or knowledge to the contrary.

### 12.11 Governing Law

This Agreement shall be deemed to have been made and shall be construed and interpreted in accordance with the laws of the Province of Ontario.

### 12.12 Counterparts

This Agreement may be signed in counterparts and each such counterpart shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. Execution of this Agreement may be made by facsimile signature which, for all purposes, shall be deemed to be an original signature.

IN WITNESS WHEREOF the parties hereto have executed and delivered this Agreement as of the day and year first above written.

Craiglee Nursing Home Ltd.

Per: 

Name: Roy McDougall

Title: President

Per: *S. m. m. Dougall*

Name: Doris McDougall

Title: Secretary-Treasurer

EXTENDICARE (CANADA) INC.

Per: 

Name: Chris McKey

Title: Vice President,  
Eastern Operations

## SCHEDULE "A"

### RULES FOR MEDIATION

The following rules and procedures shall apply with respect to any matter to be mediated by the parties under the terms of this Agreement.

#### 1. Selection of Mediator

The parties shall have seven (7) business days from the Submission Date to agree upon a mutually acceptable mediator who shall be at arm's length from all parties and shall not be a member of the audit or legal firm or firms who advise any party, nor a person who is otherwise regularly retained by any of the parties (the "Mediator"). If no Mediator has been selected within such time, the parties agree to collectively request that the *ADR Institute of Canada, Inc.* (or another mutually agreed-upon provider of mediation services) supply, within five (5) days of the expiry of the seven (7) day period above, a list of potential candidates to be the Mediator with qualifications as specified by the parties in the collective request. Within four (4) days of the delivery of the list, the parties shall independently rank the proposed candidates, shall simultaneously exchange rankings, and shall appoint as the Mediator the individual receiving the highest combined ranking who is available to serve in the role of Mediator. If any party refuses or neglects to exchange rankings, then the rankings of the remaining parties shall be used to select the Mediator.

#### 2. Time and Place for Mediation

In consultation with the Mediator, the parties shall promptly designate a mutually convenient time and place for the mediation and, unless circumstances require otherwise, such time shall not be later than seven (7) days after the selection of the Mediator.

#### 3. Summary of Views

At least forty-eight (48) hours prior to the first scheduled session of the mediation, each party shall deliver to the Mediator and to each other party involved in the dispute, a concise written summary of its views regarding the facts and issues of the dispute. No such written summary shall be longer than five (5) pages in length.

#### 4. Staffing at Mediation

In the mediation, the parties may be represented by counsel. In addition, the parties may bring such additional persons (not exceeding five (5) in number) as needed to respond to questions, contribute information and participate in the mediation.

#### 5. Conduct of Mediation

The parties, in consultation with the Mediator, will agree upon a format for the mediation, designed to ensure that the Mediator and each party will have an opportunity to hear oral presentations of every party's views on the matter of the dispute, and that

each party will attempt to resolve the dispute with the assistance of the Mediator. To this end, the Mediator is authorized to conduct both joint meetings and separate private caucuses with each party or any of them in accordance with the agreed-upon format for the mediation.

6. The Mediator's Views

Any opinions or recommendations of the Mediator shall not be binding on any one or more of the parties. The Mediator shall not be liable for any act or omission in his or her role as Mediator.

7. Length of Mediation

The parties agree that the mediation will be concluded within sixty (60) days after the date of the selection of the Mediator (the "Mediation Period") unless all parties agree in writing to extend the Mediation Period.

8. Withdrawal from Mediation

Any party may withdraw from the mediation at any time by notifying the Mediator and all other parties in writing of its intent to withdraw, whereupon the provisions of Section 16.1(c) of this Agreement shall apply.

9. Conclusion of Mediation

If the parties are able to agree upon mutually acceptable settlement terms within the Mediation Period, the Mediator, or any one of the parties at the Mediator's request, shall draft a written settlement document incorporating all settlement terms. This draft settlement document will be circulated among all parties, edited as necessary and formally executed by all parties and the Mediator.

If the parties are unable to agree upon mutually acceptable settlement terms within the Mediation Period, the Mediator shall, within five (5) days of the expiry of the Mediation Period, submit to the parties a final settlement proposal which the Mediator considers equitable to all parties. The parties shall have five (5) days to consider such proposal and to individually indicate to the Mediator whether such party is willing to accept the final settlement proposal. If a party does not respond within such five (5) day period, such party shall be deemed to have rejected the final settlement proposal, whereupon the provisions of Section 16.1(c) of this Agreement shall apply.

10. Fees of Mediator, Disqualification

Each party shall bear its own costs with respect to the mediation and the fees of the Mediator shall be shared equally among all parties, including any party who has withdrawn from the mediation. The Mediator shall be disqualified as a witness, consultant, expert or counsel for any of the parties with respect to the matters of the dispute and any related matters. If the dispute proceeds to arbitration, the mediator shall not serve as arbitrator, unless all parties agree otherwise.

11. Confidentiality

All mediation sessions shall be confidential and no stenographic, visual, audio or electronic records shall be made of any one of them. All conduct, statements, promises, offers, views and opinions, whether oral or written, and all documents and records made or provided in the course of the mediation by any party, any party's agent, employee, representative or other invitee and by the Mediator (who will be the parties' collective agent for the purposes of the mediation) shall be held strictly in confidence by all parties and the Mediator. Any conduct, statements, promises, offers, views, opinions, documents and records shall not be discoverable or admissible for any purposes, including impeachment of any witness in any litigation or other proceeding involving any one or more of the parties, and shall not be disclosed to anyone who is not an agent, employee, expert, witness, or representative of a party unless required to do so by law; provided, however, that evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the mediation.

## SCHEDULE "B"

### RULES FOR ARBITRATION

The following rules and procedures shall apply with respect to any matter to be arbitrated by the parties under the terms of this Agreement.

#### 1. Initiation of Arbitration Proceedings

- (a) If any party to this Agreement wishes to have any matter under this Agreement arbitrated in accordance with the provisions of this Agreement, it shall give notice to all other parties hereto specifying particulars of the matter or matters in dispute and proposing the name of the person it wishes to be the single arbitrator (the "Arbitration Notice"). Within fifteen (15) days after receipt of the Arbitration Notice, all other parties to this Agreement shall give notice to the first party advising whether such party accepts the arbitrator proposed by the first party (the "Responding Notice"). If a Responding Notice is not given by a party within such fifteen (15) day period, such party shall be deemed to have accepted the arbitrator proposed by the first party. If the parties do not agree upon a single arbitrator within such fifteen (15) day period, any party may apply to a judge of the Superior Court of Justice under the *Arbitrations Act*, 1991 (Ontario), as amended or substituted for from time to time, for the appointment of a single arbitrator (the "Arbitrator").
- (b) The individual selected as Arbitrator shall be qualified by education and experience to decide the matter in dispute. The Arbitrator shall be at arm's length from all parties and shall not be a member of the audit or legal firm or firms who advise any party, nor shall the Arbitrator be a person who is otherwise regularly retained by any of the parties.

#### 2. Submission of Written Statements

- (a) Within twenty (20) days of the appointment of the Arbitrator, the party initiating the arbitration (the "Claimant") shall send each other party (individually a "Respondent" and collectively the "Respondents") a statement of issue (the "Statement of Issue") setting out in sufficient detail the matters in dispute, the facts supporting its position and the relief it claims.
- (b) Within twenty (20) days of the receipt of the Statement of Issue, each Respondent shall send the Claimant a Response responding to the issues raised in the Statement of Issue and setting out in sufficient detail its position regarding the matters in dispute, the facts supporting its position and the relief it claims.



- (c) All Statements of Issue and Responses shall be accompanied by copies (or, if they are especially voluminous, lists) of all essential documents on which the party concerned relies and which have not previously been submitted by any party, and (where practicable) by any relevant samples.
- (d) After submission of the Statement of Issue and all Responses, the Arbitrator will give directions for the further conduct of the arbitration.

3. Meetings and Hearings

- (a) The arbitration shall take place in the City of Toronto, Ontario or in such other place as the parties shall agree upon in writing. The arbitration shall be conducted in English unless otherwise agreed by such parties and the Arbitrator. Including the final hearing, the arbitration shall be concluded within ninety (90) days after delivery of the Arbitration Notice to the Respondents, subject to extension of such time period for a fixed period by written agreement of all parties or by notice given by the Arbitrator to all parties because of illness or other cause beyond the Arbitrator's control. Subject to any adjournments which the Arbitrator allows, the final hearing will be continued on successive working days until it is concluded.
- (b) All meetings and hearings will be in private unless the parties otherwise agree.
- (c) Any party may be represented at any meetings or hearings by legal counsel.
- (d) Each party may examine, cross-examine and re-examine all witnesses at the arbitration.

4. The Decision

- (a) The Arbitrator will make a decision in writing and, unless the parties otherwise agree, will set out reasons for decision in the decision.
- (b) The Arbitrator will send the decision to the parties as soon as practicable after the conclusion of the final hearing, but in any event no later than sixty (60) days thereafter, unless that time period is extended for a fixed period by the Arbitrator on written notice to each party because of illness or other cause beyond the Arbitrator's control.
- (c) The decision shall be final and binding on the parties and shall not be subject to any appeal or review procedure provided that the Arbitrator has followed the rules provided herein in good faith and has proceeded in accordance with the principles of natural justice.

5. Jurisdiction and Powers of the Arbitrator

- (a) By submitting to arbitration under these Rules, the parties shall be taken to have conferred on the Arbitrator the following jurisdiction and powers, to be exercised at the Arbitrator's discretion subject only to these Rules and the relevant law with the object of ensuring the just, expeditious, economical and final determination of the dispute referred to arbitration.
- (b) Without limiting the jurisdiction of the Arbitrator at law, the parties agree that the Arbitrator shall have jurisdiction to:
  - (i) determine any question of law arising in the arbitration;
  - (ii) determine any question as to the Arbitrator's jurisdiction;
  - (iii) determine any question of good faith, dishonesty or fraud arising in the dispute;
  - (iv) order any party to furnish further details of that party's case, in fact or in law;
  - (v) proceed in the arbitration notwithstanding the failure or refusal of any party to comply with these Rules or with the Arbitrator's orders or directions, or to attend any meeting or hearing, but only after giving that party written notice that the Arbitrator intends to do so;
  - (vi) receive and take into account such written or oral evidence tendered by the parties as the Arbitrator determines is relevant, whether or not strictly admissible in law;
  - (vii) make one or more interim awards;
  - (viii) hold meetings and hearings, and make a decision (including a final decision) in Ontario or elsewhere with the concurrence of the parties thereto;
  - (ix) order the parties to produce to the Arbitrator, and to each other for inspection, and to supply copies of, any documents or classes of documents in their possession or power which the Arbitrator determines to be relevant;
  - (x) order oral discovery, provided that oral discovery of all parties shall be completed within a consecutive fourteen (14) day period unless agreed otherwise by all parties;

- (xi) order the preservation, storage, sale or other disposal of any property or thing under the control of any of the parties; and
- (xii) make interim orders to secure all or part of any amount in dispute in the arbitration.

SCHEDULE "C"  
ORGANIZATIONAL CHART  
(provided by CNE)

LRO # 80 Charge/Mortgage

Received as AT391092 on 2004 01 22 at 10:20

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

yyyy mm dd Page 1 of 10

**Properties**

<b>PIN</b>	06432 - 0340 LT	<b>Estate/Qualifier</b>	Fee Simple Absolute
<b>Description</b>	PCL 524-1, SEC M388 ; LT 524, PL M388 ; SCARBOROUGH , CITY OF TORONTO		
<b>Address</b>	96 CRAIGLEE DR SCARBOROUGH		
<b>PIN</b>	06432 - 0410 LT	<b>Estate/Qualifier</b>	Fee Simple Absolute
<b>Description</b>	CONSOLIDATION OF VARIOUS PROPERTIES : FIRSTLY: PART OF LOT 526, PLAN M388, DESIGNATED AS PART 2, PLAN 66R20226 ; SECONDLY: PART OF LOT 25, PLAN M388, DESIGNATED AS PART 4, PLAN 66R20226 ; THIRDLY: LOT 509, PLAN M388 ; FOURTHLY: PART OF LOT 510, PLAN M388 ; FIFTHLY: LOT 513 AND PART OF LOT 512, BEING THE WLY 7 FT 10 INCHES, PLAN M388 ; SIXTHLY: LOT 514, PLAN M388 ; SEVENTHLY: LOT 511 (EXCEPT PART 1, PLAN 66R11153), PART OF LOT 512, LYING TO THE EAST OF THE NORTHERLY 7 FT 10 INCHES, PLAN M388, CITY OF TORONTO.		
<b>Address</b>	102 CRAIGLEE DRIVE SCARBOROUGH		
<b>PIN</b>	06432 - 0336 LT	<b>Estate/Qualifier</b>	Fee Simple Absolute
<b>Description</b>	PCL 2677, SEC TOWNSHIP OF SCARBORO ; LT 508, PL M388 ; SCARBOROUGH , CITY OF TORONTO		
<b>Address</b>	00010 SHARPE STREET SCARBOROUGH		
<b>PIN</b>	06432 - 0339 LT	<b>Estate/Qualifier</b>	Fee Simple Absolute
<b>Description</b>	PCL 523-1, SEC M388 ; LT 523, PL M388 ; SCARBOROUGH , CITY OF TORONTO		
<b>Address</b>	00094 CRAIGLEE DRIVE SCARBOROUGH		
<b>PIN</b>	06432 - 0409 LT	<b>Estate/Qualifier</b>	Fee Simple Absolute
<b>Description</b>	CONSOLIDATION OF VARIOUS PROPERTIES : FIRSTLY: PART OF LOT 526, PLAN M388, DESIGNATED AS PART 1, PLAN 66R20226 ; SECONDLY: PART OF LOT 525, PLAN M388, DESIGNATED AS PART 3, PLAN 66R20226, CITY OF TORONTO.		
<b>Address</b>	9 & 11 VANBRUGH AVENUE SCARBOROUGH		

**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** CRAIGLEE NURSING HOME LIMITED  
**Address for Service** 102 Craiglee Drive  
 Scarborough, Ontario  
 M1N 2M7

I, Roy Washington McDougall, President and I, Doris May McDougall, Secretary, have the authority to bind the corporation.

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

**Chargee(s)**

Capacity

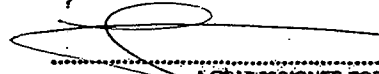
Share

**Name** FIRST NATIONAL FINANCIAL CORPORATION  
**Address for Service** 100 University Avenue  
 Suite 700 - North Tower  
 Toronto, Ontario  
 M5J 1V6  
 Loan No.: 504680

**Statements**

Schedule: See Schedules

This is Exhibit E referred to in the  
 affidavit of Stephen Wood  
 sworn before me, this 23rd  
 day of April, 2009



LRO # 80 Charge/Mortgage

Received as AT391092 on 2004 01 22 at 10:20

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

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**Provisions**

Principal	\$ 11,781,565.00	Currency	CDN
Calculation Period	half-yearly, not in advance		
Balance Due Date	2005/02/01		
Interest Rate	25.0%		
Payments	\$ 234,212.00		
Interest Adjustment Date	2004 02 01		
Payment Date	1st day monthly		
First Payment Date	2004 03 01		
Last Payment Date	2005 02 01		
Standard Charge Terms	8616		
Insurance Amount	full insurable value		
Guarantor	Roy Washington McDougall and Doris May McDougall		

**Signed By**

Brett Jason Tkatch	20 Queen Street West Suite 1400 Toronto M5H 2V3	acting for Chargor(s)	Signed	—2004 01 22
Tel	4165931221			
Fax	4165935437			

**Submitted By**

BLANEY MCMURTRY LLP	20 Queen Street West Suite 1400 Toronto M5H 2V3	2004 01 22
Tel	4165931221	
Fax	4165935437	

**Fees/Taxes/Payment**

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

**File Number**

Chargee Client File Number : 75754-071

This is a Schedule attached to an electronic Charge/Mortgage between CRAIGLEE NURSING HOME LIMITED (the "Chargor") and FIRST NATIONAL FINANCIAL CORPORATION (the "Chargee") relating to those lands and premises described on Page 1 to which this Schedule is attached, having assigned PIN's 06432-0340 (LT), 06432-0409 (LT), 06432-0410 (LT), 06432-0336 (LT) and 06432-0339 (LT), municipally known as 94, 96 & 102 Craiglee Drive, 10 Sharpe Street, and 9 & 11 Vanbrugh Avenue, Toronto (formerly Scarborough), Ontario (collectively the "Property") upon which is operated "Craiglee Nursing Home", as guaranteed by Roy Washington McDougall and Doris May McDougall pursuant to a standalone guarantee and Postponement of Claim (collectively the "Covenantors") TAXES

Paragraph 5 of Standard Charge Terms No. 8616 is hereby amended by adding the following:

"During the term of the Charge, the Chargor shall also provide to the Chargee, on the first (1st) day of each month, an amount stipulated by the Chargee sufficient to pay the annual taxes of the Property when due and payable. Until there is a default hereunder or under the Charge, the Chargee shall from time to time make payments to the taxing authority when taxes are due. Where the Chargee has made tax payments in excess of those collected, such excess amount shall be payable on demand and shall be secured by the Charge and bear interest at the rate under the Charge. After default the Chargee may, at its sole option, pay taxes with respect to the Property and such payments will be added to the principal balance of the Charge. The Chargee reserves the right to adjust, from time to time, the estimated monthly tax amount payable, based on taxes actually levied against the Property."

#### NON-MERGER

The Chargor and Covenantors hereby acknowledge the terms, conditions, obligations, liabilities, warranties and representations contained in the Commitment Letter between the Chargee, the Chargor and the Covenantors dated October 31, 2003 (hereinafter referred to as the "Mortgage Commitment") shall not merge on the closing and registration or delivery of the mortgage loan security, including, but not limited to the Charge on the Property, but shall remain in full force and effect, notwithstanding the delivery and registration of the said security. In the event of any inconsistency or conflict between any of the provisions of the Mortgage Commitment and any of the provisions of the Charge, the Chargee shall elect which shall prevail.

#### FINANCIAL STATEMENTS AND MATERIALS

The Chargor shall provide the Chargee, within 120 days after the end of each fiscal year of the Chargor, or within 120 days after the end of each calendar year or more often if requested by the Chargee, a detailed, audited financial statement of the Chargor including a separate income and expense statement for the Property, an operating statement and updated rent roll containing relevant resident lease and occupancy terms for the Property, all satisfactory to the Chargee in form and content.

The Chargor shall further cause, in the case of a corporate covenantor, an audited financial statement within 120 days after the end of the fiscal year of the corporate covenantor, or more often if requested by the Chargee, and in the case of an individual covenantor, a personal net worth statement within 120 days after the end of each calendar year, or more often if requested by the Chargee, such statements to be in form and content satisfactory to the Chargee. The Chargor authorizes and shall, if required by the Chargee, cause the Covenantors to authorize, the Chargee to obtain such additional financial information as the Chargee may require.

#### STATUTORY REMITTANCES

The Chargor shall provide to the Chargee annually, or more frequently if required by the Chargee, good and sufficient evidence the Chargor is not in arrears with respect to any employee pensions and/or other benefits including, but not limited to, Workman's Compensation Board premiums, Employer Health Tax premiums, Canadian Pension Plan contributions, Employment/Unemployment Insurance Commission premiums and all other statutory remittances, including but not limited to, income tax, provincial sales tax and goods and services taxes in respect of the Chargor's operation of the Property and the nursing home operated thereon. In the event of any arrears by the Chargor of payment of any of the foregoing amounts, such arrears shall constitute an event of default under this Mortgage, entitling the Chargee at its option to exercise all its rights and remedies herein.

#### NO PREPAYMENT

Section 6 of Standard Charge Terms No. 8616 is hereby deleted and replaced with the following:

"It is understood and agreed between the parties hereto that there shall be no right of prepayment of the Charge in whole or in part, during the term of the Charge or any renewals or extensions thereof."

#### INSURANCE

Without limiting the obligations of the Chargor under any provision of this Charge, the Chargor shall place or cause to be placed and shall keep in force throughout the term of this Charge the insurance coverage referred to in clause 8(f) of CMHC Standard Charge Terms No. 8616 including, without limitation, the following insurance coverage, in respect of the Property. All such insurance coverage shall be placed and kept in force with a company or companies satisfactory to the Chargee and

the Chargee shall receive the original policies of insurance signed by the insurer or insurers which policies are to be in form and content satisfactory to the Chargee. Where, under the insurance policies described below, loss is payable to the Chargee, such insurance policies shall show the loss payable to the Chargee as first mortgagee.

**Permanent Coverage:**

(a) All-risk coverage including coverage for the foundation of all improvements on a stated amount replacement cost basis (as per Insurance Bureau of Canada ("IBC") wording) with loss payable to the Chargee by way of an IBC approved mortgage clause. Such policy will permit the improvements on the Property to be completed and to be vacant or unoccupied for a period of at least thirty (30) days and shall also provide for partial occupancy.

(b) Comprehensive broad form boiler insurance including unfired pressure vessels insurance and air-conditioning equipment, if any, including repair and replacement coverage, for an amount satisfactory to the Chargee with loss payable to the Chargee by way of a Boiler and Machinery Insurance Association mortgage clause.

(c) Comprehensive general liability insurance for bodily injury and/or death and damage to property of others for a minimum amount of Five Million Canadian Dollars (\$5,000,00.00) per occurrence, written on an inclusive basis.

(d) Business income insurance coverage on a gross rentals or profits form sufficient to cover one hundred percent (100%) of the gross annual rentals from the Property for a period of twelve (12) months, based on the greater of actual and projected rentals.

(e) Flood, earthquake and building by-laws insurance coverage.

All cancellation and alteration clauses in the above-referenced policies, including those contained in the mortgage clause insurance endorsement, are to provide for not less than thirty (30) days prior notice to the Chargee of such cancellation or of any material alteration. The Chargee, acting reasonably, shall be entitled to require coverage of such other risks and perils as the Chargee may from time to time consider advisable or desirable and in respect of which insurance coverage may be available.

**Construction Coverage:**

In addition to the above, during any construction at the Property, the Chargor shall place or cause to be placed and shall keep in force throughout the construction period at that Property, the following insurance coverage, in respect of the Property. All such insurance coverage shall be placed and kept in force with a company or companies satisfactory to the Chargee and the Chargee shall receive the original policies of insurance signed by the insurer or insurers which policies are to be in form and content satisfactory to the Chargee. Where, under the insurance policies described below, loss is payable to the Chargee, such insurance policies shall show the loss payable to the Chargee as first mortgagee.

(a) Builders' all-risk coverage for an amount satisfactory to the Chargee with loss payable to the Chargee by way of an IAO approved mortgage clause. The policy must allow for partial occupancy of the premises at the Property.

(b) Wrap-up liability coverage for a minimum of Five Million Canadian Dollars (\$5,000,00.00) per occurrence, covering the Chargor and all contractors, sub-contractors and trades with respect to work or operations at the Property or in respect of the construction at the Property, written on an inclusive basis.

(c) Flood, earthquake and building by-laws insurance coverage.

All cancellation and alteration clauses in the above-referenced policies, including those contained in the mortgage clause insurance endorsement, are to provide for not less than thirty (30) days prior notice to the Chargee of such cancellation or of any material alteration. The Chargee, acting reasonably, shall be entitled to require coverage of such other risks and perils as the Chargee may from time to time consider advisable or desirable and in respect of which insurance coverage may be available.

**ALTERATIONS AND USES**

Section 16 of Standard Charge Terms No. 8616 is hereby deleted and replaced with the following:

"The Chargor covenants and agrees with the Chargee during the term of the Charge or any renewal thereof, it shall not make or permit to be made, without the prior written consent of the Chargee, any alterations or additions to the Property which purport to alter the existing building plans or the physical structures of the buildings on the Property. The Chargor further covenants and agrees with the Chargee during the term of the Charge or any renewal thereof, it shall not, without the prior written consent of the Chargee, use the Property or permit the Property to be used for the purposes of any business, trade or manufacture of any description or as a hotel and it shall not cease to operate the Property for the purposes of being occupied by persons utilizing the accommodations therein for purposes of a principal residence within a nursing home facility."

**DUE ON SALE**

Section 26 of the Standard Charge Terms No. 8616 is hereby deleted and replaced with the following:

"The Chargor covenants and agrees with the Chargee that in the event of the Chargor selling, conveying, transferring or entering into an agreement for sale or transfer of title of the Property or of any beneficial interest held in the Property hereby mortgaged to a purchaser or transferee not approved, in writing, by the Chargee,



which approval shall not unreasonably be withheld, all monies hereby secured with accrued interest thereon shall at the option of the Chargee forthwith become due and payable, together with compensation for lost interest as reasonably calculated by the Chargee. This Due on Sale clause shall not be applicable to any sale or transfer of title to the Property or transfer or sale of shares if the transferee is any one or more of Roy Washington McDougall and Doris May McDougall, or their families or any one or more of them."

#### PROPERTY MANAGEMENT

The Chargor shall maintain at all times professional property management for the Property satisfactory to the Chargee. However, any change in the professional property management of the Property shall be subject to the prior written approval of the Chargee both as to the manager and the terms and conditions of any management agreement. The Chargee acknowledges it is satisfied with the existing property management for the Property as of the date hereof.

In addition, if at any time, the Chargee becomes unsatisfied, acting reasonably with the current or future professional property management of the Property and the reasons for such dissatisfaction are not remedied within thirty (30) days notice detailing such dissatisfaction, the Chargor shall, at the request of the Chargee, change the professional property management to such other professional property management that is acceptable to the Chargee, otherwise all monies hereby secured with accrued interest thereon shall forthwith become due and payable at the Chargee's sole option.

In the event the property manager is not the Chargor, the Chargee shall have the right from time to time to request an accounting from the property manager. In addition, the Chargee shall be entitled to inspect the Property periodically and/or to appoint a monitor to conduct such inspections. The Chargee and/or any monitor when so appointed shall have the power to:

- (a) inspect physical status of the Property and to make or cause to be made such tests and inspections in connection therewith as it may deem advisable; and
- (b) review the management and financial position of the business being conducted at the Property, and for such purpose shall have full access to all books and records relating to same.

The Chargee will not, by virtue only of the exercise of the foregoing rights, be deemed a mortgagee-in-possession of the Property.

#### CREDIT MANAGEMENT

The Chargor acknowledges that it is important to insulate the revenue stream from the Property in order to avoid claims by other projects, commitments or liabilities of the Chargor. If this is not possible, the Chargor agrees to provide the Chargee with a reasonable degree of revenue segregation through separate reporting. In this regard the Chargee will monitor the financial aspects of the Property, depending upon its financial status.

The Chargor covenants and agrees to provide the Chargee with standalone property reporting, isolating the Property's financial and operating information from that of other properties owned by the Chargor. The Chargor further covenants and agrees to provide the Chargee with separate financial statements for the Property. In the event of a default by the Chargor under the Charge, or if the Chargor seeks relief under the Companies' Creditors Arrangement Act or other debtor relief legislation, the Chargee shall, if possible, be entitled to establish a separate project bank account for the Property.

As security for the aforesaid, an assignment of revenue (general assignment of rents) shall be registered both against title to the Property as well as under the applicable personal property registration system. The assignment of revenue shall take effect automatically, at the Chargee's option, if there is a default under the Charge. In addition, a general security agreement (or equivalent), shall be provided to the Chargee.

#### SPECIFIC ASSIGNMENT OF LEASES

As further security to this Charge, the Chargor covenants and agrees to grant to the Chargee, (upon thirty (30) days prior notice in writing) a specific assignment of all leases of the premises in the building(s) on the Property comprising the security of this Charge.

#### RECEIVERSHIP

Paragraph 34 of the Standard Charge Terms No. 8616 shall be amended by inserting the following after the word "contained" in the first sentence of the first paragraph: "and without any objection or obstruction on the part of the Chargor".

Paragraph 34 (d) of the Standard Charge Terms No. 8616 is deleted from this Charge and is replaced with the following:

"Every such receiver shall be the agent or attorney of the Chargor and the Chargee shall not be responsible for his acts or omissions."

At the option of the Chargee, it shall constitute a default hereunder if the Chargor shall become insolvent or be the subject of any bankruptcy, arrangement with creditors, proposal, amalgamation or any transaction or series of transactions which results in a change in control of the Chargor, re-organization, or any liquidation, winding-up, dissolution, or receivership or without the Chargee's consent, seeks continuation under the laws of any other jurisdiction. In the event of a default by the Chargor under this Charge, or if the Chargor seeks relief under the Companies' Creditors Arrangement Act or other debtor relief legislation, the Chargor will, if requested by the Chargee establish a separate project bank account for the Property.

## RIGHT TO INSPECT AND ENVIRONMENTAL

The Chargee or agent of the Chargee or agent of Canada Mortgage and Housing Corporation (hereinafter called "CMHC") may, at any time, before and after default, and for any purpose deemed necessary by the Chargee or CMHC, enter upon the Property to inspect the Property and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee or CMHC (or their respective agents) may enter upon the Property to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee or CMHC and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the mortgage rate, shall be payable by the Chargor forthwith and shall be a charge upon the Property. The exercise of any of the powers enumerated in this clause shall not deem the Chargee, CMHC or their respective agents to be in possession, management or control of the Property and building(s).

In consideration of the advance of funds by the Chargee, the Chargor and the Covenantors by way of separate guarantee, hereby agree, jointly and severally, that in addition to any liability imposed on the Chargor and the Covenantors under any instrument evidencing or securing the loan indebtedness, the Chargor and Covenantors shall be jointly and severally liable for any and all of the costs, expenses, damages or liabilities of the Chargee, its directors and officers (including without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of any hazardous or noxious substances and such liability shall survive foreclosure of the security for the loan and any other existing obligations of the Chargor and Covenantors to the Chargee in respect of the loan and any other exercise by the Chargee of any remedies available to them for any default under the Charge.

In these provisions, "Requirements of Environmental Law" means all requirements of the common law or of statutes, regulations, by-laws, ordinances, treaties, judgements and decrees, and (whether or not they have the force of law) rules, policies, guidelines, orders, approvals, notices, permits, directives and the like, of any federal, territorial, provincial, regional, municipal or local judicial, regulatory or administrative agency, board or governmental authority relating to environmental or health or fire or safety matters, or any of them and the Property and the activities carried out thereon (whether in the past, present or the future) including, but not limited to, all such requirements relating to: (i) the protection, preservation or remediation of the natural environment (the air, land, surface water or groundwater); (ii) the generation, handling, treatment, storage, transportation or disposal of or other dealing with solid, gaseous or liquid waste; and (iii) substances or conditions that are prohibited, controlled or otherwise regulated or are otherwise hazardous in fact (collectively "Hazardous Substances") such as contaminants, pollutants, toxic, dangerous or hazardous substances, toxic, dangerous or hazardous materials, designated substances, controlled products, including without limitation, wastes, subject wastes, urea formaldehyde foam type of insulation, asbestos or asbestos-containing materials, polychlorinated biphenyls ("PCB's") or PCB contaminated fluids or equipment, explosives, radioactive substances, petroleum and associated products, underground storage tanks or surface impoundments and (iv) the securing, protection, preservation and remediation of health, fire and/or safety concerns.

(a) The Chargor warrants and represents that:

(i) no Hazardous Substances have been or will in the future be used, stored, processed, manufactured, handled or discharged in, on, under or from the Property except in accordance with the Requirements of Environmental Law and provided that such Hazardous Substances have heretofore been disclosed to and approved by the Chargee in writing;

(ii) neither the Property nor, to the best of the Chargor's belief, any adjacent lands have ever been used as or for a waste disposal site or coal gasification site, and there are not now, nor were there ever, any underground storage tanks on the Property.

(iii) all permits, licences, certificates, approvals, authorizations, registrations or the like required by the Requirements of Environmental Law for the operation on the Property of the business of the Chargor, or any tenant, subtenant, assignee or other occupant of the Property, have been obtained and are valid, in full force and effect and in good standing;

(iv) no environmental damage has ever occurred on, or will result from the use of, the Property by the Chargor or any tenant, subtenant, assignee or other occupant of the Property;

(v) there are no convictions (or prosecutions settled prior to conviction) or outstanding or threatened investigations, claims, work orders, notices, directives or other similar remedial actions against the Property or the Chargor in relation to any Requirements of Environmental Law and provide to the Chargee copies of any environmental, soils, safety or health reports or studies in respect of the Property that it receives or possesses from time to time; and

The Chargor covenants that it will:

(i) remedy forthwith, at its own expense, any environment damage that may occur or be discovered on the Property in the future;

(ii) comply with and monitor, on a regular basis, its compliance and the compliance of any tenant, subtenant, assignee or other occupant of the Property with all Requirements of Environmental Law;

(iii) notify the Chargee promptly of any event or occurrence that has given, or is likely to give, rise to a report, order, inquiry or investigation relating to a matter that may have an adverse effect on the financial position of the Chargor or the Property or any action, suit or proceeding against the Chargor or others having an interest in the Property relating to, or a violation of, the Requirements of Environmental Law, including any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of Hazardous Substances into, on or under the Property, air and surface and ground water, and will also notify the Chargee promptly of any such above-mentioned information of which the Chargor has or receives knowledge relating to lands adjacent to the Property;

(iv) not lease or consent to any sub-lease or assignment of any part of the Property to a tenant, sub-tenant or assignee who may engage in, nor permit any tenant, subtenant, assignee or occupant of the Property to engage in, a business involving the generation of environmental contamination or the storing, handling, processing, manufacturing or disposing of Hazardous Substances in, on, under or from the Property save and except in accordance with the Requirements of Environmental Law, and any lease, sub-lease, or assignment of any part of the Property shall preserve as against any lessee, sub-lessee or assignee all of the rights of the Chargee herein;

(v) save and except for those Hazardous Substances which are present on, in or under the Property in accordance with Requirements of Environmental Law and which have been disclosed to the Chargee in writing; remove, in accordance with all Requirements of Environmental Law, any Hazardous Substances from the Property forthwith upon their discovery and advise the Chargee forthwith in writing of the procedures taken;

(vi) provide to the Chargee upon request such information, certificates, or statutory declarations as to compliance with the provisions hereof and all Requirements of Environmental Law and conduct such environmental audits or site assessments as may be reasonably necessary to ensure compliance with the Requirements of Environmental Law, and provide to the Chargee copies of any environmental, soils, safety or health reports or studies in respect of the Property that it receives or possesses from time to time; and

(vii) permit the Chargee to conduct inspections and appraisals of all or any of its records, business and property relating to the Property at any time and from time to time to monitor compliance with the Requirements of Environmental Law.

The Chargor and Covenantors further covenant that each will be liable for and fully indemnify the Chargee, its officers, directors and employees for any and all costs, expenses, damages or liabilities (including legal fees on a solicitor and his own client basis and any environmental remediation costs incurred by the Chargee) directly or indirectly arising out of or attributable to the non-compliance of the Chargor or its tenants, employees, or agents with the Requirements of Environmental Law and all such costs, expenses, damages or liabilities shall be secured hereby, and all such liability and indemnity shall survive the repayment of the indebtedness secured hereby, foreclosure upon the Charge, and/or any other extinguishment of the obligations of the Chargor and Covenantors under the Charge and any other exercise by the Chargee of any remedies available to it against the Chargor.

#### LIENS

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

#### FIRST RIGHT OF REFUSAL

The Chargee shall have the first right of refusal with respect to any mortgage loan commitment that the Chargor is prepared to accept with respect for the replacement of this Charge upon its maturity. The Chargor shall provide the Chargee with a copy of any such mortgage commitment, and the Chargee shall have the right, exercisable by notice in writing delivered to the Chargor within three (3) business days of receipt of the commitment, to provide the financing offered thereon on the same terms and conditions as therein set out. Any loan commitment which the Chargor accepts with respect to the replacement of this Charge on the Property shall be conditional for three (3) business days following delivery of such mortgage loan

commitment to the Chargee in order to allow the Chargee to exercise its first right of refusal. Notwithstanding the foregoing, the Chargee covenants and agrees the foregoing shall not apply in respect of any mortgage loan commitment the Chargor is prepared to accept with respect to the replacement of this Charge upon its maturity, negotiated by the Chargee on behalf of the Chargor with Opvest Inc.

#### EXPROPRIATION

In the event the whole or any part of the Property is expropriated, the Chargor agrees all proceeds received from any such expropriation shall be paid directly to the Chargee provided that upon the payment of all amounts secured by this Charge, the Chargee shall have no further claim to any such proceeds.

#### SUBSEQUENT ENCUMBRANCES

Save and except for a second Charge/Mortgage of Land registered against title to the Property subsequent to the Charge herein, being Instrument No. AT12400, in favour of the Chargee in the amount of \$936,400.00, and a third Charge/Mortgage of Land registered against title to the Property subsequent to the Charge herein, being Instrument No. AT39224, in favour of Desjardins Financial Security Life Assurance Company in the amount of \$512,500.00, the Chargor shall not further mortgage, charge or encumber the Property without the prior written consent of the Chargee. Failure to comply with this provision shall at the option of the Chargee constitute an event of default under the within Charge. If the Chargor defaults in the payment of any instalment of principal or interest payable under any subsequent Charge/Mortgage of Land or other encumbrance affecting the Property, whether the Chargee has consented thereto or not, or in the observance or performance of any of the agreements, terms or provisos of any such

Charge/Mortgage of Land or other encumbrance, then at the option of the Chargee, the entire principal secured under this Charge, together with all accrued and unpaid interest, shall become due and payable at the option of the Chargee and the Chargee shall be entitled to exercise all of its rights and remedies hereunder. Provided further in the event consent is given to a subsequent charge or encumbrance, the Chargor covenants as a condition of the Chargee's consent to ensure the subsequent charge or encumbrance shall not contain a cross default provision to the Charge herein.

#### ADDITIONAL SECURITY

The Chargor acknowledges a General Assignment of Rents and Leases, General Security Agreement, Assignment of Material Contracts and Agreements and Assignment of Nursing Home License (collectively the "Additional Security") are being given as further security to this Charge, which Additional Security is being granted by the Chargor to the Chargee and any default under the Additional Security shall constitute default under this Charge and any default under this Charge shall constitute default under the Additional Security and at the option of the Chargee require the entire principal secured under this Charge; together with all accrued and unpaid interest to become due and payable. Payment under the Additional Security shall constitute payment under this Charge and payment on account of this Charge shall constitute payment under the Additional Security.

It is agreed the Chargee's rights hereunder shall in no way merge or be affected by any proceedings the Chargee may take under the Additional Security and the Chargee shall not be required to take proceedings under such Additional Security or any part thereof before proceeding under this Charge, and conversely, no proceedings under this Charge shall in any way affect the rights of the Chargee under such Additional Security and the Chargee shall not be required to take proceedings under this Charge before proceeding under the Additional Security or any part thereof.

Upon request from the Chargee, the Chargor agrees forthwith upon delivery from time to time of any chattels in which it has an ownership interest (including replacements thereof) relating to the Property, it shall promptly notify the Chargee, and its solicitors, of such delivery and shall forthwith supply the Chargee with all serial numbers and a description of such chattels for the purposes of the aforementioned General Security Agreement, which description shall include make and model. The Chargor further agrees to provide written evidence of proof of purchase of the chattels, free of encumbrances, and of insurance of same, both in the form and content satisfactory to the Chargee.

#### CHARGOR SHAREHOLDERS

The Chargor and Covenantors covenant and agree with the Chargee they will not, during the term of this Charge or any renewal thereof, facilitate, arrange or permit the transfer, encumbrance, hypothecation or disposal of any of the shares in the Chargor to persons or entities other than the Covenantors or their respective holding companies without the prior written consent of the Chargee, such consent not to be unreasonably withheld. In the event the approval and consent of the Chargee is not first obtained with respect to the foregoing, it is agreed all monies secured hereunder with accrued interest thereon, shall, at the option of the Chargee, forthwith become due and payable and the Chargee shall have the right and option to exercise all its rights and remedies hereunder.

#### UNDERTAKINGS

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

under this Charge.

#### PLACE OF PAYMENTS

All payments under this Charge shall be paid to the Chargee at its principal offices in Toronto, Ontario, or as it or its agents may otherwise direct, before 1:00 p.m. on any payment date. The parties agree any payment received after 1:00 p.m. shall be deemed to have been made on the banking day next following.

#### NOTICE

Any notice, direction or other instrument required or permitted to be given under the provisions of this Charge shall be in writing and may be given by delivering same or mailing same or sending same by telegram, telex, telecommunication, facsimile or other similar form of communication, in each case addressed to the Chargee in care of Suite 700 - North Tower, 100 University Avenue, Toronto, Ontario, M5J 1V6, and to the Chargor and Covenantors at the address as set out on page 1 hereof. Any notice, direction or instrument aforesaid, shall if delivered, be deemed to have been given or made on the date it was so delivered; if sent by prepaid registered mail, be deemed to have been given or made the fifth day following the day on which it was so mailed; and if sent by telegram, telex, telecommunication, facsimile or other similar form of communication, be deemed to have been given or made on the day it was so sent. Any party may give written notice of change of address in the same manner, in which event any such notice shall thereafter be given to it as above provided at such changed address. In the event of interruption, for any reason, in one or more of the forms of communications listed above, the parties shall use a form which is not so interrupted with the intent that the form of communication used will give the addressee timely notice of the communication.

#### NURSING HOME LICENSE

The Chargor covenants and agrees during the term of this Charge and renewal thereof, it shall maintain in good standing all nursing home permits and licenses issued by any provincial or municipal governmental authority permitting and authorizing the Property to be operated as a long-term nursing home facility. The Chargor further covenants to keep the Chargee advised of any inspections of any governmental authority having jurisdiction over the nursing home and standards therein and provide to the Chargee copies of all inspection reports issued by any governmental authority within ten (10) days of receipt thereof including any directives, orders and suggestions to the Chargor. In addition to the powers of the Receiver set out in paragraph 34 of Standard Charge Terms No. 8616, the Receiver shall have the full power and unlimited authority to take over the entire operation at the Property, including the power to use and to surrender or arrange for the revocation of the nursing home license or permit for the Property in the event it should not be possible for the Chargee, in the event of default and in exercise of its enforcement proceedings to transfer or assign the said license or permit pursuant to the legislation governing same. The Chargor covenants and agrees that any breach of the foregoing provision shall constitute a default under the terms of this Charge and the Chargee, at its option, may declare all amounts due and payable under the Charge, together with accrued interest, to be due and payable.

#### NURSING HOME EXPANSION

The Chargor covenants and agrees during the term of this Charge and any renewal thereof, it shall maintain in good standing and comply with all terms and provisions required by Her Majesty the Queen in the right of Ontario as represented by the Minister of Health and Long-Term Care for Ontario (the "Ministry") in respect of its obligations arising out of an Agreement for the Development of Long-Term Facility Beds in Toronto East, dated July 27, 2001, in respect of proceeding with the expansion of the nursing home facilities at the Property to operate an additional 75 long-term care facility beds (the "Development Agreement"). The Chargor further covenants to keep the Chargee advised of any issues which may arise with respect to the Development Agreement and provide copies of all materials received from the Ministry in respect thereof, to the Chargee, within ten (10) days thereof, including any directives, orders and notices of default thereunder. In addition to the powers of the Receiver set out in paragraph 34 of Standard Charge Terms No. 8616, the Receiver shall have the full power and unlimited authority to take over completing all obligations of the Chargor under the Development Agreement and in the event it should not be possible for the Chargee to proceed with the foregoing, in the event of default and in exercise of its enforcement proceedings, to transfer or assign the Chargor's right, title and interest in the Development Agreement pursuant to the legislation governing same. The Chargor covenants and agrees that any breach of the foregoing provision shall constitute a default under the terms of this Charge and the Chargee, at its option, may declare all amounts due and payable under the Charge, together with accrued interest, to be due and payable.

#### NON-COMPLIANCE WITH MINISTRY REQUIREMENTS

The Chargor covenants and agrees, during the term of this Charge and any renewal thereof, it shall comply with and perform all obligations which it is required to perform, pursuant to the issuance by the Ministry of the Nursing Home License in respect of the Property and the operation of a nursing home at the Property and the expansion of the nursing home operations thereon. The Chargor acknowledges and agrees in the event there is any non-compliance with any Ministry guidelines, such

non-compliance shall constitute an event of default under this Charge, entitling the Chargee, at its option, to exercise all its rights and remedies under this Charge, including demanding payment in full of amounts due and payable, together with accrued interest.

#### CERTIFICATE OF INSURANCE

The Chargor hereby acknowledges that the loan secured by the within Charge has been insured by CMHC pursuant to a Certificate of Insurance having assigned CMHC reference No. 90-156-993. The Chargor and Covenantors further acknowledge having received a copy of the said Certificate of Insurance and agree the terms and provisions contained therein shall be read in conjunction with and shall form a part of the within Charge.

#### MISCELLANEOUS PROVISIONS

In the event of any discrepancy between the provisions contained in this Schedule and the provisions contained in Standard Charge Terms No. 8616, the provisions of this Schedule shall prevail.

LRO # 80 Notice Of Assignment Of Rents-General

Received as AT391093 on 2004 01 22 at 10:20

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

yyyy mm dd Page 1 of 5

**Properties**

<b>PIN</b>	06432 - 0340 LT	<b>Estate/Qualifier</b>	Fee Simple Absolute
<b>Description</b>	PCL 524-1, SEC M388 ; LT 524, PL M388 ; SCARBOROUGH , CITY OF TORONTO		
<b>Address</b>	96 CRAIGLEE DR SCARBOROUGH		
<b>PIN</b>	06432 - 0410 LT	<b>Estate/Qualifier</b>	Fee Simple Absolute
<b>Description</b>	CONSOLIDATION OF VARIOUS PROPERTIES : FIRSTLY: PART OF LOT 526, PLAN M388, DESIGNATED AS PART 2, PLAN 66R20226 ; SECONDLY: PART OF LOT 25, PLAN M388, DESIGNATED AS PART 4, PLAN 66R20226 ; THIRDLY: LOT 509, PLAN M388 ; FOURTHLY: PART OF LOT 510, PLAN M388 ; FIFTHLY: LOT 513 AND PART OF LOT 512, BEING THE WLY 7 FT 10 INCHES, PLAN M388 ; SIXTHLY: LOT 514, PLAN M388 ; SEVENTHLY: LOT 511 (EXCEPT PART 1, PLAN 66R11153), PART OF LOT 512, LYING TO THE EAST OF THE NORTHERLY 7 FT 10 INCHES, PLAN M388, CITY OF TORONTO.		
<b>Address</b>	102 CRAIGLEE DRIVE SCARBOROUGH		
<b>PIN</b>	06432 - 0336 LT	<b>Estate/Qualifier</b>	Fee Simple Absolute
<b>Description</b>	PCL 2677, SEC TOWNSHIP OF SCARBORO ; LT 508, PL M388 ; SCARBOROUGH , CITY OF TORONTO		
<b>Address</b>	00010 SHARPE STREET SCARBOROUGH		
<b>PIN</b>	06432 - 0339 LT	<b>Estate/Qualifier</b>	Fee Simple Absolute
<b>Description</b>	PCL 523-1, SEC M388 ; LT 523, PL M388 ; SCARBOROUGH , CITY OF TORONTO		
<b>Address</b>	00094 CRAIGLEE DRIVE SCARBOROUGH		
<b>PIN</b>	06432 - 0409 LT	<b>Estate/Qualifier</b>	Fee Simple Absolute
<b>Description</b>	CONSOLIDATION OF VARIOUS PROPERTIES : FIRSTLY: PART OF LOT 526, PLAN M388, DESIGNATED AS PART 1, PLAN 66R20226 ; SECONDLY: PART OF LOT 525, PLAN M388, DESIGNATED AS PART 3, PLAN 66R20226, CITY OF TORONTO.		
<b>Address</b>	9 & 11 VANBRUGH AVENUE SCARBOROUGH		

This is Exhibit F referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009.

COMMISSIONER FOR TAKING AFFIDAVITS

**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** CRAIGLEE NURSING HOME LIMITED  
**Address for Service** 102 Craiglee Drive  
Scarborough, Ontario  
M1N 2M7

I, Roy Washington McDougall, President and I, Doris May McDougall, Secretary, 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** FIRST NATIONAL FINANCIAL CORPORATION  
**Address for Service** 100 University Avenue  
Suite 700 - North Tower  
Toronto, Ontario  
M5J 1V6  
Loan No.: 504680

**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, AT391092 registered on 2004/01/22 to which this notice relates is deleted

Schedule: See Schedules

000086

LRO # 80 Notice Of Assignment Of Rents-General

Received as AT391093 on 2004 01 22 at 10:20

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

yyyy mm dd Page 2 of 5

**Signed By**

Brett Jason Tkatch	20 Queen Street West Suite 1400 Toronto M5H 2V3	acting for Applicant(s)	Signed	2004 01 22
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Tel 4165931221

Fax 4165935437

Brett Jason Tkatch	20 Queen Street West Suite 1400 Toronto M5H 2V3	acting for Party To(s)	Signed	2004 01 22
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Tel 4165931221

Fax 4165935437

**Submitted By**

BLANEY MCMURTRY LLP	20 Queen Street West Suite 1400 Toronto M5H 2V3	2004 01 22
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Tel 4165931221

Fax 4165935437

**Fees/Taxes/Payment**

Statutory Registration Fee	\$60.00
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Total Paid	\$60.00
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**File Number**

Party To Client File Number :	075754-071
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## GENERAL ASSIGNMENT OF RENTS

THIS ASSIGNMENT made as of the 21st day of January, 2004.

B E T W E E N:

CRAIGLEE NURSING HOME LIMITED,  
(hereinafter called the "Assignor")  
OF THE FIRST PART;

- and -

FIRST NATIONAL FINANCIAL CORPORATION,  
(hereinafter called the "Assignee")  
OF THE SECOND PART;

1. As security for the payment for all obligations, indebtedness and liability of the Assignor to the Assignee under a Charge of Land in favour of the Assignee, securing the original principal sum of \$11,781,565.00, and any amendments thereto and extensions thereof (the "Charge") given by the Assignor to the Assignee on those lands and premises legally described on Page 1 to which this Schedule is attached, having assigned PIN's 06432-0340 (LT), 06432-0410 (LT), 06432-0336 (LT), 06432-0339 (LT) and 06432-0409 (LT), municipally known as 94, 96 & 102 Craiglee Drive, 10 Sharpe Street and 9 & 11 Vanbrugh Avenue, Toronto (formerly Scarborough), Ontario (collectively the "Property") known as "Craiglee Nursing Home" (the "Lands") whether such obligations, indebtedness or liabilities are incurred prior to, at the time of, or subsequent to, the execution of this Assignment, the Assignor hereby grants, assigns and transfers to the Assignee:

(a) All leases, licenses, occupancy agreements and other agreements permitting the occupation or use of the Lands or any part thereof, whether in existence at the date of this Assignment or hereafter, and all renewals thereof (all of which leases, licenses and other agreements are hereinafter referred to as "Leases") and any guarantee of all or any of the obligations under any of the Leases; and,

(b) All rentals, income, receipts, profits and other monies payable to the Assignor under the Leases including, without limiting the generality of the foregoing, all rents, income, subsidies or payments received from any and all competent governmental authorities (all of which rentals, income receipts, profits and other monies are hereinafter referred to as "Rentals").

2. In the event of default under the Charge or herein, the Assignee may at its option enter upon the Lands and collect in the name of the Assignor or in its own name as Assignee, the Rentals accrued but unpaid and in arrears at the date of such default, as well as the Rentals thereafter accruing and becoming payable during the period of the default. The Assignor shall from time to time forthwith on the Assignee's request, do, make and execute all notices and directions to tenants directing the payment of Rentals to the Assignee and other documents, acts, matters and things, as may be required by the Assignee in order to collect Rentals or otherwise give effect to these presents, and the Assignor hereby constitutes and appoints any officer of the Assignee, or any receiver appointed by the Court as hereinafter set out, the true and lawful Attorney of the Assignor irrevocably with power of substitution to do, make and execute all such notices, directions, documents, acts, matters or things with the right to use the name of the Assignor whenever and wherever it may be deemed necessary or expedient.

3. The Assignor shall from time to time forthwith on request furnish to the Assignee in writing all books and information requested relating to Rentals and the Assignee shall be entitled from time to time to have access to the lands and/or other premises occupied by the Assignor in order to inspect such books or information.

4. In the event of default under the Charge or herein, the Assignee may, in addition to any other rights, appoint by instrument in writing a receiver or receiver-manager in connection with the Rentals and remove or replace such receiver or receiver-manager from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of such receiver or receiver-manager. Where the Assignee is hereinafter in this Assignment referred to, the term shall, where the context permits, include any receiver or receiver-manager so appointed and the officers, employees, servants or agents of such receiver or receiver-manager.

5. In the event of default under the Charge or herein, the Assignee may, at its option, take over and assume the management, operation and maintenance of the Lands and perform all acts necessary and proper with respect to such management, operation and maintenance and expend such sums out of the income of the Lands as may be needed in connection therewith, in such manner and to the same extent as the Assignor, including the right to effect new Leases, renew existing Leases or make concessions to tenants and the Assignor hereby releases all claims against the Assignee arising out of such management, operation and maintenance, save and except the liability of the Assignee to account.

6. The Assignor represents and warrants to, and covenants and agrees with, the Assignee that:

(a) all Leases are valid, enforceable and in full force and effect;  
(b) save and except in the ordinary course of business, the Assignor has not done and will not do or omit to do any act having the effect of terminating, cancelling or accepting surrender of any of the Leases, or of waiving, releasing, reducing or abating any rights or remedies of the Assignor, or obligations of any other party thereunder or in connection therewith without the prior written consent of the Assignee;

- (c) none of such rights, remedies and obligations are or will be affected by any other agreement, document or understanding or by any reduction, abatement, defence, set-off or counterclaim;
- (d) none of the Leases or the Assignor's rights thereunder (including the right to receive the Rentals) have been or will be amended, assigned, encumbered or discounted, except as currently disclosed by the records of the Land Registry Office;
- (e) none of the Rentals have been or will be paid prior to the due date for payment thereof except as provided in the Leases, but in no case for more than a one (1) month period;
- (f) the Assignor will observe and perform all of its obligations under the Leases;
- (g) there has been no default under any of the Leases by any of the parties thereto of which the Assignor has notice;
- (h) there is no outstanding dispute under any of the Leases by any of the parties thereto; and,
- (i) neither the Assignor nor any previous owner of the Lands has executed a prior assignment of the Leases or the Rentals except as currently disclosed by the records of the Land Registry Office.
7. The Assignor hereby covenants and warrants that a further assignment of Leases or Rentals shall not be granted unless the Assignor provides the Assignee with an acknowledgement from any subsequent creditor that this Assignment shall have full priority over any such further assignment.
8. Nothing herein contained shall have the effect of making the Assignee responsible for the collection of Rentals or any part thereof, or for the performance of any of the obligations or conditions under or in respect of the Leases or any of them to be observed and performed by the Assignor, or to take any action or enforce any remedy against any person with respect to any breach of any of the Leases, and that the Assignee shall not by virtue of this Assignment, or its receipt of the Rentals or any part thereof, become or be deemed a mortgagee in possession. The Assignee shall be liable to account for only such monies as shall actually come into its hands, less proper collection charges, provided that such monies may be applied on account of any indebtedness of the Assignor to the Assignee.
9. The Assignor shall be entitled to collect and receive the Rentals as they become due under the Leases unless and until default occurs under the Charge or herein and the Assignee gives notice to any tenant, user, occupier, licensee or other party entitled to occupation or use of any part of the Lands under any of the Leases requiring that the Rentals be paid to the Assignee, but nothing in this section 9 shall permit or authorize the Assignor to collect any of the Rentals prior to their due date.
10. None of the rights or remedies of the Assignee under the Charge shall be delayed or in any way prejudiced by this Assignment. Notwithstanding any variation of the terms of the Charge or any extension of time for payment of the monies secured by the Charge or any part thereof or any release of part or parts of the premises or any collateral security, the Leases and the Rentals hereby assigned shall continue as collateral security until all monies secured by the Charge have been paid in full.
11. Save as otherwise agreed between the parties in writing, and save as hereinafter set out, the Assignment and the Charge collectively constitute the entire agreement between the parties as regards the assignment of Leases and Rentals and the rights and liabilities of the parties and there are no other representations, collateral agreements or conditions in respect of the Leases or Rentals. This Assignment is in addition to and not in substitution for any other agreement between the parties including, without limiting the generality of the foregoing, any agreement creating a security interest in the Leases or Rentals and whether heretofore or hereinafter made, and the terms of such agreement or agreements shall be deemed to be continued unless expressly provided to the contrary in writing and signed by the parties.
12. Any notice required by or given under or in connection with this Assignment may be effectively given if it is in written form and given in the same manner and extent as provided for in the Charge.
13. If any term of this Assignment or the application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Assignment or the application of such term to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term of this Assignment shall be separately valid and enforceable to the fullest extent permitted by law.
14. Any receiver or receiver-manager appointed out of this Assignment or by any Court shall be deemed to be an agent or agents of the Assignor and the Assignor shall be solely responsible for his or its or their acts and for his or its or their remuneration and expenses and the Assignee shall not be in any way responsible for any misconduct or negligence on the part of any such receiver or receiver-manager.
15. In the event that all amounts receivable under the Charge are received in full, the Assignor shall be entitled, at its sole expense to receive a discharge of this Assignment.
16. A discharge of the Charge shall operate as a reassignment to the Assignor of the rentals and leases referred to herein.
17. This Assignment shall be interpreted in accordance with the laws of the Province of Ontario.

18. This Assignment and everything contained herein shall extend to and bind and may be taken advantage of by the respective heirs, executors, administrators, successors and assigns, as the case may be, of each and every of the parties hereto and where there is more than one Assignor or there is a female party or a corporation, the provisions hereof shall be read with all grammatical changes thereby rendered necessary and where there is more than one Assignor all covenants shall be deemed to be joint and several.

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3

GENERAL SECURITY AGREEMENT1. SECURITY INTEREST

(a) As security for the payment of all obligations, indebtedness and liabilities of CRAIGLEE NURSING HOME LIMITED (hereinafter referred to as the "Debtor") to FIRST NATIONAL FINANCIAL CORPORATION (the "Creditor") whether incurred prior to, at the time of or subsequent to the execution hereof, relating to all obligations, indebtedness and liabilities of the Debtor to the Creditor under an electronic Charge/Mortgage of Land registered on the 22nd day of January, 2004 securing the principal sum of \$11,781,565.00, and any amendment thereto and extensions thereof (the "Charge") given by the Debtor to the Creditor on those lands and premises described on Schedule "A" hereon (the "Lands"), the Debtor hereby grants to the Creditor by way of mortgage, charge, assignment and transfer, a security interest (the "Security Interest") in all goods (including all parts, accessories, attachments, special tools, additions and accession thereto) located on the Lands, which are now owned or hereafter owned or acquired by or on behalf of the Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called "Collateral"), including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all inventory of whatever kind ("Inventory") located on the Lands;
- (ii) all equipment (other than Inventory) of whatever kind located on the Lands including, without limitation, all machinery, tools, apparatus, plant, furniture, appliances, fixtures and vehicles of whatsoever nature or kind belonging to and owned by the Debtor;
- (iii) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured which are now due, owing or accruing due to or owned by or which may hereafter become due, owing or accruing due or owned by the Debtor in connection with the Lands or the business operated by the Debtor thereon including, without limitation, letters of credit and advices of credit, which are now due, owing or accruing due to or owned by or which may hereafter become due, owing or accruing due to or owned by the Debtor ("Debts");
- (iv) all deeds, documents, writings, papers, books of account and other books relating to or connected with the Lands or the business operated by the Debtor thereon and which relate to or are records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (v) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other industrial property relating to or connected with the Lands or the business operated by the Debtor thereon;
- (vi) all monies, other than trust monies lawfully belonging to others, which now are or which may at any time hereafter be due and owing to or owned by the Debtor in connection with the Lands or the business operated by the Debtor thereon;
- (vii) all governmental licenses and permits issued by any governmental authority having jurisdiction with respect to the operation on the Lands of a nursing home known as "Craiglee Nursing Home" and any renewal or replacement thereof;
- (viii) all of the Debtor's right, title and interest in any and all agreements, including, without limitation, an Agreement for Development of Long-Term Care Facility in Toronto East dated July 27, 2001, entered into with Her Majesty The Queen in right of Ontario as represented by the Minister of Health and Long-Term Care for Ontario relating to the construction and expansion on the lands of a nursing home operating 94 nursing home beds and adding an additional 75 nursing home beds; and
- (vii) all property described in Schedule "B" annexed hereto.

(b) The Security Interest granted hereby shall not extend to or apply to, and the Collateral shall not include, the last date of the term of any lease or agreement therefor but upon the enforcement

This is Exhibit 5 referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009  
  
A COMMISSIONER FOR TAKING AFFIDAVITS

of the Security Interest the Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term;

(c) The terms "Goods", "Chattel Paper", "Documents of Title", "Instruments", "Intangibles", "Securities", "proceeds", "Inventory", and "accessions", whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of Ontario, R.S.O., 1990, as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "Act". Provided always that the terms "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the Act, and any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

## 2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and satisfaction of any and all obligations, indebtedness and liabilities of Debtor to the Creditor (including interest thereof) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety relating to all obligations of the Debtor to the Creditor under the Charge (hereinafter collectively called the "Indebtedness").

It is understood and agreed between the Debtor and Creditor herein that the covenant of the Debtor shall extend only to its respective interest in the property and business conducted thereon comprising the security being given to the Creditor and, in the event of default, there shall be no recourse by the Creditor to any other assets or interests of the Debtor or any other person who may have an interest in the land except for any tenant or occupant.

## 3. OWNERSHIP OF COLLATERAL

The Debtor represents and warrants that, except for the Security Interest created hereby, the Debtor is, or with respect to Collateral acquired after the date hereof will be, the owner of the Collateral free from any mortgage, lien, charge, security interest or encumbrance.

## 4. INSURANCE

The Debtor shall keep the Collateral insured against loss or damage by fire and such other risks as the Creditor may reasonably require to the full insurance value thereof, and shall either assign the insurance policies to the Creditor or have the loss thereunder made payable to the Creditor as the Creditor may require. At the request of the Creditor such policies shall be delivered to and held by it. Should the Debtor neglect to maintain such insurance the Creditor may insure and any premiums paid by the Creditor together with interest thereon shall be payable by the Debtor to the Creditor upon demand.

## 5. LIENS, ETC.

The Debtor shall keep the Collateral free and clear of all taxes, assessments, claims, liens and encumbrances and shall promptly notify the Creditor of any loss or damage to the Collateral or any part thereof.

## 6. USE OF COLLATERAL

Until the Security Interest shall have become enforceable, the Debtor may dispose of or deal with the Collateral in the ordinary course of its business, for the purpose of carrying on the same and in any lawful manner not inconsistent with the provisions hereof or any other agreements of the Debtor to the Creditor or with the terms of any policies of insurance relating thereto.

## 7. INFORMATION AND INSPECTION

The Debtor shall from time to time forthwith on request furnish to the Creditor in writing all information requested relating to the Collateral or any part thereof, and the Creditor shall be entitled from time to time to inspect the tangible Collateral wherever located including, without limitation, any books and records of the Debtor relating to the Collateral, and for such purpose the Creditor shall have access to all places where the Collateral or any part thereof is located and to all premises

occupied by the Debtor. The Debtor shall also deliver to the Creditor, as and when requested, such financial statements and other financial information relating to the Debtor and its business as required by the Creditor from time to time.

## 8. DEFAULT

8.1 In the event the Debtor shall default in the payment of all or any part of the Indebtedness or liability of the Debtor to the Creditor, or in the performance or observance of any other obligation or liability of the Debtor to the Creditor, then the Security Interest shall become enforceable and so long as it shall remain enforceable, the Creditor may proceed to realize the security constituted by this Security Agreement by sale or to enforce its rights by entry, or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receiver and manager or for sale of the Collateral or any part thereof or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claims and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy or other judicial proceedings relative to the Debtor. Any such sale may be made by public auction, by public tender or by private contract, with or without advertising and without any other formality, all of which are hereby waived by the Debtor, and such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as the Creditor, in its sole discretion, may deem advantageous and such sale may take place whether or not the Creditor has taken possession of such property and assets; provided however, that unless the Collateral is perishable or unless the Creditor believes on reasonable grounds that the Collateral will decline speedily in value the Debtor shall be entitled to not less than fifteen (15) days' notice of sale containing such information and statements as are prescribed by the Act.

8.2 In addition to the rights of the Creditor set forth in Paragraph 8.1, whenever the Security Interest shall have become enforceable and so long as it shall remain enforceable, the Creditor may, by instrument in writing, appoint any person to be a receiver (which term shall include a receiver and manager) of the Collateral including any rents and profits thereof and may remove any receiver and appoint another in his stead. Any such receiver or receivers so appointed shall be vested with all the powers and rights of the Creditor and shall have power to take possession of the Collateral or any part thereof and to carry on or concur in carrying on the business of the Debtor, and to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or for the carrying on of such business, and to further charge the Collateral in priority to the security constituted by this Security Agreement as security for money so borrowed, and to exercise all rights attaching or incidental to any securities owned by the Debtor and to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as he shall determine. Any such receiver shall for all purposes be deemed to be the agent of the Debtor and not the agent of the Creditor, and therefore, the Creditor shall not be responsible for the acts or omissions of the receiver. The Creditor may from time to time fix the remuneration of such receiver and direct the payment thereof out of the Collateral. The receiver shall apply all monies from time to time received by him in such of the following modes and in such order or priority as the Creditor may from time to time at its option direct, namely: in discharge of all rents, taxes, rates, insurance premiums and outgoings affecting the Collateral; in payment of the remuneration of the receiver; in keeping in good standing all liens and charges on the Collateral prior to the Security Interest; in payment of the costs of carrying out or executing any powers, duties or directions which are vested in the receiver; in payment of the interest accruing due on the Security Agreement and all other amounts owing hereunder; and in payment of the principal due and payable upon the Security Agreement and residue of any monies so received shall be paid to the Debtor. The Creditor, in appointing or refraining from appointing such receiver, shall not incur any liability to the receiver, the Debtor or otherwise.

8.3 In addition to the rights and remedies specifically provided herein, the Creditor shall, upon default have the rights and remedies of a secured party under the Act.

## 9. RECEIVABLES

The Creditor may collect, realize, sell, or otherwise deal with the Debts or any part thereof in such manner, upon such terms and conditions and at such time or times, whether before or after default, as may seem to it advisable and without notice to the Debtor. The Creditor shall not be liable or accountable for any failure to collect, realize, sell or obtain payment of the Debts 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 Creditor, the Debtor or any other person, firm or corporation in respect of the same. All monies collected or received by the

Creditor in respect of the Debts or other Collateral may be applied on account of such parts of the Indebtedness of the Debtor as the Creditor may, in its sole discretion, elect, or in the discretion of the Creditor may be released to the Debtor, all without prejudice to the liability of the Debtor or the Creditor's right to hold and realize the security constituted by this Security Agreement.

10. CHARGES AND EXPENSES

The Creditor 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 connection with the preparation and registration of this Security Agreement and in connection with the realization, disposition of, retention or collection of the Collateral or any part thereof, and such sums shall be a first charge on the proceeds of such realization, disposition or collection and shall be added to the Indebtedness secured by this Security Agreement and shall also be secured hereby.

11. DEALINGS BY THIRD PARTIES

No person dealing with the Creditor or its agent or a receiver shall be concerned to enquire whether the Security Interest has become enforceable, or whether the powers which the Creditor or its agent is purporting to exercise have become exercisable, or whether any money remains due upon the security constituted by this Security Agreement, or as to the necessity or expediency of the stipulations and conditions to which any sale shall be made, or as to the propriety or regularity of any sale, or of any other dealing by the Creditor with the Collateral, or to see to the application of any money paid to the Creditor.

12. ADDITIONAL COVENANTS

The Debtor hereby covenants and agrees with the Creditor, so long as this Security Agreement remains outstanding, that:

- (a) it will do, observe and perform all matters and things necessary or expedient to be done, observed or performed by virtue of any law of Canada or any province or municipality thereof for the purpose of creating and maintaining the security hereby constituted;
- (b) it will, at all times, maintain all licenses, permits and authorizations to enable it to conduct its business; will carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practice;
- (c) it will upon the reasonable request of the Creditor, provide the Creditor with such information concerning the Collateral and the business of the Debtor as required by the Creditor;
- (d) it will pay or cause to be paid all taxes, rates, government fees and dues, levies, assessed or imposed on it and its property or any part thereof as and when the same become due and payable, save and except when and so long as the validity of any such taxes, rates, fees, dues, levies, assessments or imposts is, in good faith, contested by it and will, if and when required in writing by the Creditor, furnish the Creditor for inspection, with receipts for any of such payments;
- (e) it will not, without the prior written consent of the Creditor, which may be granted or withheld by the Creditor, in its absolute discretion, sell, transfer, assign or otherwise dispose of any part of the Collateral other than in the ordinary course of its business, for the purpose of carrying on same in a lawful manner not inconsistent with the provisions of this agreement or any other agreement of the Debtor with the Creditor.

13. FURTHER ASSURANCES

The Debtor shall from time to time forthwith on the Creditor's request do, make and execute all such financing statements, further assignments, documents, acts, matters and things as may be required by the Creditor of, or with respect to, the Collateral or any part thereof or as may be required to give effect to these presents, and the Debtor hereby constitutes and appoints a duly authorized officer of the Creditor the true and lawful attorney of the Debtor irrevocable with full power of substitution to do, make and execute all such statements, assignments, documents, acts,

matters or things with the right to use the name of the Debtor whenever and wherever it may be deemed necessary or expedient.

14. DEALINGS BY THE CREDITOR

The Creditor 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 Creditor may see fit without prejudice to the liability to the Debtor or the Creditor's rights to hold and realize the security constituted by this Security Agreement.

15. NO REMEDY EXCLUSIVE

No remedy herein conferred upon or reserved to the Creditor for the realization of the Security Interest, enforcement of rights of the Creditor or otherwise is intended to be exclusive of any other remedy or remedies hereunder or under any security collateral hereto, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or under any other document or agreement in respect of the obligations to the Creditor owned by the Debtor. Every power and remedy given by this Security Agreement to the Creditor may be exercised from time to time as often as may be deemed expedient by the Creditor. The taking of any action or proceedings or refraining from so doing, or any other dealings with any other security for the monies secured hereby, shall not release or affect the security constituted by this Security Agreement.

16. DISCHARGE AND SATISFACTION

Upon satisfaction by the Debtor of all obligations of the Debtor owed to the Creditor, the Creditor shall, upon the request and at the expense of the Debtor, execute and deliver to the Debtor such releases and discharges as the Debtor may reasonably require.

17. WAIVER OF COVENANTS

The Creditor may waive any breach by the Debtor of any of the provisions contained in this Security Agreement or any failure by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder; provided that no such waiver by the Creditor shall extend to or be taken in any manner to affect any subsequent breach or failure or the rights resulting therefrom.

18. APPLICATION OF INSURANCE PROCEEDS

Any insurance monies received by the Creditor pursuant to this Security Agreement may at the option of the Creditor be applied to restoring, replacing or repairing the Collateral or any part thereof, or be paid to the Debtor, or any such monies may be applied in the sole discretion of the Creditor, in whole or in part, to the repayment of the obligations hereby secured or any part thereof whether then due or not, with any partial payments to be credited against principal amounts of Indebtedness payable by the Debtor in inverse order of maturity.

19. ATTACHMENT

Each of the Debtor and the Creditor acknowledges that it is its intention that the security interests herein created attach on the execution hereof by the Debtor (save as to after-acquired property forming part of the Collateral in respect of which attachment will result forthwith upon the Debtor acquiring rights thereto) and that value has been given.

20. NOTICES

Any notice required by or given under or in connection with this agreement may be effectively given if it is in written form and given in the same manner and extent as provided for in the Charge.

21. GENERAL

This agreement:

- (a) shall be a continuing agreement in every respect;
- (b) shall be governed by the laws of the Province of Ontario; and



- (c) may be terminated by the Debtor by written notice delivered to the Creditor at the above-mentioned address at any time when the Debtor is not indebted or liable to the Creditor.

For greater certainty, it is declared that any and all future loans, advances or other value which the Creditor may in its discretion make or extend to or for the account of the Debtor shall be secured by this agreement. Nothing contained in this agreement shall in any way obligate the Creditor to grant, continue, renew, extend time for payment of, or accept anything which constitutes or would constitute Indebtedness.

22. BINDING EFFECT

This Security Agreement is binding upon the Debtor and its successors and permitted assigns.

23. RECEIPT

The Debtor acknowledges receipt of a duplicate original hereof.

~~January~~ IN WITNESS WHEREOF debtor has executed this agreement this 20<sup>th</sup> day of ~~November~~ 2004, 2004.

CRAIGLEE NURSING HOME LIMITED

Per: *R. McDougall*  
Name: Roy Washington McDougall  
Title: President

Per: *D. M. McDougall*  
Name: Doris May McDougall  
Title: Secretary  
We have authority to bind the Corporation.

SCHEDULE "A"LEGAL DESCRIPTIONFIRSTLY:

Parcel 524-1, Section M-388,  
being Lot 524, Plan M-388,  
City of Toronto (formerly City of Scarborough), Land Titles Division of the Toronto Registry  
Office (No. 66), being all of PIN 06432-0340(LT).

SECONDLY:

Consolidation of Various Parcels:

Firstly: Part of Lot 526, Plan M-388,  
designated as Part 2, Plan 66R-20226;  
Secondly: Part of Lot 525, Plan M-388,  
designated as Part 4, Plan 66R-20226;  
Thirdly: Part of Lot 509, Plan M-388;  
Fourthly: Part of Lot 510, Plan M-388;  
Fifthly: Lot 515 and Part of Lot 512, being the  
westerly 7 feet 10 inches from front to rear, Plan M-388;  
Sixthly: Lot 514, Plan M-388; and  
Seventhly: Lot 511 (except Part 1, Plan 66R-11153) and Part of Lot 512, lying to the east of the  
northerly 7 feet 10 inches from front to rear, Plan M-388;  
City of Toronto (formerly City of Scarborough), Land Titles Division of the Toronto Registry  
Office (No. 66), being all of PIN 06432-0410(LT).

THIRDLY:

Parcel 2677, Section Township of Scarborough, being Lot 508, Plan M-388,  
City of Toronto (formerly City of Scarborough), Land Titles Division of the Toronto Registry  
Office (No. 66), being all of PIN 06432-0336(LT).

FOURTHLY:

Parcel 523-1, Section M-388,  
being Lot 523, Plan M-388,  
City of Toronto (formerly City of Scarborough), Land Titles Division of the Toronto Registry  
Office (No. 66), being all of PIN 06432-0339(LT).

FIFTHLY:

Consolidation of Various Properties:

Firstly: Part of Lot 526, Plan M-388, designated as Part 1, Plan 66R-20226,  
Secondly: part of Lot 525, Plan M-388, designated as Part 3, Plan 66R-20226,  
City of Toronto (formerly City of Scarborough), Land Titles Division of the Toronto Registry  
Office (No. 66), being all of PIN 06432-0409(LT).

MUNICIPAL ADDRESSES:

Firstly Lands - 96 Craiglee Drive, Toronto, Ontario, M1N 2M7  
Secondly Lands - 102 Craiglee Drive, Toronto, Ontario, M1N 2M7  
Thirdly Lands - 10 Sharpe Street, Toronto, Ontario, M1N 3T6  
Fourthly Lands - 94 Craiglee Drive, Toronto, Ontario, M1N 2M7  
Fifthly Lands - 9 & 11 Vanbrugh Avenue, Toronto, Ontario, M1N 3S8

SCHEDULE "B"

All the goods, chattels, equipment and fixtures now located on the Lands and belonging to and owned by the Debtor and any replacements thereof, as described in Schedule "B-1" attached hereto.

SCHEDULE "B-1"

CRAIGLEE NURSING HOMES LTD.

102 Craiglee Dr. Scarborough, ON M1N 2M7 Tel: 416-264-2260/2000

**LIST OF CHATTELS**

June 12, 2002

These are the list of chattels as requested:

Chattels in Administration Office

6 desks

12 Chairs

10 Filing Cabinets (3 - 2 drawer  
4 - 3 drawer  
3 - 4 drawer)**List of Chattels**

<u>Name</u>	<u>Model</u>	<u>Serial Number</u>
Raytherm Hot Water Boiler	250-T	11805989
Raytherm Hot Water Boiler	250-T	11805996
Raytherm Hot Water Boiler With Standing Pilot	514WTB	05906573
Raytherm Water Heater	250WTB	11850828
Ruadiator Boiler	250WTB	137796
Weil McLain	PCG-7	4
AirConditioner	No.60MAC 0000933ZR	L944737422
Carrier Air Conditioner	38AFP007500	298906446
Longhill Energy Products Heater	RT200B	Indirect Fired

Schedule "B-1" - Continued

-2-

**List of Chattels...cont'd**

<u>Name</u>	<u>Model</u>	<u>Serial Number</u>
Keeprite Rooftop Unit	KCRTA05H	5390960241
Electric Cool Gas Heat	CH-200	
Train Unit	RAUC-B756-B	C85G-02377
ITT Unit Heater	250-3-52	EAFJ4058N187
Carrier Weather Maker	50CD0075	306604256
Q-Plus Air Conditioner	38EN060530	3088E50357

<u>Make</u>	<u>Serial Number</u>
Washer Wascomat Senior W124/Triple Loader	8708/043185
" " "	9031/065001
" " "	8512/29181
" " "	80204/19804
Dryers Primus	112090
ADC	112085
(Downstairs) Heubsch Originator	TTEK9301005166
Hobart Dishwasher	238198
Kenmore Freezer	47148
Foster Freezer	K-8350R124

## List of Chattels...cont'd

-3-

<u>Make</u>	<u>Serial Number</u>
Raestone Freezer	63217
Oven - 1803-103-10C-1340 - Steamer	
Hobart Meat Cutter	1603895
Vulcan Stove	416663895
Holman Toaster	01053-0791
Atlas Fridge	08591090
Atlas Freezer	7-72255
Kenmore Fridge 19	872918784
Hobart Mixer	154732
Kenmore Mark 1 Stove	30607
Walk-In Freezer	2224-A
Mobile Fridge	79M457
Walk-In Cooler	5-B2131

Sitting Room First Floor

Couches	2
Chairs	8
TV	1
Love Seats	3
Tables	2

-4-

List of Chattels...cont'dSitting Room Second Floor

Couches	4
Chairs	10
TV	1
Love Seats	2
Tables	

Dining Room First Floor

1 Atlas Steam Table	
1 Atlas Fridge	
Tables	6
Chairs	21

Dining Room Second Floor

1 Atlas Fridge	
1 Atlas Steam Table	
Tables	8
Chairs	29

**INVENTORY OF CRAIGLEE NURSING HOME****June 12, 2002**

<b><u>Room 108</u></b> 4 Hospital type beds 4 clothes chests 2 sets of window drapes 4 sets of privacy drapes 3 pictures 4 night stands 2 T.V.'s 1 Geri-chair 2 easy chairs	<b><u>Room 116</u></b> 4 Hospital type beds 4 clothes chests 3 night tables 2 Geri-chairs 4 sets of privacy drapes 1 set of window drapes
<b><u>Room 109</u></b> 4 Hospital type beds 4 night tables 2 Geri-chairs 1 - T.V. 1 - T.V. stand 4 sets of privacy drapes 2 sets of window drapes 2 pictures 2 clothes chests	<b><u>Room 117</u></b> 4 Hospital type beds 3 night tables 1-3 drawer dresser 2 easy chairs 2 Geri-chairs 3 sets of privacy drapes 1 set of window drapes
<b><u>Room 112 Infirmary</u></b> 1 Clothes Chest 1 Hospital type bed 1 set of privacy drapes 1 set of window drapes 2 chairs 1 night table	<b><u>Room 118</u></b> 4 Hospital type beds 4 night tables 2 chairs 1 Geri-chair 1 - T.V. 2 clothes chests 4 sets of privacy drapes 1 set of window drapes
<b><u>Room 113</u></b> 2 Hospital type beds 2 clothes chests 2 night tables 2 sets of privacy drapes 1 set of window drapes 1 large dresser 1 small dresser	<b><u>Room 126</u></b> 2 Hospital type beds 2 Geri-chairs 2 folding chairs 1 night table 1-6 drawer dresser 1-4 drawer dresser 1-8 drawer dresser 1 bookcase 2 privacy drapes 1 set of window drapes 1 picture



Inventory of Craiglee Nursing Home...cont'd

<b><u>Room 127</u></b> 4 Hospital type beds 4 clothes chests 4 night stands 4 Geri-chairs 1 easy chair 4 sets of privacy drapes 1 set of window drapes	<b><u>Room 133</u></b> 4 Hospital type beds 3 clothes chests 2 night tables 1 set of window drapes 4 sets of privacy drapes 1 dresser 4 Geri-chairs
<b><u>Room 130</u></b> 4 Hospital type beds 3 night tables 4 clothes chests 3 Geri-chairs 2 easy chairs 2 sets of window drapes 4 sets of privacy drapes 1-4 drawer dresser 1 TV and 1 TV stand	<b><u>Room 141</u></b> 2 Hospital type beds 1 easy chair 1 Geri-chair 1 - 3 drawer dresser 1 - 6 drawer dresser 2 sets of privacy drapes 1 set of window drapes 6 pictures
<b><u>Room 131</u></b> 4 Hospital type beds 3 clothes chests 4 night tables 1 T.V. 1 T.V. stand 3 Geri-chairs 1 easy chair 2 sets of window drapes 4 sets of privacy drapes	<b><u>Room 142</u></b> 2 Hospital type beds 2 clothes chests 4 pictures 1 night table 2 sets of privacy drapes 2 Geri-chairs 1-4 drawer dressers 1 set of window drapes
<b><u>Room 132</u></b> 1 Hospital type bed 1 clothes chest 1 set of drapes 1 chair 1 night stand 1 set of window drapes	<b><u>Room 143</u></b> 2 Hospital type beds 5 pictures 1 set of window drapes 1 - 4 drawer dresser 1 - 3 drawer dresser 1 T.V. 1 T.V. stand 2 Geri-chairs 2 sets of privacy drapes

Inventory of Craiglee Nursing Home...cont'd

<b><u>Room 222</u></b> 4 Hospital type beds 4 chairs 4 night tables 1 set of window drapes 1 T.V. 2 clothes chests 4 privacy drapes	<b><u>Room 232</u></b> 4 Hospital type beds 4 night tables 3 clothes chests 2 T.V.'s 4 chairs 4 sets of privacy drapes 1 set of window drapes
<b><u>Room 226</u></b> 2 Hospital type beds 2 chairs 1 - 4 drawer dresser 2 night tables 1 T.V. 1 T.V. table 1 set of window drapes 2 sets of privacy drapes 1 foot stool	<b><u>Room 233</u></b> 1 Hospital type bed 1 dresser 1 clothes chest 1 chair 1 set of drapes 3 pictures
<b><u>Room 227</u></b> 4 Hospital type beds 4 - 3 drawer dressers 4 chairs 4 clothes chests 2 T.V.'s 1 rocking chair 1 T.V. stand 1 set of window drapes 4 sets of privacy drapes 1 plant	<b><u>Room 234</u></b> 4 Hospital type beds 3 clothes chests 4 Geri-chairs 1 set of window drapes 4 sets of privacy drapes 4 - 2 drawer night stands 1 picture
<b><u>Room 231</u></b> 4 Hospital type beds 1 Geri-chair 3 chairs 1 T.V. 1 T.V. stand 4 clothes chests 4 night tables 1 set of window drapes 4 sets of privacy drapes	<b><u>Room 242</u></b> 2 Hospital type beds 1 - 4 drawer dresser 2 chairs 1 set of drapes 2 privacy drapes 1 - 2 drawer night stand 2 pictures

Inventory of Craiglee Nursing Home...cont'd

<b><u>Room 208</u></b> 2 Hospital type beds 2 clothes chests 1 T.V. 2 sets of privacy drapes 1 set of window drapes 1 four drawer dresser 1 night table 2 Geri-chairs 3 pictures	<b><u>Room 214</u></b> 1 Hospital type bed 1 T.V. 1 night table 1 - 3 drawer dresser with bookcase 1 set of window drapes 1 Geri-chair 1 picture
<b><u>Room 209</u></b> 2 Hospital type beds 2 privacy curtains 1 set of window drapes 2 - 4 drawer dressers 2 Geri-chairs 2 clothes chests 2 pictures	<b><u>Room 215</u></b> 2 Hospital type beds 2 dressers 2 night tables 2 sets of privacy drapes 1 set of window drapes 1 T.V. 2 Geri-chairs 2 pictures
<b><u>Room 210A</u></b> 1 Hospital type bed 2 three drawer dressers 1 Geri-chair 1 clothes closet 1 T.V. 1 night stand 1 set of window drapes 1 picture	<b><u>Room 220</u></b> 4 Hospital type beds 3 night tables 4 clothes chests 3 chairs 1 plant 1 T.V. 1 dresser 5 pictures
<b><u>Room 210</u></b> 2 Hospital type beds 1 T.V. 2 three drawer dressers 2 clothes chests 1 easy chair and foot stool 1 set of window drapes 2 sets of privacy drapes 1 dresser 2 lamps	<b><u>Room 221</u></b> 4 Hospital type beds 4 chairs 1 T.V. 1 T.V. stand 2 night stands 1 - 4 drawer dresser 1 - 5 drawer dresser 3 pictures

Schedule "B-1" - ContinuedInventory of Craiglee Nursing Home...cont'd

<u>Room 243</u>	<u>Room 244</u>
2 Hospital type beds	2 Hospital type beds
1 bookcase	1 - 4 drawer dresser
2 dressers (1-3 drawer dresser 1-4 drawer dresser)	2 Geri-chairs
8 pictures	1 set of window drapes
1 wooden chair	2 night tables
1 easy chair	2 sets of privacy drapes
1 T.V.	3 pictures
1 plant stand	1 full length mirror
1 yellow chair	1 wall mirror
1 night stand	
1 set of window drapes	
2 sets of privacy drapes	

LRO # 80 Transfer Of Charge

Received as AT1017117 on 2005 12 21 at 11:06

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

yyyy mm dd Page 1 of 2

**Properties**

PIN 06432 - 0340 LT  
 Description PCL 524-1, SEC M388 ; LT 524, PL M388 ; SCARBOROUGH , CITY OF TORONTO  
 Address 96 CRAIGLEE DR  
 TORONTO

PIN 06432 - 0410 LT  
 Description CONSOLIDATION OF VARIOUS PROPERTIES : FIRSTLY: PART OF LOT 526, PLAN M388, DESIGNATED AS PART 2, PLAN 66R20226 ; SECONDLY: PT LOT 525, PLAN M388, DESIGNATED AS PART 4, PLAN 66R20226 ; THIRDLY: LOT 509, PLAN M388 ; FOURTHLY: LOT 510, PLAN M388 ; FIFTHLY: LOT 513 AND PART OF LOT 512, BEING THE WLY 7 FT 10 INCHES, PLAN M388 ; SIXTHLY: LOT 514, PLAN M388 ; SEVENTHLY: LOT 511 (EXCEPT PART 1, PLAN 66R11153), PART OF LOT 512, LYING TO THE EAST OF THE NORTHERLY 7 FT 10 INCHES, PLAN M388, CITY OF TORONTO.  
 Address 102 CRAIGLEE DRIVE  
 TORONTO

PIN 06432 - 0336 LT  
 Description PCL 2677, SEC TOWNSHIP OF SCARBORO ; LT 508, PL M388 ; SCARBOROUGH , CITY OF TORONTO  
 Address 10 SHARPE STREET  
 TORONTO

PIN 06432 - 0339 LT  
 Description PCL 523-1, SEC M388 ; LT 523, PL M388 ; SCARBOROUGH , CITY OF TORONTO  
 Address 94 CRAIGLEE DRIVE  
 TORONTO

PIN 06432 - 0409 LT  
 Description CONSOLIDATION OF VARIOUS PROPERTIES : FIRSTLY: PART OF LOT 526, PLAN M388, DESIGNATED AS PART 1, PLAN 66R20226 ; SECONDLY: PART OF LOT 525, PLAN M388, DESIGNATED AS PART 3, PLAN 66R20226, CITY OF TORONTO.  
 Address 9 & 11 VANBRUGH AVENUE  
 TORONTO

This is Exhibit H referred to in the  
 affidavit of Stephen Wood  
 sworn before me, this 23rd  
 day of April, 2009.

A COMMISSIONER FOR TAKING AFFIDAVITS

**Source Instruments**

Registration No.	Date	Type of Instrument
AT391092	2004 01 22	Charge/Mortgage

**Transferor(s)**

This transfer of charge affects all lands that the charge is against which are outstanding.

Name FIRST NATIONAL FINANCIAL CORPORATION  
 Address for Service First National Financial Corporation  
 100 University Avenue  
 Suite 700 - North Tower  
 Toronto, Ontario  
 M5J 1V6  
 Loan No.: 504680

I, Moray K. Tawse, V.P. - Mtg. Investments and I, Rick Ploen, Snr. Manager, Commercial Admin., have the authority to bind the corporation.

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

**Transferee(s)**

Capacity

Share

Name DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE  
 COMPANY  
 Address for Service c/o First National Financial Corporation  
 100 University Avenue  
 Suite 700 - North Tower  
 Toronto, Ontario  
 M5J 1V6

LRO # 80 Transfer Of Charge

Received as AT1017117 on 2005 12 21 at 11:06

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

yyyy mm dd Page 2 of 2

**Statements**

The chargee transfers the selected charge for \$2.00 and other good and valuable consideration

**Signed By**

Brett Jason Tkatch	2 Queen Street East Suite 1500 Toronto M5C 3G5	acting for Transferor(s)	Signed	2005 12 21
Tel	4165931221			
Fax	4165935437			
Brett Jason Tkatch	2 Queen Street East Suite 1500 Toronto M5C 3G5	acting for Transferee(s)	Signed	2005 12 21
Tel	4165931221			
Fax	4165935437			

**Submitted By**

BLANEY MCMURTRY LLP	2 Queen Street East Suite 1500 Toronto M5C 3G5	2005 12 21
Tel	4165931221	
Fax	4165935437	

**Fees/Taxes/Payment**

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

**File Number**

Transferee Client File Number: 0704300362

LRO # 80 Notice Of Assignment Of Rents-General

Received as AT1017118 on 2005 12 21 at 11:06

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

yyyy mm dd Page 1 of 3

**Properties**

PIN 06432 - 0410 LT  
 Description CONSOLIDATION OF VARIOUS PROPERTIES : FIRSTLY: PART OF LOT 526, PLAN M388, DESIGNATED AS PART 2, PLAN 66R20226 ; SECONDLY: PT LOT525, PLAN M388, DESIGNATED AS PART 4, PLAN 66R20226 ; THIRDLY: LOT 509, PLAN M388 ; FOURTHLY: LOT 510, PLN M388; FIFTHLY: LOT 513 AND PART OF LOT 512, BEING THE WLY 7 FT 10 INCHES, PLAN M388 ; SIXTHLY: LOT 514, PLAN M388 ; SEVENTHLY: LOT 511 (EXCEPT PART 1, PLAN 66R11153), PART OF LOT 512, LYING TO THE EAST OF THE NORTHERLY 7 FT 10 INCHES, PLAN M388, CITY OF TORONTO.  
 Address 102 CRAIGLEE DRIVE  
 TORONTO

PIN 06432 - 0409 LT  
 Description CONSOLIDATION OF VARIOUS PROPERTIES : FIRSTLY: PART OF LOT 526, PLAN M388, DESIGNATED AS PART 1, PLAN 66R20226 ; SECONDLY: PART OF LOT 525, PLAN M388, DESIGNATED AS PART 3, PLAN 66R20226, CITY OF TORONTO.  
 Address 9 & 11 VANBRUGH AVENUE  
 TORONTO

PIN 06432 - 0340 LT  
 Description PCL 524-1, SEC M388 ; LT 524, PL M388 ; SCARBOROUGH , CITY OF TORONTO  
 Address 96 CRAIGLEE DRIVE  
 TORONTO

PIN 06432 - 0336 LT  
 Description PCL 2677, SEC TOWNSHIP OF SCARBORO ; LT 508, PL M388 ; SCARBOROUGH , CITY OF TORONTO  
 Address 10 SHARPE STREET  
 TORONTO

PIN 06432 - 0339 LT  
 Description PCL 523-1, SEC M388 ; LT 523, PL M388 ; SCARBOROUGH , CITY OF TORONTO  
 Address 94 CRAIGLEE DRIVE  
 TORONTO

This is Exhibit I referred to in the  
 affidavit of Stephen Wood  
 sworn before me, this 23rd  
 day of April, 2009  
 A COMMISSIONER FOR TAKING AFFIDAVITS

**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 FIRST NATIONAL FINANCIAL CORPORATION  
 Address for Service First National Financial Corporation  
 100 University Avenue  
 Suite 700 - North Tower  
 Toronto, Ontario  
 M5J 1V6  
 Loan No.: 504680

I, Moray K. Tawse, V.P. - Mtg. Investments and I, Rick Ploen, Snr. Manager, Commercial Admin., 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 DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE  
 COMPANY  
 Address for Service c/o First National Financial Corporation  
 100 University Avenue  
 Suite 700 - North Tower  
 Toronto, Ontario  
 M5J 1V6

**Statements**

The applicant(s) acknowledges that the lessor assigning their rights is not the registered owner

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

LRO # 80 Notice Of Assignment Of Rents-General

Received as AT1017118 on 2005 12 21 at 11:06

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

yyyy mm dd Page 2 of 3

**Statements**

This notice may be deleted by the Land Registrar when the registered instrument, AT391092 registered on 2004/01/22 to which this notice relates is deleted

Schedule: See Schedules

This document relates to registration no.(s)AT391092 and AT391093

**Signed By**

Brett Jason Tkatch 2 Queen Street East Suite 1500 acting for Applicant(s) Signed 2005 12 21  
Toronto M5C 3G5

Tel 4165931221  
Fax 4165935437

Brett Jason Tkatch 2 Queen Street East Suite 1500 acting for Party To(s) Signed 2005 12 21  
Toronto M5C 3G5

Tel 4165931221  
Fax 4165935437

**Submitted By**

BLANEY MCMURTRY LLP 2 Queen Street East Suite 1500  
Toronto M5C 3G5 2005 12 21

Tel 4165931221  
Fax 4165935437

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

**File Number**

Party To Client File Number : 0704300362



**ASSIGNMENT OF GENERAL ASSIGNMENT OF RENTS**

This Assignment made as of the 20<sup>th</sup> day of December, 2005.

BETWEEN:

**FIRST NATIONAL FINANCIAL CORPORATION,**  
(hereinafter called the "Assignor")

OF THE FIRST PART

- and -

**DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY,**  
(hereinafter called the "Assignee")

OF THE SECOND PART

WHEREAS by a Charge/Mortgage registered in the Land Registry Office for the Land Titles Division of Toronto (No. 66) (the "Registry Office") on the 22<sup>nd</sup> day of January, 2004, as Instrument No. AT 391092, **CRAIGLEE NURSING HOME LIMITED**, as mortgagor (the "Mortgagor"), did grant, mortgage and charge those lands legally described on Schedule "A" attached hereto, municipally known as 94, 96 and 102 Craiglee Drive, 9 and 11 Vanbrugh Avenue and 10 Sharpe Street, Toronto, Ontario (collectively the "Property") in favour of the Assignor and its successors and assigns, to secure the payment of the principal sum of **ELEVEN MILLION SEVEN HUNDRED AND EIGHTY ONE THOUSAND FIVE HUNDRED AND SIXTY FIVE DOLLARS (\$11,781,565.00)** with interest as therein set out (the "Mortgage").

AND WHEREAS as collateral security to the Mortgage, the Mortgagor delivered to the Assignor a General Assignment of Rents, notice of which was registered in the Registry Office on the 22<sup>nd</sup> day of January, 2004 as Instrument No. AT 381093 (the "Assignment of Rents").

AND WHEREAS the Mortgagor has requested the Assignor assign the Mortgage and all collateral security, including the Assignment of Rents to the Assignee.

NOW THIS ASSIGNMENT WITNESSETH that in consideration of the premises and the sum of **TWO DOLLARS (\$2.00)**, and other good and valuable consideration now paid by the Assignee to the Assignor (the receipt of which is hereby acknowledged) the Assignor hereby assigns and sets over to the Assignee, the Assignor's interest as Assignee in the Assignments of Rents, together with all monies that may hereafter become due or owing in respect of the Assignments of Rents arising out of the Mortgage, as amended, together with the full benefit of all powers and of all covenants contained in the Assignments of Rents.

AND the Assignor makes this Assignment to the Assignee, to have and to hold the Assignments of Rents and all monies arising in respect of the same and to accrue thereon, to the use of the Assignee absolutely forever, but subject to the terms contained in the Assignments of Rents.

AND the Assignor hereby covenants with the Assignee that the Assignor to the best of its knowledge has not released or discharged the Assignments of Rents either partly or in its entirety.

AND this Assignment shall enure to the benefit of and be binding upon the Assignor and Assignee and their respective successors and assigns.

AND in construing this document, the words "Assignor", "Assignee", "Mortgagor" and "Mortgagee", and all personal pronouns shall be read as the number and gender of the party or parties referred to herein requires and all necessary grammatical changes, as of the context requires, shall be deemed to be made.

IN WITNESS WHEREOF the Assignor has duly executed this assignment as of the date indicated above.

**FIRST NATIONAL FINANCIAL  
CORPORATION**

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

**MORAY K. TAWSE**  
V.P. - MORTGAGE INVESTMENTS

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

**RICK PLOEN**  
Senior Manager  
Commercial Administration

I/we have authority to bind the Corporation.

**ASSIGNMENT OF GENERAL SECURITY AGREEMENT**

This Assignment made as of the 20<sup>th</sup> day of December, 2005.  
BETWEEN:

**FIRST NATIONAL FINANCIAL CORPORATION,**

(hereinafter called the "Assignor")

OF THE FIRST PART

- and -

**DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY**

(hereinafter called the "Assignee")

OF THE SECOND PART

**WHEREAS** by a Charge/Mortgage registered in the Land Registry Office for the Land Titles Division of Toronto (No. 66) (the "Registry Office") on the 22<sup>nd</sup> day of January, 2004, as Instrument No. AT 391092, **CRAIGLEE NURSING HOME LIMITED**, as mortgagor (the "Mortgagor"), did grant, mortgage and charge those lands legally described on Schedule "A" attached hereto, municipally known as 94, 96 and 102 Craiglee Drive, 9 and 11 Vanbrugh Avenue and 10 Sharpe Street, Toronto, Ontario (collectively the "Property") in favour of the Assignor and its successors and assigns, to secure the payment of the principal sum of **ELEVEN MILLION SEVEN HUNDRED AND EIGHTY ONE THOUSAND FIVE HUNDRED AND SIXTY FIVE DOLLARS (\$11,781,565.00)** with interest as therein set out (the "Mortgage").

**AND WHEREAS** as collateral security to the Mortgage, the Mortgagor delivered to the Assignor a General Security Agreement dated January 20, 2004 (the "GSA").

**AND WHEREAS** the Mortgagor has requested the Assignor assign the Mortgage and all collateral security, including the GSA, to the Assignee.

**NOW THIS ASSIGNMENT WITNESSETH** that in consideration of the premises and the sum of **TWO DOLLARS (\$2.00)**, and other good and valuable consideration now paid by the Assignee to the Assignor (the receipt of which is hereby acknowledged) the Assignor hereby assigns and sets over to the Assignee, the Assignor's interest as Creditor in the GSA, together with all monies that may hereafter become due or owing in respect of the GSA arising out of the Mortgage together with the full benefit of all powers and of all covenants contained in the GSA.

**AND** the Assignor makes this Assignment to the Assignee, to have and to hold the GSA and all monies arising in respect of the same and to accrue thereon, to the use of the Assignee absolutely forever, but subject to the terms contained in the GSA.

**AND** the Assignor hereby covenants with the Assignee that the Assignor to the best of its knowledge has not released or discharged the GSA either partly or in its entirety.

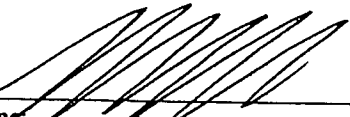

**THIS ASSIGNMENT** shall enure to the benefit of and be binding upon the Assignor and Assignee and their respective successors and assigns.

**IN WITNESS WHEREOF** the Assignor has duly executed this assignment as of the date indicated above.

**FIRST NATIONAL FINANCIAL CORPORATION**

This is Exhibit 1 referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009

  
A COMMISSIONER FOR TAKING AFFIDAVITS

Per:   
Name: **MORAY K. TAWSE**  
Title: **V.P. - MORTGAGE INVESTMENTS**  
Per:   
Name: **RICK PLOEN**  
Title: **Senior Manager**  
Commercial Administration  
I/We have authority to bind the Corporation.

LRO # 80 Discharge Of Charge

Received as AT1810233 on 2008 06 19 at 16:25

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

yyyy mm dd Page 1 of 2

**Properties**

PIN 06432 - 0409 LT

Description CONSOLIDATION OF VARIOUS PROPERTIES : FIRSTLY: PART OF LOT 526, PLAN M388, DESIGNATED AS PART 1, PLAN 66R20226 ; SECONDLY: PART OF LOT 525, PLAN M388, DESIGNATED AS PART 3, PLAN 66R20226, CITY OF TORONTO

☒ Affects Part of Prop

Address CITY OF TORONTO

**Document to be Discharged**

Registration No.	Date	Type of Instrument
AT391092	2004 01 22	Charge/Mortgage
AT1017117	2005 12 21	Transfer Of Charge

**Discharging Party(s)**

This discharge complies with the Planning Act. This discharge discharges the charge.

Name DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY  
 Address for Service 100 University Avenue  
 North Tower, Suite 700  
 Toronto, Ontario  
 M5J 1V6

I, Stephen A. Wood, Regional Vice-President, Mortgage Investments and Derek J. Franklin, Regional Vice-President, Credit, have the authority to bind the corporation.

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

The party giving this discharge is not the original chargee or is the original chargee and has changed it's name but is the party entitled to give an effective discharge

**Document(s) to be Deleted**

Registration No.	Date	Type of Instrument
AT391093	2004/01/22	Notice Of Assignment Of Rents-General
AT391094	2004/01/22	Notice Under S.71 Of The Land Titles Act
AT1017118	2005/12/21	Notice Of Assignment Of Rents-General
AT1017119	2005/12/21	Notice Under S.71 Of The Land Titles Act
AT1019710	2005/12/23	Notice Under S.71 Of The Land Titles Act
AT391124	2004/01/22	Postponement Of Interest
AT426482	2004/03/08	Postponement Of Interest
AT426483	2004/03/08	Postponement Of Interest

**Signed By**

Brett Jason Tkatch

2 Queen Street East Suite 1500  
Toronto  
M5C 3G5acting for  
Applicant(s)

Signed 2008 06 19

Tel 4165931221

Fax 4165935437

**Submitted By**

BLANEY MCMURTRY LLP

2 Queen Street East Suite 1500  
Toronto  
M5C 3G5

2008 06 19

Tel 4165931221

Fax 4165935437

**Fees/Taxes/Payment**

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

This is Exhibit K referred to in the  
 affidavit of Stephen Wood  
 sworn before me, this 23rd  
 day of April, 2009

A COMMISSIONER FOR TAKING AFFIDAVITS

000114

LRO # 80 Discharge Of Charge

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

Received as AT1810233 on 2008 06 19 at 16:25

yyyy mm dd Page 2 of 2

File Number

Discharging Party Client File Number: 0704300362

**Properties**

PIN 06432 - 0409 LT Interest/Estate Fee Simple  
Description CONSOLIDATION OF VARIOUS PROPERTIES : FIRSTLY: PART OF LOT 526, PLAN M388, DESIGNATED AS PART 1, PLAN 66R20226 ; SECONDLY: PART OF LOT 525, PLAN M388, DESIGNATED AS PART 3, PLAN 66R20226, CITY OF TORONTO.  
Address CITY OF TORONTO

**Chargor(s)**

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

Name CRAIGLEE NURSING HOME LIMITED  
Address for Service 9 Vanbrugh Avenue  
Scarborough, Ontario  
M1N 3S8

I, Roy McDougall, President and Doris McDougall, Secretary, have the authority to bind the corporation.  
This document is not authorized under Power of Attorney by this party.

**Chargee(s)**

Capacity

Share

Name DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY  
Address for Service 95 St. Clair Avenue West, Suite 1600  
Toronto, Ontario  
M4V 1N7  
Loan No. 6088221

**Statements**

Schedule: See Schedules

**Provisions**

Principal	\$11,781,565.00	Currency	CDN
Calculation Period	half yearly, not in advance		
Balance Due Date	2026/01/01		
Interest Rate	7.13%		
Payments	\$87,779.00		
Interest Adjustment Date	2006 01 01		
Payment Date	1st monthly		
First Payment Date	2006 02 01		
Last Payment Date	2026 01 01		
Standard Charge Terms	8616		
Insurance Amount	full insurable value		
Guarantor			

This is Exhibit L referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009

COMMISSIONER FOR TAKING AFFIDAVITS

**Signed By**

Shawn Darryl Wolfson 2 Queen Street East Suite 1500 acting for Chargor Signed 2009 02 20  
Toronto (s)  
M5C 3G5  
Tel 4165931221  
Fax 4165935437

**Submitted By**

BLANEY MCMURTRY LLP 2 Queen Street East Suite 1500 2009 02 20  
Toronto  
M5C 3G5  
Tel 4165931221

**Submitted By**

Fax 4165935437

**Fees/Taxes/Payment**

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

**File Number**

Chargee Client File Number : 0704300362

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This is a Schedule attached to a collateral Charge/Mortgage between  
**CRAIGLEE NURSING HOME LIMITED** (the "Chargor") and  
**DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY** (the "Chargee")  
relating to those lands and premises legally described as  
being Part of Lots 525 and 526, Plan M-388, designated as Parts 1 and 3, Plan 66R-20226  
having assigned PIN 06432-0409 (LT),  
municipally known as 9 Vanbrugh Avenue, Toronto, Ontario (the "Property")

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#### COLLATERAL SECURITY/CROSS COLLATERALIZATION

This Charge has been granted by the Chargor to and in favour of the Chargee, as collateral security in respect of the obligations of the Chargor under a first Charge/ Mortgage registered in the Land Titles Division of the Toronto Registry Office (No. 66) as Instrument No. AT391092 on January 22, 2004, as transferred to the Chargee by Transfer of Charge registered Instrument No. AT1017117 on December 21, 2005 and amended by Agreement Amending Charge/ Mortgage registered as Instrument No. AT1019710 on December 23, 2005, against the property municipally known as 94, 96 & 102 Craiglee Drive and 10 Sharpe Street, Toronto (formerly Scarborough), Ontario (collectively the "Nursing Home Property"), securing the original principal sum of \$11,781,565.00, which as of January 1, 2009 had an outstanding principal sum due thereunder in the amount of \$10,278,153.54 (the "Primary Charge"). The Chargor acknowledges, covenants and agrees default under this Charge shall constitute a default under the Primary Charge, and default under the Primary Charge shall constitute a default under this Charge, entitling the Chargee, at its option, to exercise all its rights and remedies under this Charge or the Primary Charge, at its option. In addition, it is agreed by the Chargor that the Chargee's rights hereunder shall in no way merge or be affected by any proceedings the Chargee may take under the Primary Charge and the Chargee shall not be required to take proceedings under the Primary Charge before proceeding under this Charge. Conversely, no proceedings under this Charge shall in any way affect the rights of the Chargee under the Primary Charge and the Chargee shall not be required to take proceedings under this Charge before proceeding under the Primary Charge. Payment in full of all amounts due and payable under the Primary Charge shall constitute payment in full of all amounts due under this Charge, and payment in full of all amounts due and payable under this Charge shall constitute payment in full of all amounts due under the Primary Charge.

#### INSURANCE

Without limiting the obligations of the Chargor under any provision of this Charge, the Chargor shall place or cause to be placed and shall keep in force throughout the term of this Charge the insurance coverage referred to in clause 8(f) of CMHC Standard Charge Terms No. 8616 including, without limitation, the following insurance coverage in respect of the Property. All such insurance coverage shall be placed and kept in force with a company or companies satisfactory to the Chargee and the Chargee shall receive the original policies of insurance signed by the insurer or insurers which policies are to be in form and content satisfactory to the Chargee. Where, under the insurance policies described below, loss is payable to the Chargee, such insurance policies shall show the loss payable to the Chargee as mortgagee.

##### Permanent Coverage:

- (a) All-risk coverage including coverage for the foundation of all improvements on a stated amount replacement cost basis (as per Insurance Bureau of Canada ("IBC") wording) with loss payable to the Chargee by way of an IBC approved mortgage clause. Such policy will permit the improvements on the Property to be completed and to be vacant or unoccupied for a period of at least thirty (30) days and shall also provide for partial occupancy.
- (b) Comprehensive broad form boiler insurance including unfired pressure vessels insurance and air-conditioning equipment, if any, including repair and replacement coverage, for an amount satisfactory to the Chargee with loss payable to the Chargee by way of a Boiler and Machinery Insurance Association mortgage clause.
- (c) Comprehensive general liability insurance for bodily injury and/or death and damage to property of others for a minimum amount of Two Million Canadian Dollars (\$2,000,000.00) per occurrence, written on an inclusive basis.
- (d) Flood, earthquake and building by-laws insurance coverage.

All cancellation and alteration clauses in the above-referenced policies, including those contained in the mortgage clause insurance endorsement, are to provide for not less than thirty (30) days prior notice to the Chargee of such cancellation or of any material alteration. The Chargee, acting reasonably, shall be entitled to require coverage of such other risks and perils as the Chargee may from time to time consider advisable or desirable and in respect of which insurance coverage may be available.

#### TAXES

Notwithstanding Section 5 of Standard Charge Terms No. 8616, until there is a default under this Charge, the Chargor shall make realty tax payments in respect of the Property to the taxing authority when same are due. After default the Chargee may, at its sole option, require the Chargor's strict compliance with respect to the terms and provisions of Section 5 of Standard Charge Terms No. 8616.

#### NO PREPAYMENT

Section 6 of Standard Charge Terms No. 8616 is hereby deleted and replaced with the following:

"It is understood and agreed between the Chargor and the Chargee that there shall be no right of prepayment of the Charge in whole or in part, during the term of the Charge or any renewals or extensions thereof."

#### DUE ON SALE

Section 26 of Standard Charge Terms No. 8616 is hereby deleted and replaced with the following:

- "(a) The Chargor covenants and agrees with the Chargee that in the event of the Chargor selling, conveying, transferring or entering into an agreement for sale or transfer of title of the Property hereby mortgaged (including but not limited to the sale of shares or other interests resulting in a transfer of majority ownership interest) to a purchaser or transferee not approved, in writing, by the Chargee, which approval shall not unreasonably be withheld, all monies hereby secured with accrued interest thereon shall at the option of the Chargee forthwith become due and payable together with compensation for lost interest as reasonably calculated by the Chargee.
- (b) The Chargor covenants and agrees with the Chargee beneficial title to the Property shall remain in the Chargor. In the event the Chargor sells, conveys, merges, alienates, mortgages or encumbers the Property or any part thereof, or shall be divested of its title or any interest therein, or there is a change in control of the Chargor by the sale, transfer of shares or otherwise, without the prior written consent of the Chargee, then all amounts due and payable under this Charge, together with accrued interest, at the option of the Chargee, may become due and payable, together with compensation for lost interest as reasonably calculated by the Chargee."

#### SPECIFIC ASSIGNMENT OF LEASES

As further security to this Charge, the Chargor covenants and agrees to grant to the Chargee, upon thirty (30) days prior notice in writing, a specific assignment of all leases of the premises in the building(s) on the Property comprising the security of this Charge.

#### RECEIVERSHIP & DEFAULT

Paragraph 34 of the Standard Charge Terms No. 8616 shall be amended by inserting the following after the word "contained" in the first sentence of the first paragraph:

"and without any objection or obstruction on the part of the Chargor."

Paragraph 34 (d) of the Standard Charge Terms No. 8616 is deleted from this Charge and is replaced with the following:

"Every such receiver shall be the agent or attorney of the Chargor and the Chargee shall not be responsible for his acts or omissions."

At the option of the Chargee, it shall constitute a default hereunder if the Chargor shall become insolvent or be the subject of any bankruptcy, arrangement with creditors, proposal, amalgamation or any transaction or series of transactions which results in a change in control of the Chargor, re-



organization, or any liquidation, winding-up, dissolution, or receivership or without the Chargee's consent, seek continuation under the laws of any other jurisdiction. In the event of a default by the Chargor under this Charge, or if the Chargor seek relief under the Companies' Creditors Arrangement Act or other debtor relief legislation, the Chargor will, if requested by the Chargee establish a separate project bank account for the Property.

#### RIGHT TO INSPECT AND ENVIRONMENTAL

The Chargee or agent of the Chargee or agent of Canada Mortgage and Housing Corporation (hereinafter called "CMHC") may, at any time, before and after default, and for any purpose deemed necessary by the Chargee or CMHC, enter upon the Property to inspect the Property and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee or CMHC (or their respective agents) may enter upon the Property to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee or CMHC and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the interest rate herein shall be payable by the Chargor forthwith and shall be a charge upon the Property. The exercise of any of the powers enumerated in this clause shall not deem the Chargee, CMHC or their respective agents to be in possession, management or control of the Property and building(s).

The Chargor agrees to observe and conform to all laws and requirements of any federal, provincial or any other governmental authority relating to the environment and the operation of the business activities of the Chargor, and to allow the Chargee access at all reasonable times to the Property and the business premises of the Chargor to monitor and inspect all property and business activities and to conduct, in the Chargee's sole discretion, environmental remedial actions at the expense of the Chargor. The Chargor shall notify the Chargee from time to time of any business activity conducted by the Chargor which involves the use or handling of Hazardous Substances or which increases the environmental liability of the Chargor in any material manner and provide the Chargee with immediate written notice of any environmental problem and any Hazardous Substances which have an adverse effect on the Property, equipment or business activities of the Chargor and with any other environmental information requested by the Chargee from time to time.

If the Chargor notifies the Chargee of any specified activity or change or provides the Chargee with any information, or if the Chargee receives any environmental information from other sources and determines, in its sole discretion, that a material adverse change in the environmental condition of the Property has occurred, the Chargee shall notify the Chargor of such decision and the Chargor shall either, at the option of the Chargee, undertake such remediation as is required to ensure compliance with applicable environmental or other regulations, or effect such remediation, in which event the Chargor shall indemnify the Chargee in respect of such expense. In addition, where a material and adverse change in the environmental condition of the Property has occurred, the Chargee may, at its option, demand repayment of all amounts outstanding under the Charge.

In consideration of the advance of funds by the Chargee, the Chargor hereby agrees that in addition to any liability imposed on the Chargor under any instrument evidencing or securing the loan indebtedness, the Chargor shall be liable for any and all of the costs, expenses, damages or liabilities of the Chargee, its directors and officers (including without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of any hazardous or noxious substances and such liability shall survive foreclosure of the security for the loan and any other existing obligations of the Chargor to the Chargee in respect of the loan and any other exercise by the Chargee of any remedies available to them for any default under the Charge.

In these provisions, "Requirements of Environmental Law" means all requirements of the common law or of statutes, regulations, by-laws, ordinances, treaties, judgements and decrees, and (whether or not they have the force of law) rules, policies, guidelines, orders, approvals, notices, permits, directives and the like, of any federal, territorial, provincial, regional, municipal or local judicial, regulatory or administrative agency, board or governmental authority relating to environmental or health or fire or safety matters, or any of them and the Property and the activities carried out thereon (whether in the past, present or the future) including, but not limited to, all such requirements relating to: (i) the protection, preservation or remediation of the natural environment (the air, land, surface water or groundwater); (ii) the generation, handling, treatment, storage, transportation or disposal of or other dealing with solid, gaseous or liquid waste; and (iii) substances or conditions that are prohibited, controlled or otherwise regulated or are otherwise hazardous in fact (collectively "Hazardous Substances") such as contaminants, pollutants, toxic, dangerous or hazardous substances, toxic, dangerous or hazardous materials, designated substances, controlled

products, including without limitation, wastes, subject wastes, urea formaldehyde foam type of insulation, asbestos or asbestos-containing materials, polychlorinated biphenyls ("PCB's") or PCB contaminated fluids or equipment, explosives, radioactive substances, petroleum and associated products, underground storage tanks or surface impoundments and (iv) the securing, protection, preservation and remediation of health, fire and/or safety concerns.

- (a) The Chargor warrants and represents that:
- (i) no Hazardous Substances have been or will in the future be used, stored, processed, manufactured, handled or discharged in, on, under or from the Property except in accordance with the Requirements of Environmental Law and provided that such Hazardous Substances have heretofore been disclosed to and approved by the Chargee in writing;
  - (ii) neither the Property nor, to the best of the Chargor's belief, any adjacent lands have ever been used as or for a waste disposal site or coal-gasification site, and there are not now, nor were there ever, any underground storage tanks on the Property.
  - (iii) all permits, licences, certificates, approvals, authorizations, registrations or the like required by the Requirements of Environmental Law for the operation on the Property of the business of the Chargor, or any tenant, subtenant, assignee or other occupant of the Property, have been obtained and are valid, in full force and effect and in good standing;
  - (iv) no environmental damage has ever occurred on, or will result from the use of, the Property by the Chargor or any tenant, subtenant, assignee or other occupant of the Property;
  - (v) there are no convictions (or prosecutions settled prior to conviction) or outstanding or threatened investigations, claims, work orders, notices, directives or other similar remedial actions against the Property or the Chargor in relation to any Requirements of Environmental Law and provide to the Chargee copies of any environmental, soils, safety or health reports or studies in respect of the Property that it receives or possesses from time to time; and

The Chargor covenants that it will:

- (i) remedy forthwith, at their own expense, any environmental damage that may occur or be discovered on the Property in the future;
- (ii) comply with and monitor, on a regular basis, its compliance and the compliance of any tenant, subtenant, assignee or other occupant of the Property with all Requirements of Environmental Law;
- (iii) notify the Chargee promptly of any event or occurrence that has given, or is likely to give, rise to a report, order, inquiry or investigation relating to a matter that may have an adverse effect on the financial position of the Chargor or the Property or any action, suit or proceeding against the Chargor or others having an interest in the Property relating to, or a violation of, the Requirements of Environmental Law, including any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of Hazardous Substances into, on or under the Property, air and surface and ground water, and will also notify the Chargee promptly of any such above-mentioned information of which the Chargor has or receive knowledge relating to lands adjacent to the Property;
- (iv) not lease or consent to any sub-lease or assignment of any part of the Property to a tenant, sub-tenant or assignee who may engage in; nor permit any tenant, subtenant, assignee or occupant of the Property to engage in, a business involving the generation of environmental contamination or the storing, handling, processing, manufacturing or disposing of Hazardous Substances in, on, under or from the Property save and except in accordance with the Requirements of Environmental Law, and any lease, sub-lease, or assignment of any part of the Property shall preserve as against any lessee, sub-lessee or assignee all of the rights of the Chargee herein;
- (v) save and except for those Hazardous Substances which are present on, in or under the Property in accordance with Requirements of Environmental Law and which have been disclosed to the Chargee in writing, remove, in accordance with all Requirements of

Environmental Law, any Hazardous Substances from the Property forthwith upon their discovery and advise the Chargee forthwith in writing of the procedures taken;

- (vi) provide to the Chargee upon request such information, certificates, or statutory declarations as to compliance with the provisions hereof and all Requirements of Environmental Law and conduct such environmental audits or site assessments as may be reasonably necessary to ensure compliance with the Requirements of Environmental Law, and provide to the Chargee copies of any environmental, soils, safety or health reports or studies in respect of the Property that it receives or possesses from time to time; and
- (vii) permit the Chargee to conduct inspections and appraisals of all or any of its records, business and property relating to the Property at any time and from time to time to monitor compliance with the Requirements of Environmental Law.

The Chargor further covenants that each will be liable for and fully indemnify the Chargee, its officers, directors and employees for any and all costs, expenses, damages or liabilities (including legal fees on a substantial indemnity basis and any environmental remediation costs incurred by the Chargee) directly or indirectly arising out of or attributable to the non-compliance of the Chargor or her tenants, employees, or agents with the Requirements of Environmental Law and all such costs, expenses, damages or liabilities shall be secured hereby, and all such liability and indemnity shall survive the repayment of the indebtedness secured hereby, foreclosure upon the Charge, and/ or any other extinguishment of the obligations of the Chargor under the Charge and any other exercise by the Chargee of any remedies available to it against the Chargor.

#### SUBSEQUENT ENCUMBRANCES-

The Chargor shall not further mortgage, charge or encumber the Property without the prior written consent of the Chargee and CMHC, not to be unreasonably withheld. Failure to comply with this provision shall at the option of the Chargee constitute an event of default under the within Charge. If the Chargor defaults in the payment of any instalment of principal or interest payable under any subsequent Charge/ Mortgage or other encumbrance affecting the Property (including any Charge/ Mortgage registered in priority to this Charge), whether the Chargee has consented thereto or not, or in the observance or performance of any of the agreements, terms or provisos of any such Charge/ Mortgage or other encumbrance, then at the option of the Chargee, the entire principal secured under this Charge, together with all accrued and unpaid interest, shall become due and payable at the option of the Chargee and the Chargee shall be entitled to exercise all of its rights and remedies hereunder. Provided further in the event consent is given to a subsequent charge or encumbrance, the Chargor covenants as a condition of the Chargee's consent to ensure the subsequent charge or encumbrance shall not contain a cross default provision to the Charge herein.

#### ADDITIONAL SECURITY

The Chargor acknowledges a General Assignment of Rents (the "GAR") is being given as further security to this Charge, which is being granted by the Chargor to the Chargee and any default under the GAR shall constitute default under this Charge and any default under this Charge shall constitute default under the GAR, and at the option of the Chargee, require the entire principal secured under this Charge; together with all accrued and unpaid interest to become due and payable. Payment under the GAR shall constitute payment under this Charge and payment on account of this Charge shall constitute payment under the GAR.

It is agreed the Chargee's rights hereunder shall in no way merge or be affected by any proceedings the Chargee may take under the GAR and the Chargee shall not be required to take proceedings under the GAR before proceeding under this Charge, and conversely, no proceedings under this Charge shall in any way affect the rights of the Chargee under the GAR and the Chargee shall not be required to take proceedings under this Charge before proceeding under the GAR or any part thereof.

#### NOTICE

Any notice, direction or other instrument required or permitted to be given under the provisions of this Charge shall be in writing and may be given by delivering same or mailing same or sending same by telegram, telex, telecommunication, facsimile or other similar form of communication, in each case addressed to the Chargee at the address disclosed on Page 1 of this Charge to which this Schedule is attached and to the Chargor at the address for service disclosed for the Chargor on Page 1 of this Charge to which this Schedule is attached. Any notice, direction or instrument aforesaid, shall if delivered, be deemed to have been given or made on the date it was so delivered; if sent by

prepaid registered mail, be deemed to have been given or made the fifth day following the day on which it was so mailed; and if sent by telegram, telex, telecommunication, facsimile or other similar form of communication, be deemed to have been given or made on the day it was so sent. Any party may give written notice of change of address in the same manner, in which event any such notice shall thereafter be given to it as above provided at such changed address. In the event of interruption, for any reason, in one or more of the forms of communications listed above, the parties shall use a form which is not so interrupted with the intent that the form of communication used will give the addressee timely notice of the communication.

#### MISCELLANEOUS PROVISIONS

In the event of any discrepancy between the provisions contained in this Schedule and the provisions contained in Standard Charge Terms No. 8616, the provisions of this Schedule shall prevail.

**Properties**

**PIN** 06432 - 0409 LT  
**Description** CONSOLIDATION OF VARIOUS PROPERTIES : FIRSTLY: PART OF LOT 526, PLAN M388, DESIGNATED AS PART 1, PLAN 66R20226 ; SECONDLY: PART OF LOT 525, PLAN M388, DESIGNATED AS PART 3, PLAN 66R20226, CITY OF TORONTO.  
**Address** CITY OF TORONTO

**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** CRAIGLEE NURSING HOME LIMITED  
**Address for Service** 9 Vanbrugh Avenue  
Scarborough, Ontario  
M1N 3S8

I, Roy McDougall, President and Doris McDougall, Secretary, have the authority to bind the corporation.  
This document is not authorized under Power of Attorney by this party.

**Party To(s)**

*Capacity*

**Name** DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE  
COMPANY  
**Address for Service** 95 St. Clair Avenue West, Suite 1600  
Toronto, Ontario  
M4V 1N7  
Loan No. 6088221

**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, AT2015651 registered on 2009/02/20 to which this notice relates is deleted

Schedule: See Schedules

**Signed By**

Shawn Darryl Wolfson	2 Queen Street East Suite 1500 Toronto M5C 3G5	acting for Applicant(s)	Signed	2009 02 20
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Tel 4165931221  
Fax 4165935437

Shawn Darryl Wolfson	2 Queen Street East Suite 1500 Toronto M5C 3G5	acting for Party To (s)	Signed	2009 02 20
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Tel 4165931221  
Fax 4165935437

**Submitted By**

BLANEY MCMURTRY LLP	2 Queen Street East Suite 1500 Toronto M5C 3G5	2009 02 20
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Tel 4165931221  
Fax 4165935437

**Fees/Taxes/Payment**

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

File Number

Party To Client File Number:

0704300362

GENERAL ASSIGNMENT OF RENTS

THIS ASSIGNMENT is dated as of the date of the electronic registration of the Notice of Assignment of Rents-General to which this schedule is attached.

B E T W E E N:

**CRAIGLEE NURSING HOME LIMITED**

(hereinafter called the "Assignor")

OF THE FIRST PART;

- and -

**DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE  
COMPANY**

(hereinafter called the "Assignee")

OF THE SECOND PART;

1. As security for the payment for all obligations, indebtedness and liability of the Assignor to the Assignee under a Charge/ Mortgage in favour of the Assignee securing the original principal sum of **ELEVEN MILLION SEVEN HUNDRED EIGHTY-ONE THOUSAND FIVE HUNDRED SIXTY-FIVE DOLLARS (\$11,781,565.00)** and any amendments thereto and extensions thereof (the "Charge") given by the Assignor to the Assignee on those lands and premises described on page 1 of the electronic form of Notice to which this document is attached (the "Lands") whether such obligations, indebtedness or liabilities are incurred prior to, at the time of, or subsequent to, the execution of this Assignment, the Assignor hereby grants, assigns and transfers to the Assignee:
  - (a) All leases, licenses and other agreements permitting the occupation or use of the Lands or any part thereof, whether in existence at the date of this Assignment or hereafter, and all renewals thereof (all of which leases, licenses and other agreements are hereinafter referred to as "Leases") and any guarantee of all or any of the obligations under any of the Leases; and,
  - (b) All rentals, income, receipts, profits and other monies payable to the Assignor under the Leases including, without limiting the generality of the foregoing, all rents, income, subsidies or payments received from any and all competent governmental authorities (all of which rentals, income receipts, profits and other monies are hereinafter referred to as "Rentals").
2. In the event of default under the Charge or herein, the Assignee may at its option enter upon the Lands and collect in the name of the Assignor or in its own name as Assignee, the Rentals accrued but unpaid and in arrears at the date of such default, as well as the Rentals thereafter accruing and becoming payable during the period of the default. The Assignor shall from time to time forthwith on the Assignee's request, do, make and execute all notices and directions to tenants directing the payment of Rentals to the Assignee and other documents, acts, matters and things, as may be required by the Assignee in order to collect Rentals or otherwise give effect to these presents, and the Assignor hereby constitutes and appoints any officer of the Assignee, or any receiver appointed by the Court as hereinafter set out, the true and lawful Attorney of the Assignor irrevocably with power of substitution to do, make and execute all such notices, directions, documents, acts, matters or things with the right to use the name of the Assignor whenever and wherever it may be deemed necessary or expedient.
3. The Assignor shall from time to time forthwith on request furnish to the Assignee in writing all books and information requested relating to Rentals and the Assignee shall be entitled from time to time to have access to the lands and/or other premises occupied by the Assignor in order to inspect such books or information.
4. In the event of default under the Charge or herein, the Assignee may, in addition to any other rights, appoint by instrument in writing a receiver or receiver-manager in connection

with the Rentals and remove or replace such receiver or receiver-manager from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of such receiver or receiver-manager. Where the Assignee is hereinafter in this Assignment referred to, the term shall, where the context permits, include any receiver or receiver-manager so appointed and the officers, employees, servants or agents of such receiver or receiver-manager.

5. In the event of default under the Charge or herein, the Assignee may, at its option, take over and assume the management, operation and maintenance of the Lands and perform all acts necessary and proper with respect to such management, operation and maintenance and expend such sums out of the income of the Lands as may be needed in connection therewith, in such manner and to the same extent as the Assignor, including the right to effect new Leases, renew existing Leases or make concessions to tenants and the Assignor hereby releases all claims against the Assignee arising out of such management, operation and maintenance, save and except the liability of the Assignee to account.
6. The Assignor represents and warrants to, and covenants and agrees with, the Assignee that:
  - (a) all Leases are valid, enforceable and in full force and effect;
  - (b) save and except in the ordinary course of business as a prudent landlord operating lands similar in kind, the Assignor has not done and will not do or omit to do any act having the effect of terminating, cancelling or accepting surrender of any of the Leases, or of waiving, releasing, reducing or abating any rights or remedies of the Assignor, or obligations of any other party thereunder or in connection therewith without the prior written consent of the Assignee;
  - (c) none of such rights, remedies and obligations are or will be affected by any other agreement, document or understanding or by any reduction, abatement, defence, set-off or counterclaim;
  - (d) save and except in the ordinary course of business as a prudent landlord operating lands similar in kind, none of the Leases or the Assignor's rights thereunder (including the right to receive the Rentals) have been or will be amended, assigned, encumbered or discounted, except as currently disclosed by the records of the Land Registry Office;
  - (e) none of the Rentals have been or will be paid prior to the due date for payment thereof except as provided in the Leases, but in no case for more than a one (1) month period;
  - (f) the Assignor will observe and perform all of its obligations under the Leases;
  - (g) there has been no default under any of the Leases by any of the parties thereto of which the Assignor has notice;
  - (h) there are no outstanding disputes under any of the Leases by any of the parties thereto; and,
  - (i) neither the Assignor nor any previous owner of the Lands has executed a prior assignment of the Leases or the Rentals except as currently disclosed by the records of the Land Registry Office.
7. The Assignor hereby covenants and warrants that a further assignment of Leases or Rentals shall not be granted unless the Assignor provides the Assignee with an acknowledgement from any subsequent creditor that this Assignment shall have full priority over any such further assignment.
8. Nothing herein contained shall have the effect of making the Assignee responsible for the collection of Rentals or any part thereof, or for the performance of any of the obligations or conditions under or in respect of the Leases or any of them to be observed and performed by the Assignor, or to take any action or enforce any remedy against any person with respect to any breach of any of the Leases, and that the Assignee shall not by virtue of this Assignment, or its receipt of the Rentals or any part thereof, become or be deemed a mortgagee in possession. The Assignee shall be liable to account for only such monies as



shall actually come into its hands, less proper collection charges, provided that such monies may be applied on account of any indebtedness of the Assignor to the Assignee.

9. The Assignor shall be entitled to collect and receive the Rentals as they become due under the Leases unless and until default occurs under the Charge or herein and the Assignee gives notice to any tenant, user, occupier, licensee or other party entitled to occupation or use of any part of the Lands under any of the Leases requiring that the Rentals be paid to the Assignee, but nothing in this Section 9 shall permit or authorize the Assignor to collect any of the Rentals prior to their due date.
10. None of the rights or remedies of the Assignee under the Charge shall be delayed or in any way prejudiced by this Assignment. Notwithstanding any variation of the terms of the Charge or any extension of time for payment of the monies secured by the Charge or any part thereof or any release of part or parts of the premises or any collateral security, the Leases and the Rentals hereby assigned shall continue as collateral security until all monies secured by the Charge have been paid in full.
11. Save as otherwise agreed between the parties in writing, and save as hereinafter set out, the Assignment and the Charge collectively constitute the entire agreement between the parties as regards the assignment of Leases and Rentals and the rights and liabilities of the parties and there are no other representations, collateral agreements or conditions in respect of the Leases or Rentals. This Assignment is in addition to and not in substitution for any other agreement between the parties including, without limiting the generality of the foregoing, any agreement creating a security interest in the Leases or Rentals and whether heretofore or hereinafter made, and the terms of such agreement or agreements shall be deemed to be continued unless expressly provided to the contrary in writing and signed by the parties.
12. Any notice required by or given under or in connection with this Assignment may be effectively given if it is in written form and given in the same manner and extent as provided for in the Charge.
13. If any term of this Assignment or the application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Assignment or the application of such term to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term of this Assignment shall be separately valid and enforceable to the fullest extent permitted by law.
14. Any receiver or receiver-manager appointed out of this Assignment or by any Court shall be deemed to be an agent or agents of the Assignor and the Assignor shall be solely responsible for his or its or their acts and for his or its or their remuneration and expenses and the Assignee shall not be in any way responsible for any misconduct or negligence on the part of any such receiver or receiver-manager.
15. In the event that all amounts receivable under the Charge are received in full, the Assignor shall be entitled, at its sole expense to receive a discharge of this Assignment.
16. A discharge of the Charge shall operate as a reassignment to the Assignor of the rentals and leases referred to herein.
17. This Assignment shall be interpreted in accordance with the laws of the Province of Ontario.
18. This Assignment and everything contained herein shall extend to and bind and may be taken advantage of by the respective heirs, executors, administrators, successors and assigns, as the case may be, of each and every of the parties hereto and where there is more than one Assignor or there is a female party or a corporation, the provisions hereof shall be read with all grammatical changes thereby rendered necessary and where there is more than one Assignor all covenants shall be deemed to be joint and several.



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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

06432-0409 (L7)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PAGE 1 OF 1  
PREPARED FOR dkearns01  
ON 2009/04/15 AT 11:52:34

## PROPERTY DESCRIPTION:

CONSOLIDATION OF VARIOUS PROPERTIES: FIRSTLY, PART OF LOT 526, PLAN M388, DESIGNATED AS PART 1, PLAN 66R20226; SECONDLY, PART OF LOT 525, PLAN M388, DESIGNATED AS PART 3, PLAN 66R20226, CITY OF TORONTO.

## PROPERTY REMARKS:

## ESTATE/QUALIFIER:

FEE SIMPLE  
ABSOLUTE

## RECENTLY:

CONSOLIDATION FROM 06432-0405 06432-0407

FIN CREATION DATE:  
2003/07/23OWNERS' NAMES  
CRAIGLEE NURSING HOME LIMITED

CAPACITY SHARE

REG. NO.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
A256117	1968/12/03	BYLAW				C
C495866	1988/08/15	TRANSFER			MULTI-CARE NURSING SERVICES LTD.	C
E389708	2001/01/29	APL CH NAME OWNER			CRAIGLEE NURSING HOME LIMITED	C
E463884	2001/10/05	TRANSFER	\$222,000		CRAIGLEE NURSING HOME LIMITED	C
66R20226	2003/02/18	PLAN REFERENCE REMARKS: PLAN OF SURVEY OF LOTS 525 & 526, PLAN 66R388, SCARBOROUGH, CITY OF TORONTO.				C
AT114170	2003/03/04	TRANSFER			CRAIGLEE NURSING HOME LIMITED	C
AT118898	2003/03/11	APL CONSOLIDATE			CRAIGLEE NURSING HOME LIMITED	C
AT1889172	2008/09/08	CHARGE	\$126,000		CRAIGLEE NURSING HOME LIMITED	C
AT2015651	2009/02/20	CHARGE	\$11,781,565		CRAIGLEE NURSING HOME LIMITED	C
AT2015652	2009/02/20	NO ASSGN RENT GEN REMARKS: RENTS RE: AT2015651			CRAIGLEE NURSING HOME LIMITED	C
AT2025023	2009/03/06	CHARGE	\$350,000		CRAIGLEE NURSING HOME LIMITED	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, IN THE DESCRIPTION REPRESENTED FOR THIS PROPERTY.  
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE CHECKED THEM ALL.This is Exhibit M referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009

A COMMISSIONER FOR TAKING AFFIDAVITS



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of Government  
and Consumer  
Services

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REGISTRY  
OFFICE 166

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

06432-0413 (L7)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PAGE 1 OF 4  
PREPARED FOR dkearns01  
ON 2009/04/15 AT 11:43:18

PROPERTY DESCRIPTION:

CONSOLIDATION OF VARIOUS PROPERTIES LOTS 508, 509, 510, 513, 514, 523, 524 ON PLAN M388; PART OF LOT 526 ON PLAN M388 DESIGNATED AS PART 2 ON PLAN 66R0226; PART OF LOT 525 ON PLAN M388 DESIGNATED AS PART 4 ON PLAN 66R0226; PART OF LOT 512 BEING THE WESTERLY 7 FEET 10 INCHES ON PLAN M388; LOT 511 (EXCEPT PART 1 ON PLAN 66R1153), PART OF LOT 512, LYING TO THE EAST OF THE NORTHERLY 7 FEET 10 INCHES ON PLAN M388; SCARBOROUGH, CITY OF TORONTO.

PROPERTY REMARKS:

ESTATE/QUALIFIER:  
FEE SIMPLE  
ABSOLUTE

RECENTLY:  
CONSOLIDATION FROM 06432-0336 06432-0339 06432-0340 06432-0410

PIN CREATION DATE:  
2006/02/21

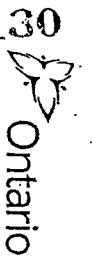
OWNERS' NAMES  
CRAIGLEE NURSING HOME LIMITED

CAPACITY SHARE

REG. NO.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHRD
** PRINTOUT	INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2006/02/21 **					
A256117	1968/12/03	BYLAW			CRAIGLEE NURSING HOME LIMITED	C
A282367	1969/11/13	TRANSFER			CRAIGLEE NURSING HOME LIMITED	C
A351818	1972/05/17	TRANSFER			CRAIGLEE NURSING HOME LIMITED	C
A375207	1972/11/30	NOTICE AGREEMENT			THE CORPORATION OF THE BOROUGH OF SCARBOROUGH	C
A612561	1977/04/19	TRANSFER			CRAIGLEE NURSING HOME LIMITED	C
66R1153	1979/07/26	PLAN REFERENCE				C
A880789	1980/03/10	TRANSFER			CRAIGLEE NURSING HOME LIMITED	C
A853871	1980/05/27	NOTICE AGREEMENT			THE CORPORATION OF THE BOROUGH OF SCARBOROUGH	C
A880786	1980/10/06	TRANSFER			CRAIGLEE NURSING HOME LIMITED	C
C288615	1986/06/02	TRANSFER			CRAIGLEE NURSING HOME LIMITED	C
C495866	1988/08/15	TRANSFER			MULTI-CARE NURSING SERVICES LTD.	C
C675055	1990/10/15	NOTICE REMARKS: LEASE OF CHATELLETS				C
E385708	2001/01/29	APL CH NAME OWNER		MULTI CARE NURSING SERVICES LTD.	CRAIGLEE NURSING HOME LIMITED	C

This is Exhibit N referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009  
  
A COMMISSIONER FOR TAKING AFFIDAVITS

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.  
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

06432-0413 (LT)

PAGE 2 OF 4  
PREPARED FOR dkearns01  
ON 2009/04/15 AT 11:43:18

SUBJECT TO RESERVATIONS IN CROWN GRANT

Doc. Num.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHRD
E463884	2001/10/05	TRANSFER	\$222,000	MCDONOUGH, ROY WASHINGTON MCDONOUGH, DORIS MAY	CRAIGLEE NURSING HOME LIMITED	C
E463893	2001/10/05	TRANSFER	\$208,000	MCDONOUGH, ROY WASHINGTON MCDONOUGH, DORIS MAY	CRAIGLEE NURSING HOME LIMITED	C
E463939	2001/10/05	TRANSFER		MCDONOUGH, ROY WASHINGTON MCDONOUGH, DORIS MAY	CRAIGLEE NURSING HOME LTD.	C
		CORRECTIONS: 'TRANSFER' CHANGED FROM 'CRAIGLEE NURSING HOME LTD.' TO 'CRAIGLEE NURSING HOME LTD.' ON 2002/06/28 BY TERESA FRANCO.				
E603543	2002/09/20	NOTICE AGREEMENT		CRAIGLEE NURSING HOME LIMITED	CITY OF TORONTO	C
AT4936	2002/09/27	APL (GENERAL) REMARKS: NAME CHANGE		CRAIGLEE NURSING HOME LTD.	CRAIGLEE NURSING HOME LIMITED	C
AT12400	2002/10/08	CHARGE		*** DELETED AGAINST THIS PROPERTY *** CRAIGLEE NURSING HOME LIMITED	FIRST NATIONAL FINANCIAL CORPORATION	
AT12401	2002/10/08	NO ASSGN RENT GEN REMARKS: AT12400 - RENTS		*** DELETED AGAINST THIS PROPERTY *** CRAIGLEE NURSING HOME LIMITED	FIRST NATIONAL FINANCIAL CORPORATION	
AT12402	2002/10/08	NOTICE		*** DELETED AGAINST THIS PROPERTY *** FIRST NATIONAL FINANCIAL CORPORATION		
AT12403	2002/10/08	NO SEC INTEREST		*** DELETED AGAINST THIS PROPERTY *** FIRST NATIONAL FINANCIAL CORPORATION	CRAIGLEE NURSING HOME LIMITED	
AT95979	2003/02/05	APL (GENERAL) REMARKS: RELEASE AND ABANDONMENT AT12396, AT12400 & AT39224		CRAIGLEE NURSING HOME LIMITED		C
AT95986	2003/02/05	APL (GENERAL) REMARKS: RELEASE AND ABANDONMENT C936261, AT12396, AT12400 & AT39224. CORRECTIONS: 'DATE OF REGN.' CHANGED FROM '2003/07/15' TO '2003/02/05' ON 2003/07/16 BY CHRIS T JUBB.		CRAIGLEE NURSING HOME LIMITED		C
66820226	2003/02/18	PLAN REFERENCE REMARKS: PLAN OF SURVEY OF LOTS 525 & 526, PLAN 66H3P8, SCARBOROUGH, CITY OF TORONTO.				C
AT114183	2003/03/04	TRANSFER		CRAIGLEE NURSING HOME LIMITED	CRAIGLEE NURSING HOME LIMITED	C
AT114195	2003/03/04	TRANSFER		CRAIGLEE NURSING HOME LIMITED	CRAIGLEE NURSING HOME LIMITED	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.  
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

06432-0413 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PAGE 3 OF 4  
PREPARED FOR dkearns01  
ON 2009/04/15 AT 11:43:18

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHRD
AT118898	2003/03/11	APL CONSOLIDATE		CRAIGLEE NURSING HOME LIMITED		C
AT118899	2003/03/11	APL CONSOLIDATE		CRAIGLEE NURSING HOME LIMITED		C
AT391092	2004/01/22	CHARGE	\$11,781,565	CRAIGLEE NURSING HOME LIMITED	FIRST NATIONAL FINANCIAL CORPORATION	C
AT391093	2004/01/22	NO ASSIGN RENT GEN REMARKS: RE: AT391092		CRAIGLEE NURSING HOME LIMITED	FIRST NATIONAL FINANCIAL CORPORATION	C
AT391094	2004/01/22	NOTICE REMARKS: RE: AT391092	\$11,781,565	FIRST NATIONAL FINANCIAL CORPORATION	CRAIGLEE NURSING HOME LIMITED	C
AT391095	2004/01/22	NO SEC INTEREST	\$11,781,565	FIRST NATIONAL FINANCIAL CORPORATION		C
AT391124	2004/01/22	POSTPONEMENT REMARKS: AT12400 TO AT391092		*** DELETED AGAINST THIS PROPERTY *** FIRST NATIONAL FINANCIAL CORPORATION	FIRST NATIONAL FINANCIAL CORPORATION	
AT426482	2004/03/08	POSTPONEMENT REMARKS: AT12401 TO AT391093		*** DELETED AGAINST THIS PROPERTY *** FIRST NATIONAL FINANCIAL CORPORATION	FIRST NATIONAL FINANCIAL CORPORATION	
AT426483	2004/03/08	POSTPONEMENT REMARKS: AT12402 TO AT391094		*** DELETED AGAINST THIS PROPERTY *** FIRST NATIONAL FINANCIAL CORPORATION	FIRST NATIONAL FINANCIAL CORPORATION	
AT426484	2004/03/08	POSTPONEMENT REMARKS: AT12403 TO AT391095		*** DELETED AGAINST THIS PROPERTY *** FIRST NATIONAL FINANCIAL CORPORATION	FIRST NATIONAL FINANCIAL CORPORATION	
AT1014167	2005/12/19	APL CONSOLIDATE		CRAIGLEE NURSING HOME LIMITED		C
AT1017117	2005/12/21	TRANSFER OF CHARGE REMARKS: AT391092		FIRST NATIONAL FINANCIAL CORPORATION	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	C
AT1017118	2005/12/21	NO ASSIGN RENT GEN REMARKS: AT391093		FIRST NATIONAL FINANCIAL CORPORATION	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	C
AT1017119	2005/12/21	NOTICE REMARKS: AT391094	\$2	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	FIRST NATIONAL FINANCIAL CORPORATION	C
AT1017120	2005/12/21	NO SEC INTEREST	\$2	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY		C

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



Ontario

Ministry  
of Government  
and Consumer  
Services

LAND  
REGISTRY  
OFFICE #66

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

06432-0413 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PAGE 4 OF 4  
PREPARED FOR dkearins01  
ON 2009/04/15 AT 11:43:18

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHRD
AT1019710 REMARKS: AMENDS A7391092	2005/12/23	NOTICE	\$2	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	CRAIGLEE NURSING HOME LIMITED	C
AT1813698	2008/06/24	CHARGE		*** COMPLETELY DELETED *** CRAIGLEE NURSING HOME LIMITED		
AT1889173 REMARKS: RE: AT1813698	2008/09/08	DISCH OF CHARGE		*** COMPLETELY DELETED *** SCOTIA MORTGAGE CORPORATION	SCOTIA MORTGAGE CORPORATION	
AT2008439 REMARKS: RE: AT12400	2009/02/06	DISCH OF CHARGE		*** COMPLETELY DELETED *** FIRST NATIONAL FINANCIAL CORPORATION		
AT2008440 REMARKS: RE: AT12403	2009/02/06	DISCHARGE INTEREST		*** COMPLETELY DELETED ***	FIRST NATIONAL FINANCIAL CORPORATION	
AT2025023	2009/03/06	CHARGE	\$350,000	CRAIGLEE NURSING HOME LIMITED	EXTENDICARE (CANADA) INC.	C

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

RUN NUMBER : 107  
 RUN DATE : 2009/04/17  
 ID : 20090417152531.74

PROVINCE OF ONTARIO  
 MINISTRY OF GOVERNMENT SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE  
 CERTIFICATE

REPORT : PSSR060  
 PAGE : 1  
 ( 3904 )

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

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : CRAIGLEE NURSING HOME LIMITED

FILE CURRENCY : 16APR 2009

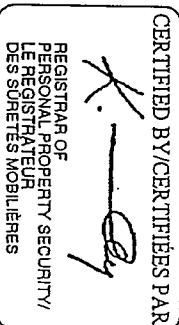
ENQUIRY NUMBER 20090417152531.74 CONTAINS 10 PAGE(S), 3 FAMILY(IES).

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

BLANEY MCMURTRY ATTN: CORPORATE SEARCHER

This is Exhibit 0 referred to in the  
 affidavit of Stephen Wood  
 sworn before me, this 23rd  
 day of April, 2009

A COMMISSIONER FOR TAKING AFFIDAVITS



CONTINUED...

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : CRAIGLEE NURSING HOME LIMITED  
FILE CURRENCY : 16APR. 2009

FORM LC - RENANCING STATEMENT / CHAIN FOR LIEN

00 FILE NUMBER  
646034499

01 CAUTION PAGE 01 001 20080612 1403 1462 9218 P PPSA 3  
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
03 NAME BUSINESS NAME CRAIGLEE NURSING HOMES

04 ADDRESS 102 CRAIGLEE DR. TORONTO  
ON MIN2M7

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
06 NAME BUSINESS NAME

07 ADDRESS 80 ALLSTATE PARKWAY MARKHAM  
ON L3R6H3

08 SECURED PARTY THE CONSUMERS' WATERHEATER INCOME FUND  
09 LIEN CLAIMANT ADDRESS 80 ALLSTATE PARKWAY MARKHAM  
ON L3R6H3

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO. FIXED  
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE  
7499

11 MOTOR YEAR MAKE MODEL VIN  
12 VEHICLE

13 GENERAL HVAC EQUIPMENT LOCATED AT 102 CRAIGLEE DR., TORONTO, ONTARIO, M1N  
14 COLLATERAL 2M7.  
15 DESCRIPTION

16 REGISTERING THE CONSUMERS' WATERHEATER INCOME FUND  
17 AGENT ADDRESS 80 ALLSTATE PARKWAY MARKHAM  
ON L3R6H3

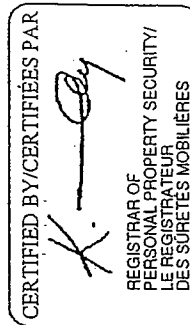
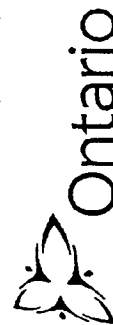
CERTIFIED BY/CERTIFIÉES PAR  
K. [Signature]  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTREUR  
DES SURETES MOBILIERES  
(c/jlr 11/2008)

CONTINUED... 3

000134







(en/11r 11/2008)

CONTINUED... 4

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

RUN NUMBER : 107  
RUN DATE : 2009/04/17  
ID : 20090417152531-74

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : CRAIGLEE NURSING HOME LIMITED  
FILE CURRENCY : 16APR 2009

FORM 1-C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER  
612974196

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION  
BILLING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD  
001 001 20050228 1039 1031 9160 P PPSA 05

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
03 NAME BUSINESS NAME CRAIGLEE NURSING HOME LIMITED  
04 ADDRESS 102 CRAIGLEE DRIVE TORONTO ON M1N 2M7  
ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
06 NAME BUSINESS NAME  
07 ADDRESS  
ONTARIO CORPORATION NO.

08 SECURED PARTY / HER MAJESTY THE QUEEN AS REPRESENTED BY MOF (RST/ EHT/ CT)

09 LIEN CLAIMANT ADDRESS 200-5 PARK HOME AVE NORTH YORK ON M2N 6W8

10 COLLATERAL CLASSIFICATION  
CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
X X X X X 60334 MATURITY OR MAJORITY DATE

11 YEAR MAKE MODEL V.I.N.

12 MOTOR VEHICLE

13 GENERAL CT# 7430-423 EHT# 111-251-712  
14 COLLATERAL MOF# 14601-90051 (535)  
15 DESCRIPTION 2005-02-28

16 REGISTERING COLLECTION MANAGER, MINISTRY OF FINANCE (426)

17 AGENT ADDRESS 200-5 PARK HOME AVE NORTH YORK ON M2N 6W8

FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY.

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : CRAIGLEE NURSING HOME LIMITED  
FILE CURRENCY : 16APR 2009

FORM 1-C FINANCIAL STATEMENT / CLAIM FOR DEBT

00 FILE NUMBER  
079210305

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION  
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD  
19951006 1449 0043 6475 P PPSA 6

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
03 NAME BUSINESS NAME CRAIGLEE NURSING HOME LIMITED

04 ADDRESS 102 CRAIGLEE DRIVE SCARBOROUGH  
05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
06 NAME BUSINESS NAME

ONTARIO CORPORATION NO.  
ONT MIN 2M7

07 ADDRESS THE EQUITABLE TRUST COMPANY  
08 SECURED PARTY C/O 520-154 UNIVERSITY AVENUE TORONTO ONT M5H 3Y9

ONTARIO CORPORATION NO.

09 COLLATERAL CLASSIFICATION  
CONSUMER X  
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED X  
MOTOR VEHICLE AMOUNT DATE OF NO FIXED  
Maturity or Maturity Date

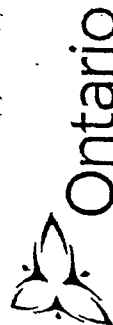
11 MOTOR YEAR MAKE MODEL V.I.N.  
12 VEHICLE

13 GENERAL GENERAL ASSIGNMENT OF RENTS AND GENERAL SECURITY AGREEMENT RE  
14 COLLATERAL 96 AND 102 CRAIGLEE DRIVE, SCARBOROUGH, ONTARIO  
15 DESCRIPTION

16 REGISTERING AGENT MCCARTHY TETRAULT (DAF)  
17 ADDRESS #4700, TORONTO-DOMINION BANK TOWER TORONTO ONT M5K 1E6

CERTIFIED BY/CERTIFIÉES PAR  
K. [Signature]  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTREUR  
DES SÛRÉTÉS MOBILIÈRES  
(e/sifir 11/2008)

CONTINUED... 5



000136

RUN NUMBER : 107  
RUN DATE : 2009/04/17  
ID : 20090417152531.74

BUSINESS DEBTOR  
CRAIGLEE NURSING HOME LIMITED  
16APR 2009

FORM 20 RENEWING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
FILING NO. OR PAGES SCHEDULE NUMBER UNDER  
01 001 20000929 1443 9065 2565

RECORD FILE NUMBER 079210305

PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT  
REFERENCE DEBTOR/ TRANSFEROR FIRST GIVEN NAME INITIAL SURNAME PERIOD

REFERENCE DEBTOR/ TRANSFEROR BUSINESS NAME CRAIGLEE NURSING HOME LIMITED

OTHER CHANGE REASON/ DESCRIPTION

DEBTOR/ TRANSFEREE DATE OF BIRTH BUSINESS NAME ADDRESS

ONTARIO CORPORATION NO.

ASSIGNOR SECURED PARTY/ LBN CLAIMANT/ ASSIGNEE

29 EQUITABLE TRUST COMPANY  
08 FIRST NATIONAL FINANCIAL CORPORATION  
09 100 UNIVERSITY AVENUE, SUITE 700

TORONTO ON M5J 1V6

COMPLETION CLASSIFICATION

CONSUMER GOODS INVENTORY/ EQUIPMENT/ ACCOUNTS/ OTHER MOTOR VEHICLE DATE OF NO FIXED  
AMOUNT MATURITY OR MATURITY DATE

YEAR MAKE MODEL

11 MOTOR VEHICLE  
12 GENERAL COLLATERAL  
13 DESCRIPTION  
14 REGISTERING AGENCY OR  
15 SECURED PARTY/ LBN CLAIMANT

MCCARTHY TETRAULT (DELEE A. FROMM)  
STE. 4700, T-D BANK TOWER, T-D CENTRE

TORONTO

ON MSK 1E6

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

CONTINUED ... 6

CERTIFIED BY/CERTIFIÉES PAR  
K. [Signature]  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTREUR  
DES SÛRETÉS MOBILIÈRES  
(cr/2fr 11/2008)



000137

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : CRAIGLEE NURSING HOME, LIMITED  
FILE CURRENCY : 16APR 2009

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
FILING NO. OF PAGES SCHEDULE NUMBER UNDER

01 RECORD FILE NUMBER 079210305  
21 RENEWAL YEARS 6  
CORRECT PERIOD

PAGE AMENDED NO SPECIFIC PAGE AMENDED  
B RENEWAL 6  
INITIAL SURNAME

REFERENCE BUSINESS NAME CRAIGLEE NURSING HOME LIMITED  
23 DEBTOR/ 24 TRANSFEROR

25 OTHER CHANGE  
26 REASON/  
27 DESCRIPTION  
28

02/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
05 DEBTOR/ 03/ BUSINESS NAME  
06 TRANSFEROR ADDRESS

ONTARIO CORPORATION NO.

29 ASSIGNOR SECURED PARTY/ THEN CLAIMANT/ ASSIGNEE  
08 ADDRESS  
09

COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE DATE OF NO FIXED  
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MATURITY OR MATURITY DATES

10 YEAR MAKE MODEL V.I.N.

11 MOTOR  
12 VEHICLE  
13 GENERAL  
14 COLLATERAL  
15 DESCRIPTION

16 REGISTERING AGENT OR SECURED PARTY/ ADDRESS  
17 THEN CLAIMANT  
MCCARTHY, TETRAULT (DELEE A. FROMM)  
STE. 4700, T-D BANK TOWER, T-D CENTRE TORONTO ON M5K 1E6

FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY.

CONTINUED...

CERTIFIED BY/CERTIFIÉES PAR  
K. [Signature]  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTRATEUR  
DES SURETÉS MOBILIÈRES  
(en 24r 11/2008)



TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : CRAIGLEE NURSING HOME LIMITED  
FILE CURRENCY : 16APR 2009

FORM 20 PENDING CHANGE STATEMENT / CHANGE STATEMENT

01	CAUTION PAGE	001	TOTAL MOTOR VEHICLE REGISTRATION	REGISTERED UNDER
21	FILE NUMBER	002	SCHEDULE	20051223 1129 1862 2606
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS
23	REFERENCE	X	G PART ASSIGN	CORRECT PERIOD
24	DEBTOR / TRANSFEROR	FIRST GIVEN NAME	INITIAL	SURNAME
25	OTHER CHANGE	BUSINESS NAME	CRAIGLEE NURSING HOME LIMITED	
26	REASON	DATE OF BIRTH	INITIAL	SURNAME
27	DESCRIPTION	BUSINESS NAME	ADDRESS	
28	DEBTOR / TRANSFEREE	ADDRESS	ON M5J 1V6	
29	ASSIGNOR	THE EQUITABLE TRUST COMPANY		
30	SECURED PARTY / LIEN CLAIMANT / ASSIGNEE	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY		
31	ADDRESS	100 UNIVERSITY AVENUE, SUITE 700, NORTH TORONTO		
32	CO-DEBTOR / CO-ASSIGNOR	DATE OF MOTOR VEHICLE NO. FIXED		
33	GOODS INVENTORY / EQUIPMENT / ACCOUNTS / OTHER INCLUDED	AMOUNT MATURITY OR MATURITY DATE		
34	MARK	MODEL	V.I.N.	
35	MOTOR	YEAR		
36	VEHICLE	GENERAL		
37	CO-DEBTOR	DESCRIPTION		
38	REGISTERING AGENT OF	BLANEY MCMURTRY LLP (BJT)		
39	SECURED PARTY / LIEN CLAIMANT	2 QUEEN STREET EAST, SUITE 1500		
40	ADDRESS	TORONTO		
41	ON	MSC 3G5		

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

CONTINUED... 8

CERTIFIED BY / CERTIFIÉS PAR  
K. [Signature]  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY /  
LE REGISTREUR  
DES SÛRETÉS MOBILIÈRES

(en2fr 11/2008)



000139

BUSINESS DEBTOR  
CRAIGLEE NURSING HOME LIMITED  
16APR 2009

FORM 30 FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
FILE NO. OF PAGES SCHEDULE NUMBER UNDER

20051223 1129 1862 2606

01 RECORD  
21 REFERENCE  
22  
23  
24

FILE NUMBER 079210305

PAGE AMENDED

NO SPECIFIC PAGE AMENDED

CHANGE REQUIRED

RENEWAL  
YEARS

CORRECT  
PERIOD

FIRST GIVEN NAME

INITIAL

SURNAME

BUSINESS NAME

25 OTHER CHANGE  
26 REASON  
27 DESCRIPTION  
28

FIRST GIVEN NAME

INITIAL

SURNAME

RENEWAL  
YEARS

CORRECT  
PERIOD

BUSINESS NAME

FIRST GIVEN NAME

INITIAL

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YEARS

CORRECT  
PERIOD

BUSINESS NAME

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YEARS

CORRECT  
PERIOD

BUSINESS NAME

FIRST GIVEN NAME

INITIAL

SURNAME

RENEWAL  
YEARS

CORRECT  
PERIOD

ONTARIO CORPORATION NO.

ADDRESS

FIRST GIVEN NAME

INITIAL

SURNAME

RENEWAL  
YEARS

CORRECT  
PERIOD

29 ASSIGNOR  
30 SECURED PARTY/LENDER CLAIMANT/ASSIGNEE

FIRST GIVEN NAME

INITIAL

SURNAME

RENEWAL  
YEARS

CORRECT  
PERIOD

ADDRESS

FIRST GIVEN NAME

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SURNAME

RENEWAL  
YEARS

CORRECT  
PERIOD

ADDRESS

FIRST GIVEN NAME

INITIAL

SURNAME

RENEWAL  
YEARS

CORRECT  
PERIOD

COLLATERAL CLASSIFICATION  
CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE DATE OF NO FIXED  
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MATURITY OR MATURITY DATE

YEAR MAKE

MODEL

V.T.N.

NO FIXED

DATE OF

NO FIXED

YEAR MAKE

MODEL

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NO FIXED

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MODEL

V.T.N.

NO FIXED

DATE OF

NO FIXED

YEAR MAKE

MODEL

V.T.N.

NO FIXED

DATE OF

NO FIXED

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

DATE OF

NO FIXED

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DATE OF

NO FIXED

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

BUSINESS DEBTOR  
CRAIGLEE NURSING HOME LIMITED  
16APR 2009

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED  
FILING NO. OF PAGES SCHEDULE NUMBER UNDER  
001 20051223 1130 1862 2608

01 RECORD FILE NUMBER 079210305  
21 RERECHANGED

PAGE AMENDED NO SPECIFIC PAGE AMENDED X  
RENEWAL YEARS 21  
CORRECT PERIOD

22 FIRST GIVEN NAME INITIAL SURNAME  
B RENEWAL

23 BUSINESS NAME CRAIGLEE NURSING HOME LIMITED  
24 DEBTOR/ TRANSFEROR

25 OTHER CHANGE  
26 REASON/  
27 DESCRIPTION

28 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02/ 05 DEBTOR BUSINESS NAME  
03/ TRANSFEREE  
06 ADDRESS  
04/07

ONTARIO CORPORATION NO.

29 ASSIGNOR SECURED PARTY THEN CLAIMANT/ ASSIGNEE

08 COLLATERAL CLASSIFICATION  
09 ADDRESS

10 CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MATURITY OR WATER TTY DATE

11 YEAR MAKE MODEL

12 MOTOR VEHICLE  
13 GENERAL  
14 COLLATERAL  
15 DESCRIPTION

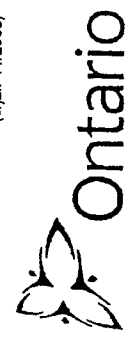
16 REGISTERING AGENT OR  
17 SECURED PARTY/ L- TEN CLAIMANT

BLANEY MCMURTRY LLP (BJT)  
2 QUEEN STREET EAST, SUITE 1500  
TORONTO ON M5C 3G5

FOR FURTHER INFORMATION CONTACT THE SECURED PARTY

CONTINUED... 10

CERTIFIED BY/CERTIFIÉS PAR  
K. [Signature]  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTREUR  
DES SURETES MOBILIERES  
(e/24r 11/2008)




TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : CRAIGLEE NURSING HOME LIMITED  
FILE CURRENCY : 16APR 2009

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
646034499	20080612 1403 1462 9218		
612974196	20050228 1039 1031 9160		
079210305	19951006 1449 0043 6475	20000929 1443 9065 2566	20051223 1129 1862 2606
	20051223 1130 1862 2608		

7 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR  
  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTRATEUR  
DES SÛRETÉS MOBILIÈRES  
(enq2 11/2008)





Dec. 30. 2008 4:04PM

CRAIGLEE NURSING HOME Fax: 416-264-4857  
MIN OF HEALTH & LONG TERM CAREJan 23 2009 12:57 P.02  
No. 50/1 P. 2/5Ministry of Health and  
Long-Term CareHealth System Accountability and  
Performance Division  
Performance Improvement and  
Compliance Branch56 St. Clair Avenue West, 8<sup>th</sup> Floor  
Toronto ON M4V 2Y7Telephone: (416) 327-7481  
Facsimile: (416) 327-7803Ministère de la Santé  
et des Soins de longue duréeDivision de la responsabilisation  
et de la performance du système de santé  
Direction de l'amélioration de la  
performance conforme85, avenue St. Clair ouest, 8<sup>e</sup> étage  
Toronto ON M4V 2Y7Téléphone: (416) 327-7481  
Télécopieur: (416) 327-7803

December 30, 2008

Mr. Roy McDougall  
President  
Craiglee Nursing Home  
102 Craiglee Drive  
Scarborough ON M1N 2M7

This is Exhibit P referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009

 A stylized signature in purple ink, consisting of a large loop and a horizontal stroke.
 

A COMMISSIONER FOR TAKING AFFIDAVITS

Dear Mr. McDougall:

Re: Suspension of Admissions to Craiglee Nursing Home

I am writing to inform you that pursuant to subsection 20.1(17) of the *Nursing Homes Act*, I have directed the designated placement coordinator, the Central East Community Care Access Centre (CCAC) to continue to cease authorizing admissions at Craiglee Nursing Home effective December 31, 2008. The suspension of admissions will be in effect for another period of 30 days and is subject to the conditions set out in the attached addendum.

The ceasing of admissions is being directed due to continuing and recurring contraventions of the service agreement, the Act, and the regulations by the licensee. These contraventions include on-going and recurring non-compliance with regulatory requirements and standards and criteria set out in the *Long-Term Care Homes Program Manual*. The areas of non-compliance involve serious risk in the provision of safe resident care, programs and services at the home as found by Ministry inspectors.

The licensee is required to continue to complete and submit to the Ministry a plan outlining corrective actions to address the areas of non-compliance. As you know, the plan should be forwarded to the attention of Carol Comeau, Manager, Ottawa Service Area Office (OSAO) every 2 weeks.

The Ministry will continue to conduct inspections of the care, programs and services provided at the home. Further conditions may be imposed if other areas of non-compliance are found. Failure to meet the conditions set out in the addendum, and any other conditions that are imposed may lead the Ministry to pursue further action under the Act, the service agreement and/or the *Health Facilities Special Orders Act*.

.../2

Dec. 30, 2008 4:05PM

CRAIGLEE NURSING HOME Fax: 416-264-4857  
MIN OF. HEALTH & LONG TERM CARE

Jan 23 2009 12:57  
No. 5071 P. 3/5

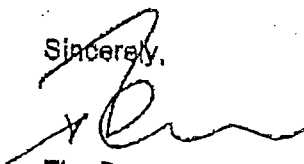
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2

We recognize Craiglee Nursing Home's commitment to achieve sustained compliance with Ministry requirements. If, prior to the end of the 30 day period, the Ministry is satisfied that Craiglee Nursing Home has achieved sustained compliance with Ministry requirements, I will consider whether to lift the suspension of admissions.

If you have any questions, please contact Karen Slater, Senior Manager, Compliance and Enforcement at (613) 384-2260.

Sincerely,



Tim Burns

Director, Performance Improvement and Compliance Branch  
Director under s.s. 3(2) *Nursing Homes Act*

Attachment.

- c: Ken Deane, Assistant Deputy Minister, Health System Accountability and Performance Improvement Division  
Sandy Knipfel, Senior Manager, Compliance & Enforcement  
Karen Slater, Senior Manager, Compliance & Enforcement  
Carole Comeau, Manager, Compliance  
Deborah Hammons, CEO, Central East LHIN  
Don Ford, Executive Director, Central East

**Ministry of Health and  
Long-Term Care**

Health System Accountability and  
Performance Division  
Performance Improvement and  
Compliance Branch

55 St. Clair Avenue West, 8<sup>th</sup> Floor  
Toronto ON M4V 2Y7

Telephone: (416) 327-7461  
Facsimile: (416) 327-7603

**Ministère de la Santé  
et des Soins de longue durée**

Division de la responsabilité  
et de la performance du système de santé  
Direction de l'amélioration de la  
performance conformité

55, avenue St. Clair ouest, 8<sup>e</sup> étage  
Toronto ON M4V 2Y7

Téléphone: (416) 327-7461  
Télécopieur: (416) 327-7603



**ADDENDUM to Director's Letter of Dec 30, 2008**

**Re: Craiglee Nursing Home – Enforcement and Ceasing of Admissions**

The inspections conducted by ministry staff of the Ottawa Service Area Office indicate that this long-term care home continues to present serious, prevalent and recurrent risk to residents. The key areas of risk and concern, as well as MOHLTC requirements related to these areas are outlined below.

1. Care not provided to residents in a manner consistent with their needs. In this regard, the following conditions must be met:
  - a. Ensure that each resident receives medications and treatment as ordered by the physician.
  - b. Ensure that residents at risk of developing skin problems are repositioned as needed.
  - c. Ensure that residents are bathed twice weekly with consideration given to their choice and preference in this regard.
  - d. Ensure that diagnostic tests are completed as ordered and results are communicated.
  - e. Ensure that medical services are available to residents in a timely manner, with a special focus on after-hours and on-call coverage.
2. Lack of safe and effective safeguards related to physical restraints. In this regard, the following conditions must be met:
  - a. Ensure that staff follow regulatory requirements and the standards and criteria set in the Long-Term Care Homes Program Manual related to the use of physical restraints, specifically in the areas of consent, assessment, physician orders, application and repositioning.
3. Lack of a comprehensive assessment on admission and on-going reassessments. In this regard the following conditions must be met:
  - a. Ensure that bowel and bladder assessments and reassessments are completed in accordance with standards/criteria in the Long-Term Care Homes Program Manual.
  - b. Ensure that skin integrity is assessed on admission, 8 weeks post admission when resident identified at risk, upon return from hospital for an absence of greater than 24 hours, upon return from a leave of absence of greater than 24 hours and weekly when altered skin integrity is identified.

4. Lack of development and/or revision of resident care plans, so as to provide clear directions to staff providing care. In this regard, the following conditions must be met:
- Ensure that care plans are developed upon admission to the home.
  - Ensure that care plans are reflective of each resident's current needs, include individualized interventions and provide clear directions to staff.
  - Ensure that care plans are revised when there is a change in condition and, at the very least, on a quarterly basis.
5. Nutritional care and food services do not meet Ministry requirements. In this regard the following conditions must be met:
- Ensure that nutritional care is provided in accordance with assessed needs.
  - Ensure that all residents are offered a snack and beverage at mid-afternoon and at bedtime, unless contraindicated.
  - Ensure that all residents receive encouragement, supervision and assistance with food and fluid intake to promote his/her safety, comfort and independence in eating.
6. Lack of monitoring and evaluation in relation to environmental services. In this regard, the following conditions must be met:
- Ensure there is an effective environmental services program that is organized to provide a safe, comfortable, clean, well-maintained environment for residents, staff and visitors and that meets Ministry requirements.
  - Ensure appropriate cleaning and preventative maintenance schedules and routines are implemented and followed throughout the home.
  - Ensure the home and equipment therein is maintained in a good state of repair, specifically related to resident furniture and bedding.
  - Ensure the home maintains safe hot water temperatures, including the identification of actual water temperatures and subsequent immediate action when hot water temperatures exceed or fall below acceptable temperature ranges (40-49C).
  - Ensure prompt action is taken to identify and address incidents of lingering and pervasive odors.
  - Ensure a sufficient supply of linens are available to staff and residents on the units.
7. Lack of an effective quality and risk management program. In this regard, the following conditions must be met:
- Ensure the quality and risk management program identifies and responds to actual and potential resident safety and security risks. Special attention is needed in relation to the safe storage of wheelchair footrests, effective window restrictors, safe storage and labeling of chemicals, and safe storage of medications- medication carts.
  - Ensure that staff participates in the facility-wide infection control program and are made aware of and practice measures to prevent and/or minimize the spread of infection.
  - Ensure that at least one registered nurse who is a member of the regular nursing staff of the home is on duty and present in the home at all times.
  - Ensure that fire drills are held monthly on each shift and follow-up action is taken to address identified problems.
  - Ensure that critical incidents are reported to the MOH and appropriate action is taken to mitigate risks associated with these incidents.
  - Ensure that written complaints are submitted to the MOH along with a copy of follow up actions.

-End of Addendum-



Ontario

Ministry of Health and Long-Term Care  
Ministère de la Santé et des Soins de longue durée

Areas of Non-Compliance  
Secteurs de non-conformité

Ottawa Service Area Office  
Performance Improvement and Compliance Branch  
Health System Accountability and Performance Division  
347 Preston Street, 4<sup>th</sup> Floor  
Ottawa ON K1S 3J4

Bureau régional de services d'Ottawa  
Direction de l'amélioration de la performance et de la conformité  
Division de la responsabilisation et de la performance du système de santé  
347, rue Preston, 4<sup>ème</sup> étage  
Sudbury ON P3E 6A5

Telephone: (613) 569-5602  
Facsimile: (613) 669-9670

Téléphone: (613) 569-5602  
Télécopieur: (613) 569-9670

Date : Current as of Jan. 15 and 16, 2009  
Visit #10

Long-Term Care Home/Établissement de soins de longue durée :  
Craiglee Nursing Home

## Address/Adresse :

102 Craiglee Drive, Scarborough, ON, M1N 2M7

Name and title of Divisions representative/Nom et fonction du (de la) représentant(e) des Divisions :

Shirley Davey Compliance Advisor Pat Powers Compliance Advisor

## Type of review/Genre d'inspection

<input type="checkbox"/> Annual Annuelle	<input type="checkbox"/> Complaint Investigation Enquête à la suite d'une plainte	<input type="checkbox"/> Post-sale Postérieure à la vente
<input type="checkbox"/> Follow-up Suivi	<input type="checkbox"/> Complaint Investigation follow-up Suivi d'une enquête à la suite d'une plainte	<input type="checkbox"/> Pre-license Préalable à la délivrance du permis
<input type="checkbox"/> Referral Visite d'un(e) conseiller(ère)	<input type="checkbox"/> Pre-sale Préalable à la vente	<input checked="" type="checkbox"/> Other (specify) Autre (précisez) Enforcement Inspection #

The following are areas of non-compliance with:

Voici les secteurs de non-conformité à:

- ☒ Nursing Homes Act and Regulation
- ☐ Homes for the Aged and Rest Homes Act and Regulation
- ☐ Charitable Institutions Act and Regulation

- ☐ la Loi sur les maisons de soins infirmiers, et les règlements y afférents
- ☐ la Loi sur les foyers pour personnes âgées et les maisons de repos, et les règlements y afférents
- ☐ la Loi sur les établissements de bienfaisance, et les règlements y afférents

A plan of corrective action to reach compliance must be sent to the Ministry of Health no later than seven days from the date of this inspection.

Veuillez envoyer le plan de mesures correctives pour atteindre la conformité au ministère de la Santé dans les sept jours suivant la date de la présente inspection.

Section no. Section n°	Summary statement of Areas of Non-Compliance Sommaire des infractions (secteurs de non-conformité)	Date for corrective action Date de la mesure corrective
	<p>The purpose of this visit was to conduct an enforcement inspection following the referral of this home to enforcement and ceasing admissions on October 31, 2008.</p> <p>There are no new areas of non-compliance issued as a result of this visit.</p>	

Received for the Home by/Reçu pour l'établissement par

*Celine McDavid*

Original: Health System Accountability and Performance Division  
Original: Division de la responsabilisation et de la performance du système de santé

Signature of Health System Accountability and Performance representative / Signature du (de la) représentant(e) des Division de la responsabilisation et de la performance du système de santé

*Shirley Davey / Pat Powers*

Copy: Long-Term Care Home  
Copie: Établissement de soins de longue durée



Ministry of Health  
and Long-Term Care

Ministère de la Santé  
et des Soins de longue durée

Areas of Non-Compliance  
Secteurs de non-conformité

Previously identified areas of non-compliance remain outstanding with additional examples as noted:

**NHA, R.S.O. Chapter N.7, section 20.10 (a)(b)(c)** (previously issued August 2008, re-issued October, 2008)

**A licensee of a nursing home shall ensure that,**

**(a) the requirements of each resident of the nursing home are assessed on an ongoing basis ;**

**(b) a plan of care is developed for each resident to meet the resident's requirements ;**

**(c) the plan of care is revised as necessary when the resident's requirements change;**

*This area of non compliance was further evidenced by:*

Care plan strategies are not specific. For example:

1. Caring for skin breakdown and treatment needs
2. Frequency of glucometer blood sugar testing
3. Pain identification and management
4. Caring for a resident consistently demonstrating symptoms of nausea
5. Care/precautions of a resident on coumadin

**R.R.O. 1990, Reg.832, s.5 (2).** (previously issued August 2008, re-issued October 2008)

**Every nursing home shall be maintained at all times as to be free from anything that might be hazardous to the health or safety of the residents.**

*This area of non compliance is further evidenced by:*

A number of identified bathroom cabinets containing resident personal grooming supplies require labeling to identify the resident

**NHA, R.S.O, 1990, Chapter N.7, section (2)(2)(2)** (previously issued as B3.23 October 2006, re-issued Jan 2007 and issued under ANC October 2008)

**Every resident has the right to be properly sheltered, fed, clothed, groomed and cared for in a manner consistent with his or her need.**

*This area of non compliance is further evidenced by:*

1. The behaviour of an identified resident was not managed in accordance with the physician's orders. Pain was not assessed as a possible contributing factor.
2. A thorough nursing assessment was not completed for a resident with chest pain and not reported to the physician.
3. The registered staff assessment of residents' response to restraint was not completed every 8 hours as directed.
4. A physician's order, written in November, 2008 was not processed.
5. An identified resident who was restrained and restless was found unsupervised in a lounge, sliding out of her restraining apparatus.

Received for the Home by/Reçu pour l'établissement par

Original: Health System Accountability and Performance Division  
Original: Division des de la responsabilisation et de la performance du système de santé

Signature of Health System Accountability and Performance Division representative / Signature du (de la) représentant(e) des Divisions de la responsabilisation et de la performance du système de santé

Copy: Long-Term Care Home  
Copie: Établissement de soins de longue durée

Page 2 of 4



Ontario

Ministry of Health and Long-Term Care  
Ministère de la Santé et des Soins de longue durée

Areas of Non-Compliance  
Secteurs de non-conformité

Ottawa Service Area Office  
Performance Improvement and Compliance Branch  
Health System Accountability and Performance Division  
347 Preston Street, 4<sup>th</sup> Floor  
Ottawa ON K1S 3J4

Bureau régional de services d'Ottawa  
Direction de l'amélioration de la performance et de la conformité  
Division de la responsabilisation et de la performance du système de santé  
347, rue Preston, 4<sup>ème</sup> étage  
Sudbury ON P3B 6A5

Telephone: (813) 569-5802  
Facsimile: (813) 569-9670

Téléphone: (813) 569-5802  
Télécopieur: (813) 569-9670

NHA, R.S.O. Chapter N.7 s. 20.11 (previously issued as O1.20 October 2008, O3.4 issued June 2008 and re-issued October 2008 and issued as ANC December 2008)

A licensee of a nursing home shall ensure that a quality management system is developed and implemented for monitoring, evaluating and improving the quality of the accommodation, care, services, programs and goods provided to the residents of the nursing home.

This area of non compliance is further evidenced by:

1. An identified medication dose was incorrectly printed on the quarterly review and MARS for two months before it was identified and corrected.
2. A physician's order for a weekly INR has not been carried out since December 22, 2008.
3. There is no evidence of a consistent process to assess and follow up elevated glucometer readings.
4. There is no evidence of consistent follow up of residents receiving prescription skin creams.
5. There were no nursing progress notes to support the need for physician's orders for skin care treatments for three residents.
6. The home's procedures for assessing and documenting skin breakdown for two residents was not followed.
7. Thirty identified treatments on the second floor were not documented as given.

Received for the Home by/Reçu pour l'établissement par

Original: Health System Accountability and Performance Division  
Original: Division de la responsabilisation et de la performance du système de santé

Signature of Health System Accountability and Performance representative / Signature du (de la) représentant(e) des Division de la responsabilisation et de la performance du système de santé

Copy: Long-Term Care Home  
Copie: Établissement de soins de longue durée

Page 3 of 4



Ministry of Health  
and Long-Term Care

Ministère de la Santé  
et des Soins de longue durée

Areas of Non-Compliance  
Secteurs de non-conformité

*The following were not reviewed during this visit and remain outstanding:*

M3.14, M3.15, O2.1 (re-issued October 2008)  
O4.13, B3.32 (Issued October 2008)  
B1.20, B3.57 (issued Feb 2008)  
A1.13, A1.32, B1.7, B3.39, B3.44, C1.6, and B5.4 (issued June 2008)  
B1.15 and M1.18 (re-issued June 2008)  
Reg 832, section 96(2) (previously issued as M3.7 Jan 2008 and re-issued June 2008, and issued as ANC October 2008).  
R.R.O. Reg 832, s 21(1) (previously issued as M3.21 and O3.3 issued June 2008 and re-issued October 2008)  
NHA R.S.O. 1990, Chapter N.7 s2(2)1 (previously issued December 2008)  
Reg 832 sec.96(1) (previously issued December 2008, previously issued as M3.7 Aug 2007 and June 2008)  
Reg 832, section 55, 5(a)(b) (previously issued October 2008)

Received for the Home by/Reçu pour l'établissement par

*Celia McNamee*

Original: Health System Accountability and Performance Division  
Original: Divisions des de la responsabilisation et de la performance du système de santé

Signature of Health System Accountability and Performance Division representative / Signature du (de la) représentant(e) des Divisions de la responsabilisation et de la performance du système de santé

*Shirley Dancy / Paul Burns*

Copy: Long-Term Care Home  
Copie: Établissement de soins de longue durée

Page 4 of 4



Ministry of Health and  
Long-Term Care

Ministère de la Santé  
et des Soins de longue durée



Financial Management Branch  
Corporate and Direct Services Division  
8700 Yonge Street, 12<sup>th</sup> Floor  
Toronto ON M2M 4K5

Direction de la gestion financière  
Division des services directs et ministériels  
5700, rue Yonge, 12<sup>e</sup> étage  
Toronto ON M2M 4K5

Telephone: 1-416-212-0534  
Facsimile: 1-416-212-0683

Téléphone : 1-416-212-0534  
Télécopieur : 1-416-212-0683

March 16, 2009

Mr. Roy McDougall  
President  
Craiglee Nursing Home Limited  
102 Craiglee Drive  
Scarborough On M1N 2M7

Dear Mr. McDougall:

Re: 2006 Long-term Care Facility Reconciliation (Interim)

We have reviewed the 2006 Annual Report for Craiglee Nursing Home Limited. As a result of the review, it has been determined that a balance of \$769,325 is owing to the Ministry.

Attached are the details of the reconciliation. An adjustment regarding the outstanding balance will be processed against your August 2009 to January 2010 payments in equal installments.

In order to finalize the reconciliation, please provide the following by Friday April 24, 2009. Otherwise, the reconciliation will be finalized by reducing the expenditures using the 2006 regional averages per diem:

- 1). A detailed list of Purchased Services, line COO3 amount of \$310,607;
- 2). Details (positions, FTE's, cost per position) for the salary cost, line COO6 amount of \$532,276;
- 3). Details of line DOI4, Other - Activities and entertainment amount of \$12,555.

Please call Richard Lee, Senior Financial Consultant at 416-212-0536 should you require any further information or clarification.

Yours sincerely,

Ursula Dunston  
Senior Financial Analyst

Attachments

This is Exhibit Q referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009

A COMMISSIONER FOR TAKING AFFIDAVITS

Financial Estimates Graduate Nursing Home Environmental Submission by Linda Long March 30, 2009

MOH Requirements Addendum to Letter Dec 30, 2008 Ceasing Admissions	Issues	Items	Estimated Costs	MOH Estimated Minimal Requirements	Cost	Comments/Recommendations
6# Lack of monitoring and evaluations in relation to environmental services, In this regard, the following conditions must be	a. Ensure there is an effective environmental services program that is organized to provide safe, comfortable, clean, well-maintained environment for residents, staff and visitors and that meets Ministry Requirements	1.Change 2 Wash tubs in housekeeping closet to sink in existing building so they are functional for staff  2. Cleaning of Resident Rooms by outside contractor  3. Cleaning Chemicals and Tools  4. Beds - replacement of 64 beds at \$950 each or painting at an estimate of 19,200	\$4,500	Current Housekeeping closet access on the units is creating a questionable infection control practices	\$4,500	More money is required here to initiate workable housekeeping closets.  Housekeeping has been asked to take responsibility for cleaning their rooms daily. They have also been asked to take responsibility for cleaning their rooms daily. They have also been asked to take responsibility for cleaning their rooms daily.
	b. Ensure appropriate cleaning and preventative maintenance schedules and routines are implemented and followed throughout the home.		\$15,712	This is a major priority for the Ministry.	\$15,712	We have purchased \$1500 worth of new chemicals and some cleaning tools.
	c. Ensure the home and equipment therein is maintained in a good state of repair, specifically related to resident furniture and bedding		\$2,500	This is a major priority for the Ministry.	\$2,500	Beds currently have plastic liners stored up. We plan to purchase new mattresses in July 2008.

R This is Exhibit ..... referred to in the  
affidavit of Stephen Wood .....  
sworn before me, this ..... 23rd .....  
day of April, 2009 .....

**A COMMISSIONER FOR TAKING AFFIDAVITS**

# Financial Estimates Craiglea Nursing Home Environmental Submission by Linda Long March 30, 2009

MOH Requirements Addendum to Letter Dec 30, 2008 Ceasing Admissions	Issues	Items	Estimated Costs	MOH Estimated Minimal Requirements	Cost	Comments/Recommendations
		5. Bedside Tables 74 @ \$250 each	\$18,500	Believe this would be a show of good faith that the home will begin to replace furniture	\$18,500	Bedside tables are pitting on mattresses and are in disrepair
		6. Comfort Chairs 74 @ \$500 each	\$37,000	Required under the Regulations	\$37,000	This might be negotiable with the MOH
		7. Kick Plates for Closets 74 @ \$150 each	\$11,100			This is not urgent the kick plates on the closets are water damaged and delaminating
		8. Privacy Drapes 74 rooms and shower curtains	\$18,900	The MOHLTC will not tolerate these ripped privacy curtains	\$18,900	
		9. Lounge Furniture 2 Lounges @ \$8,500	\$17,000			This will be required if home can not find suitable furniture within existing furniture to change out these two lounges
		10. Dining Room Chairs sanding and varnishing legs 74 each @ \$75	\$5,500	MOH has pointed this out twice now so it would again be a show of good faith	\$5,500	
		11. Mattress 60 @ \$190 each	\$11,400			Many mattresses are cracked and or are so old they are no longer suitable for the level of care in the home as it relates to prevention of skin ulcers
		12. Paper Towel Dispensers Free from supplier	\$500			These are rusted and the MOH will not tolerate this.
		13. Garbage Cans approximately 100 @ \$6 each	\$600			Paper only required to initially fill
					\$600	These are rusted and the MOH will not tolerate this

# Financial Estimates Craiglee Nursing Home Environmental Submission by Linda Long March 30, 2009

MOH Requirements Addendum to Letter Dec 30, 2008 Ceasing Admissions	Issues	Items	Estimated Costs	MOH Estimated Minimal Requirements	Cost	Comments/Recommendations
		14. Footboards of new beds in new addition 48 each @ \$114 each	\$5,472	This has been pointed out twice by the MOH/LTC	\$5,472	New bed footboards are damaged
		15. Cleaning or reworking of drapery in new addition				Quarantined drapery are all new and in fair condition. Drapery has been cleaned and is ready for use. The drapery is very expensive.
		16. Kick Plates for Closets estimate 48 in new section @ \$150 each				This is not urgent the kick plates on the closets are water damaged and delaminating
		17. Painting and repairs in the building - this area is extensive up to 100,000	\$7,200			This is an estimate at this time. The existing area of the building is in very poor condition particularly the bathroom counter areas.
	d. Ensure the home maintains safe hot water temperatures, including the identification of actual water temperatures and subsequent immediate action when hot water temperatures exceed or fall below acceptable temperature ranges (40-49C)	18. Existing (old) building boiler room is servicing domestic water for this building and the main kitchen. Piping is inadequate and boiler and storage tank are likely not large enough to support the water needs of these two areas. Current estimates for piping is approx. \$7,500 not including mixing valve repairs if required.	\$7,500	Estimated cost for piping and boiler room. Piping is inadequate and boiler and storage tank are likely not large enough to support the water needs of these two areas. Current estimates for piping is approx. \$7,500 not including mixing valve repairs if required.	\$7,500	This is an estimate at this time. The existing area of the building is in very poor condition particularly the bathroom counter areas.
		19. New boiler and storage tank upgrade (currently on rental/lease program)				Cost for new boiler and storage tank is approximately \$10,000. Piping is also needed.

## Financial Estimates Craiglee Nursing Home Environmental Submission by Linda Long March 30, 2009

MOH Requirements Addendum to Letter Dec 30, 2008 Ceasing Admissions	Issues	Items	Estimated Costs	MOH Estimated Minimal Requirements	Cost	Comments/Recommendations
		20. During Marian Naskrels visit on March 29th it was discovered that there is an electrical configuration in the kitchen that does not meet code.				GO STOP WORK! Marian's recommendation that we have an electrical review of the entire home is what the fire alarm failed risk in the home. This is a significant safety issue to safety and liability. We have now had a safety audit and liability review of the home. We have now had a safety audit and liability review of the home. We have now had a safety audit and liability review of the home.
	e. Ensure prompt action is taken to identify and address incidents of lingering and pervasive odours.	21. Review of air make up and air circulation require the following costs immediately and then further costs in the fall for winter	\$3,500 \$1,800		\$3,500 \$1,800	Complete required for fall and winter level. All conditions are in good condition.
						AGH has a plan for the fall and winter level. All conditions are in good condition.
			\$1,400		\$1,400	AGH has a plan for the fall and winter level. All conditions are in good condition.
	F. Ensure a sufficient supply of linens are available to staff and residents on the units		\$1,760			There are 3 humidifiers not working and unknown how many more - this will not be required until the fall of 2009
#7 Lack of an effective quality and risk management program. In this regard, the following	a. Ensure the quality and risk management program identifies and responds to actual and potential resident safety and security risks. Special attention is needed in relation to the safe	22. Linen in poor state	\$20,000		\$20,000	Estimate only might be less
		23. Window Restrictors				No Cost - completed

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MOH Requirements Addendum to Letter Dec 30, 2008 Ceasing Admissions	Issues	Items	Estimated Costs	MOH Estimated Minimal Requirements	Cost	Comments/Recommendations
		24. Safe Storage and Labeling of chemicals				Have most chemicals in place see item # 2 for further costs
		25. Elevator in existing (old) building is not restricted from going to the basement				Attending to existing elevator for repairs and possibly have to be done
		26. Infection Control risk to residents in regards to pull cords in washrooms and over bed lights				No Cost - purchased product from operational supplies
		27. It is reported that the 35 pound washer is in poor condition and might require replacement this year.	\$8,000			Risk for this year - possibly
Other						
		Total Cost	\$360,644		\$291,734	

## CRAIGLEE NURSING HOME

## CRA Arrears

Cheq Date	Cheque #	Amount
		190,371.88 Arrear balance from 2007 carried forward
July 21/08	2258	52,175.75
Aug 7/08	2293	41,502.25
Aug 21/08	2315	45,341.78
Aug 31/08	2419	39,457.83
Sep 14/08	2418	48,678.39
Sep 30/08	2466	39,119.38
Oct 14/08	2502	40,222.93
Oct 31/08	2546	49,789.13
Nov 7/08	2570	40,832.04
Nov 21/08	2595	44,035.83
Dec 7/08	2670	43,520.16
Dec 21/08	2742	44,248.32
Dec 31/08	2741	61,747.33
Total		<u>\$ 781,043.00</u>

This is Exhibit S referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009

  
A COMMISSIONER FOR TAKING AFFIDAVITS

CRAIGLEE NURSING HOME  
WSIB SUMMARY - January - December 2008

**GROSS EARNINGS BEFORE DEDUCTIONS**

	Jan	Feb	Mar	Apr
Gross Earnings per Payroll register	413,111.23	513,469.96	333,686.59	314,805.01
Other Earnings not on T4 Summary				
Contractor's Earnings (Jim Hillier)	3,246.60	3,328.30	3,490.20	3,322.20
Contractor's Earnings (Carvel Burrell)	1,200.00	1,200.00	1,200.00	1,200.00
Volunteer Forces (complete enclosed schedule)				
Optional Insurance				

<b>TOTAL GROSS EARNINGS BEFORE DEDUCTIONS</b>	<b>\$ 417,557.83</b>	<b>\$ 517,998.26</b>	<b>\$ 338,376.79</b>	<b>\$ 319,327.21</b>
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**DEDUCTIONS FROM GROSS EARNINGS**

Non-insurable Gross Earnings				
Executive Officers' Earnings (Celia McDougall)	(5,769.24)	(8,653.86)	(5,769.24)	(5,769.24)
Executive Officers' Earnings (Doris McDougall)	(2,000.00)	(3,000.00)	(2,000.00)	(2,000.00)
Executive Officers' Earnings (Roy McDougall)	(3,200.00)	(4,800.00)	(3,200.00)	(3,200.00)

Excess Earnings

<b>TOTAL DEDUCTIONS</b>	<b>(10,969.24)</b>	<b>(16,453.86)</b>	<b>(10,969.24)</b>	<b>(10,969.24)</b>
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Total to be used in calculation	\$ 406,588.59	\$ 501,544.40	\$ 327,407.55	\$ 308,357.97
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**TOTAL PREMIUM DUE AS AT:**  
based on \$2.69 per \$100.00

10,937.23	13,491.54	8,807.26	8,294.83
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Actual amounts submitted

0.00			
\$ 10,937.23	\$ 13,491.54	\$ 8,807.26	\$ 8,294.83



May	Jun	Jul	Aug	Sep	Oct	Nov
306,990.26	316,774.32	334,029.27	456,787.26	315,756.36	321,000.35	313,851.35
4,680.90	3,210.90	3,563.70	3,611.40	3,286.50	3,130.05	4,924.61
1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	2,400.00
<hr/>						
\$ 312,871.16	\$ 321,185.22	\$ 338,792.97	\$ 461,598.66	\$ 320,242.86	\$ 325,330.40	\$ 321,175.96
<hr/>						
(5,769.24)	(5,769.24)	(5,769.24)	(8,653.86)	(8,653.86)	(5,769.24)	(5,769.24)
(2,000.00)	(2,000.00)	(2,000.00)	(3,000.00)	(2,000.00)	(2,000.00)	(2,000.00)
(3,200.00)	(3,200.00)	(3,200.00)	(4,800.00)	(3,200.00)	(3,200.00)	(3,200.00)
<hr/>						
(10,969.24)	(10,969.24)	(10,969.24)	(16,453.86)	(13,853.86)	(10,969.24)	(10,969.24)
\$ 301,901.92	\$ 310,215.98	\$ 327,823.73	\$ 445,144.80	\$ 306,389.00	\$ 314,361.16	\$ 310,206.72
8,121.16	8,344.81	8,818.46	11,974.40	8,241.86	8,456.32	8,344.56
<hr/>						
\$ 8,121.16	\$ 8,344.81	\$ 8,818.46	\$ 11,974.40	\$ 8,241.86	\$ 8,456.32	\$ 8,344.56

Dec	Year-to-date Summary
	3,940,261.96
	-
	39,795.36
	14,400.00
	-
	-
	-
\$	- 3,994,457.32

-	72,115.50
-	24,000.00
-	38,400.00

0.00	-	134,515.50
\$	-	3,859,941.82

0.00	103,832.43
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\$	-	\$ 103,832.43
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000161

CRAIGLEE NURSING HOME LIMITED  
EHT PAYABLE/EXPENSE  
31-Dec-08

Balance Dec 31, 2008

PAYABLE Dec 31/08	PAYMENTS	TOTAL EXPENSE	PAYABLE Dec 31/06
(291,415.35)			(291,415.35)

(291,415.35)	-	(291,415.35)
a/c 2540-200		

Comprised of:  
2003 balance

2004 amount owing per return

2005 expense: 3,638,117.39 X 1.95%

2006 expense: 3,796,794.23 X 1.95%

Unreconciled (re: opening/closing accruals)

2007 expense: 4114076.26 X 1.95%

2008 expense: 4,587,420.63

Gross earnings per 2007 T4 Summary

@ 1.95%

	(36,465.83)		paid Mar 21/05
	36,465.83		
	(42,552.62)		
	21,276.31		paid Mar 23/05
	10,000.00		paid May 31/05
	10,000.00		paid Oct 27/05
	(1,276.31)		
	(63,143.29)		
	10,000.00		
	(53,143.29)		paid Feb 13/06
	(74,037.49)		
	(1,079.07)		
	(80,224.49)		No payments made in 2007
	(81,654.70)		No payments made in 2008
	(291,415.35)		
	80,224.49		
	81,654.70		

## Gross Earnings

2007	2008
4,514,076.26	4,587,420.63
(400,000.00)	400,000.00
4,114,076.26	4,187,420.63
80,224.49	81,654.70



Canada Revenue Agency  
Agence du revenu  
du Canada

Tax Services Office  
Scarborough ON M1P 4Y3

April 06, 2009

STANLEY ROSENFARB LLB  
2001 SHEPPARD AVE EAST, SUITE 800  
TORONTO ON M2J 4Z8

Dear Sir:

Re: Craiglee Nursing Home Limited #101188191RP

Further to your letter of April 3rd 2009 please be advised  
that the taxpayer's payroll debt is comprised of the following:

Tax portion \$726,448.50  
Penalty & interest portion \$250,158.99

I understand that the client will be obtaining financing to  
retire the tax portion immediately. The department will also  
expect to receive monthly payments to retire the penalty and  
interest portion outstanding and we look forward to discussing  
this matter as well.

Please forward your payment to the undersigned

Yours truly,

C. Flengas  
Collection Enforcement Officer

This is Exhibit T referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009  
  
A COMMISSIONER FOR TAKING AFFIDAVITS

Canada

Toronto East Tax Services Office  
200 Town Centre Court  
Suite 475  
Scarborough ON M1P 4Y3

Local : 416-954-0628  
Toll Free : 1-866-451-2560  
Fax : 416-954-8263  
Web site : www.cra.gc.ca



Canada Revenue Agency  
Agence du revenu du Canada

**REQUIREMENT TO PAY  
DEMANDE FORMELLE DE PAIEMENT**

Tax Debtor - Débiteur fiscal

CRAIGLEE NURSING HOME LIMIT  
102 Craiglee Dr  
Scarborough ON M1N 2M7

Nursing Homes Subsidies

You are hereby required to pay to the Receiver General on account of the above-named tax debtor's liability under one or more of the Acts cited below,

- (1) forthwith, the moneys otherwise and immediately payable to the tax debtor which you are liable to pay,
- (2) all other moneys otherwise payable to the tax debtor which you will be, within one year, liable to pay, as and when the moneys become payable,
- (3) where the moneys referred to in (1) and (2) include interest, rent, remuneration, a dividend, an annuity or other periodic payment, all such payments to be made by you to the tax debtor (at any time during or after the one year period) until the liability is satisfied, and

- (4) if the box on the right is X-ed, the moneys that within 90 days you would otherwise loan or advance to, or pay on behalf of, the tax debtor, and, if you are a bank, credit union, trust company or other similar person, pay in respect of a negotiable instrument issued by the tax debtor,

but do not pay hereunder more than \$924,541.58 (the maximum payable), at the rate of 35% out of each period payment, loan or advance and 100% of any additional monies payable upon termination of employment.

Please make cheques or money orders payable to the Receiver General and remit them either with one of the attached Third Party Remittance Forms or with other identification providing the tax debtor's name, address and account number as well as the remitter's name, in the enclosed addressed envelopes.

Failure to pay the Receiver General the amounts required above renders you personally liable to pay those amounts to Her Majesty.

This requirement has been executed under one or more of the following Acts (see reverse):

Director, Tax Services Office  
Toronto East Tax Services Office 28

\* (4) does not apply to a bank, credit union, trust company or other similar person unless the tax debtor is indebted to it and has granted security in respect of the indebtedness.

Date <b>FEB 12 2009</b>		T1118 (08) TSO BSF 1281
Toronto East Tax Services Office		
act lengas	Tel. - Tél. (416) 954-0828	Ext. - Poste

Ministry of Health and Long-Term Care  
Mr Chandike Tennakoon, Finance Manager  
Term Care Nursing Homes Unit  
Yonge Street, 10th Floor  
Toronto ON M2M 4K5

Account number  
Numéro de compte 101188191 RP 0001

Il est exigé par les présentes que vous versiez au Receveur général, au titre de l'obligation du débiteur fiscal susmentionné, en vertu d'une ou de plusieurs des lois mentionnées ci-après,

- (1) immédiatement, les sommes autrement et alors payables au débiteur fiscal que vous êtes tenu de payer,
- (2) toutes les autres sommes autrement payables au débiteur fiscal que vous serez tenu de payer dans les douze mois, au fur et à mesure que ces sommes deviendront payables,
- (3) lorsque les sommes dont il est question en (1) et (2) comprennent des intérêts, un loyer, une rémunération, un dividende, une rente ou un autre paiement périodique, tous ces paiements que vous devez faire au débiteur fiscal (à toute échéance pendant ou après le délai de douze mois) jusqu'à extinction de l'obligation, et

- (4) si la case à gauche est cochée, les sommes qu'autrement, dans les 90 jours, vous prêteriez ou avanceriez au débiteur fiscal ou payeriez en son nom, et, si vous êtes une banque, une caisse de crédit, une compagnie de fiducie ou une autre personne semblable, vous payeriez à l'égard d'un effet négociable émis par le débiteur fiscal,

mais vous n'avez pas à verser plus que 924 541,58 \$ (le maximum payable), au taux de 35% de chaque paiement périodique, prêt ou avance et 100% de tout autre montant payable lors de la cessation d'emploi

Veillez établir les chèques ou mandats à l'ordre du Receveur général et les transmettre dans les enveloppes-réponses ci-incluses avec un des exemplaires ci-joints de la formule de versement de tiers ou avec une autre pièce qui indique l'identité du débiteur fiscal, son adresse et son numéro de compte ainsi que le nom du payeur.

Le défaut de verser au Receveur général les sommes exigées ci-dessus vous rend personnellement responsable du paiement de ces sommes à Sa Majesté.

La présente demande formelle a été établie en vertu d'une ou de plusieurs des lois suivantes (voir au verso):

Directeur, Bureau des services fiscaux  
Bureau des services fiscaux  
de Toronto-Est 28

\* (4) ne s'applique à une banque, une caisse de crédit, une compagnie de fiducie ou une autre personne semblable que si le débiteur fiscal est endetté envers elle et lui a fourni une garantie à l'égard de la dette.

sworn before me, this 23rd

day of April, 2009

**MEMORANDUM OF SETTLEMENT**

Dated October 6, 2008

BETWEEN:

**Nursing Homes and Related Industries Pension Plan**

and

**Service Employees International Union, Local 1.0n**

and

**Craiglee Nursing Home**

**WHEREAS**, the Craiglee Nursing Home ("Craiglee") is a nursing home located at 102 Craiglee Drive, Scarborough, Ontario, M1N 2M7;

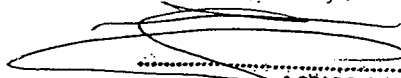
**AND WHEREAS**, Craiglee is required to contribute to the Nursing Homes and Related Industries Pension Plan (the "NHRIPP") pursuant to a collective agreement between Craiglee and the Service Employees International Union, Local 204, the predecessor of the current bargaining agent, Service Employees International Union, Local 1.0n (the "SEIU");

**AND WHEREAS**, since April 1, 2008 Craiglee has deducted the employee portion of such contributions from the wages of Craiglee employees represented by SEIU but failed to remit those contributions to the NHRIPP;

**AND WHEREAS**, since April 1, 2008 Craiglee has failed to remit its own required matching pension contributions to the NHRIPP;

**AND WHEREAS**, Craiglee now owes the NHRIPP employee and employer contributions in the amount of \$103,675.00 for the period from April 1, 2008 to September 30, 2008, not including interest of 12% per year and liquidated damages of

This is Exhibit V referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009



20% which are payable on delinquent employee and employer contributions pursuant to this Memorandum of Settlement;

**AND WHEREAS**, Craiglee acknowledges that employee and employer contributions in the total approximate amount of \$17,900.00 will become due and owing to the NHRIPP each month for SEIU members employed by Craiglee;

**NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:**

1. The recitals are true and accurate in all respects and each party acknowledges that the other parties are relying upon the truth and accuracy of the recitals.
2. Craiglee further acknowledges it owes pension contributions to the NHRIPP and interest owing on those contributions in the amount of \$106,397.00, which represents outstanding pension contributions of \$103,675.00 plus interest at 12% per cent per annum on those contributions from April 1, 2008 to October 6, 2008 in the amount of \$2,722.00.
3. Craiglee agrees that it will eliminate a portion of the above delinquencies by immediately remitting to the NHRIPP a certified cheque in the amount of \$35,466.00.
4. Craiglee agrees that it will eliminate the remainder of its contribution delinquency plus the interest which will accrue on those delinquent contributions until they are paid in full on April 23, 2009 by way of six (6) monthly payments each in the amount of \$12,236.00. The first such payment shall be paid in full no later than November 23, 2008. The remaining five (5) payments shall each be paid in full no later than the 23<sup>rd</sup> day of each month thereafter.
5. Craiglee shall immediately resume remitting current pension plan contributions to the NHRIPP. The first such payment, for contributions owing on wages earned

during the month of October 2008, shall be paid in full by no later than November 10, 2008. The payment for contributions owing on wages earned during each subsequent month shall be made within 10 days of the end of that month.

6. Craiglee shall provide contribution reports to the NHRIPP for the period covering each payment of current pension contributions at the same time that it remits each such payment to the NHRIPP. The Administrator of the NHRIPP will attribute current contributions to the individual employees and provide to Craiglee notice of any discrepancy with respect to such amounts from the current contributions. Craiglee and the Administrator shall adjust the amount of current contributions to reflect any such discrepancy. Craiglee shall pay any additional amount owing as a result of such discrepancy within fifteen (15) days after notice is delivered to Craiglee.
7. The Administrator shall allocate all funds received in regard to the delinquent contributions and the interest owing on such contributions in the following order:
  - (i) to satisfy outstanding interest;
  - (ii) to make up any deficiency in contributions for terminated or retired members; and
  - (iii) to repay the delinquent contributions with payment to be credited first to the oldest delinquency.
8. In the event that the actual amount of the delinquent contributions is less than, or greater than, the amounts described in paragraphs 2 above, the Administrator shall provide to Craiglee notice of any discrepancy with respect to such amounts. Craiglee shall pay any additional amount owing as a result of such discrepancy within fifteen (15) days after notice is delivered to Craiglee. The NHRIPP shall refund any additional amount received due to such a discrepancy within fifteen (15) days of the Administrator's receipt of the final delinquency payment described in paragraph 4 above.



9. In the event that SEIU and the NHRIPP, or either of them, enforce the Arbitrator's Order described in paragraph 10, the Administrator shall allocate all funds received in regard to the delinquent contributions, the interest owing on such contributions and liquidated damages in the following order:
- (i) to satisfy liquidated damages and outstanding interest;
  - (ii) to make up any deficiency in contributions for terminated or retired members; and
  - (iii) to repay the delinquent contributions with payment to be credited first to the oldest delinquency.
10. Craiglee hereby consents to the immediate issuance by an Arbitrator of an Order substantially in the form attached to this Memorandum of Settlement as Schedule "A" requiring Craiglee to pay forthwith to the NHRIPP the amount of \$91,666.00 which sum represents the delinquent pension contributions, the interest owing on such contributions and the liquidated damages owing by Craiglee to the NHRIPP less the payment described in paragraph 3 above.
11. The NHRIPP may immediately file the Arbitrator's Order, described in paragraphs 10 above, with the Court and obtain and register writs of seizure and sale on the real and personal property of Craiglee but shall, subject to paragraph 12 below, take no further steps to enforce that Order.
12. Should Craiglee breach any of the terms herein, after the expiration of five (5) business days SEIU and the NHRIPP, or either of them, may at their discretion immediately take all steps to collect all outstanding amounts including taking any and all steps required to enforce the Arbitrator's Order described in paragraph 10, including but not limited to garnishment and seizure and sale of Craiglee's assets and real property.

13. The NHRIPP and SEIU agree that if Craiglee pays all its contribution delinquencies plus interest pursuant to the terms of this Memorandum of Settlement, they shall not require Craiglee to pay the liquidated damages owing on those delinquent contributions.
14. The SEIU agrees to withdraw the grievance dated September 2, 2008 regarding Craiglee's failure to remit contributions to the NHRIPP upon receipt by the NHRIPP of the payment described in paragraph 3 above.
15. This Agreement may be executed in one or more counter parts, by original or facsimile signature.

IN WITNESS WHEREOF the parties executed this Memorandum of Settlement this \_\_\_\_ day of October, 2008.

SIGNED, SEALED AND DELIVERED  
in the presence of:

  
Witness

) Craiglee Nursing Home

) Per: 

) Name: PRESIDENT Roy McDougall

) Title: PRESIDENT

) I have authority to bind the corporation

) Service Employees International Union,  
) Local 1.0n

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

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

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

) Nursing Homes and Related Industries  
) Pension Plan

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

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

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

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

13. The NHRIPP and SEIU agree that if Craiglee pays all its contribution delinquencies plus interest pursuant to the terms of this Memorandum of Settlement, they shall not require Craiglee to pay the liquidated damages owing on those delinquent contributions.
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SIGNED, SEALED AND DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

)  
) Craiglee Nursing Home  
)  
)

) Per: \_\_\_\_\_  
) Name: \_\_\_\_\_  
) Title: \_\_\_\_\_  
) I have authority to bind the corporation


) Service Employees International Union,  
) Local 1.0n  
)  
)

\_\_\_\_\_  
Witness

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

) Nursing Homes and Related Industries  
) Pension Plan  
)  
)

  
Witness

) Per:   
) Name: Marcelle Goldenberg  
) Title: Chair

5

13. The NHRIPP and SEIU agree that if Craiglee pays all its contribution delinquencies plus interest pursuant to the terms of this Memorandum of Settlement, they shall not require Craiglee to pay the liquidated damages owing on those delinquent contributions.
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SIGNED, SEALED AND DELIVERED  
in the presence of:

\_\_\_\_\_  
Witness

)  
) Craiglee Nursing Home  
)  
)  
) Per: \_\_\_\_\_  
) Name: \_\_\_\_\_  
) Title: \_\_\_\_\_  
) I have authority to bind the corporation

  
\_\_\_\_\_  
Witness

) Service Employees International Union,  
) Local 1.0n  
)  
) Per:   
) Name: TIM CARREAU  
) Title: Business Representative

\_\_\_\_\_  
Witness

) Nursing Homes and Related Industries  
) Pension Plan  
)  
) Per: \_\_\_\_\_  
) Name: \_\_\_\_\_  
) Title: \_\_\_\_\_

**Schedule "A"**

Pursuant to the Memorandum of Settlement  
of the Parties dated October 6, 2008

**BETWEEN:**

**Craiglee Nursing Home**

**and**

**The Nursing Homes and Related Industries Pension Plan and  
Service Employees International Union, Local 1.0n**

**AWARD**

This Board of Arbitration has been duly constituted pursuant to the agreement of the parties. The Board finds based upon the Memorandum of Settlement of the parties that Craiglee Nursing Home is required to contribute to the Nursing Home and Related Industries Pension Plan pursuant to a collective agreement between Craiglee Nursing Home and Service Employees International Union, Local 204, the predecessor of the current bargaining agent, Service Employees International Union, Local 1.0n

This Board further finds that Craiglee Nursing Home was in default of payments to the Nursing Home and Related Industries Pension Plan, including interest charges and liquidated damages, in the amount of \$127,132.00

The Board further finds that Craiglee Nursing Home has made payments in accordance with paragraph 3 of the Memorandum of Settlement in the amount of \$35,466.00 which has reduced the amount that Craiglee Nursing Home now owes to the Nursing Home and Related Industries Pension Plan to \$91,666.00.

Pursuant to the powers granted to it by the agreement of the parties, the Board hereby orders Craiglee Nursing Home to pay forthwith to the Nursing Home and Related Industries Pension Plan the sum of \$91,666.00.

DATED at Toronto, Ontario, this \_\_\_ day of October, 2008.

\_\_\_\_\_  
ARBITRATOR

Pursuant to the Memorandum of Settlement  
of the Parties dated October 6, 2008

BETWEEN:

**Craiglee Nursing Home**

and

**The Nursing Homes and Related Industries Pension Plan and  
Service Employees International Union, Local 1.0n**

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Pursuant to the powers granted to it by the agreement of the parties, the Board hereby orders Craiglee Nursing Home to pay forthwith to the Nursing Home and Related Industries Pension Plan the sum of \$91,666.00.

DATED at Toronto, Ontario, this 15<sup>th</sup> day of October, 2008.

  
ARBITRATOR

Leah Ali

**From:** Doug LeFaive [dlefaive@sgmlaw.com]  
**Sent:** February 19, 2009 10:43 AM  
**To:** Rough, Dave  
**Cc:** Marcelle Goldenberg; Marina Romic; Martin Kogan  
**Subject:** NHRIPP contribution delinquencies for Craiglee  
**Attachments:** Craiglee Minutes of Settlement.pdf; Craiglee Award.pdf

Dave

I am legal counsel to the Nursing Homes and Related Industries Pension Plan (NHRIPP).

As we discussed this morning, Craiglee Nursing Home has repeatedly failed to make contributions to the NHRIPP as required by its collective agreement.

In order to resolve these delinquencies, Craiglee and the NHRIPP entered into a Memorandum of Settlement dated October 6, 2008, a copy of which is attached. The memorandum included a consent order in the amount of \$91,666.00 which represents all contributions then outstanding plus liquidated damages of 20%. A copy of the signed order is also attached.

The order became enforceable upon a breach by Craiglee of any of the terms of the settlement.

The settlement provided that Craiglee was to make an initial payment of \$35,466 and provide the NHRIPP with 6 post-dated cheques payable on the 23<sup>rd</sup> of each month each in the amount of \$12,236.00 to eliminate the accumulated arrears.

The \$35,466 was received and the cheques for November, December and January all cleared.

The memorandum also provided that Craiglee was to remain current in its contributions and the provision of contribution reports, both of which are due on the 10<sup>th</sup> of each month.

Pursuant to the memorandum, the December contributions in the amount of \$24,171.94 were due on January 10, 2009. They continue to remain outstanding.

Additionally, the January contributions were due February 10, 2009. They too remain outstanding.

As the contribution reports for January are also outstanding we do not know the precise amounts of the contributions now overdue but expect that it is also in the neighbourhood of \$24,000.

Craiglee is clearly in breach of the settlement, so the NHRIPP is now entitled to immediate payment not only all the outstanding contributions but liquidated damages of 20% of those amounts as well.

Once you have reviewed this information and Craiglee's records in this regard, please contact me so that we can discuss a repayment scheme for the amounts now owing.

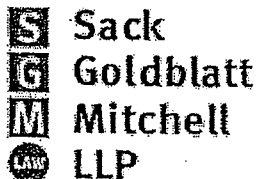
Regards

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This is Exhibit W referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009

  
A COMMISSIONER FOR TAKING AFFIDAVITS

Cash Flow Monitoring Template

	Week				
	Feb 22-28	Mar 1-7	Mar 8-14	Mar 15-21	Mar 22-28
OPENING CASH BALANCE	(127,963)	250,698	33,204	289,010	149,673
Funding from DAM					
Cash Inflows:					
MOH month payment advice					
added funding @ 100 CMI					
Resident Revenue Collections					
Funding Adjustments					

Net Inflows	527,203	527,203	527,203	527,203	527,203
Net Outflows	10,803	10,803	10,803	10,803	10,803
Net Change	516,399	516,399	516,399	516,399	516,399

Cash Outflows:					
Mortgage & Interest Payment					
Management Fee					
Net Priority Payments					

Arrears Payment Schedules:					
CRA (\$982,104)					
WSIB (\$80,000)					
Nursing & Related Pension Plan					
Mackenzie pension (\$27,657)					
EHF (\$291,415)					
Ontario Court					
Enbridge Gas					
Manulife Employee Benefits					
Blaney McMurtry (legal fees)					
Rosenthal (legal fees)					
Accountants (Horwath - \$13,470)					
Architects (\$57,735)					
Silkerman Elliot (\$12,159)					
Net Arrears Pymt Schedules					

Operating Expenses:					
Payroll (employees) & small miscellaneous					
Payroll (CRA)					
Food - Sysco					
Food - Canada Bread					
Laundry/Hskpg Supplies - Ecolab					
Line of Credit Payments					
Utilities - Hydroelectricity					
Utilities - Enbridge Gas					
Utilities - Water					
Jodal Health Care (agency staff)					
Comfort Keepers (agency staff)					
Quality Life Services Inc.					
Nursing Supplies (Futuremed,KCI)					
Maintenance Contracts:					
ADT Security					
Garbage Removal					
SCA (Incontinent product)					
Snow Removal					
Bank Fees					
Medical Advisor					
Miscellaneous (as per detail)					
Employees paid via A/P					

This is Exhibit X referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, Wood

A COMMISSIONER FOR TAKING AFFIDAVITS



Insurance

SEIU

Mar 28 list of approved pymts

Apr 10 list of approved pymts\*

Approved Payments (estimated)

Net Operating Expenses

147,109	218,672	70,213	152,091	70,177	141,766	60,473	303,565	50,000
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CLOSING CASH BALANCE	250,698	33,204	289,010	149,673	547,045	427,932	299,408	16,079	466,124
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CASH REQUIREMENTS:

Projected Cash balance Apr 18

Cash Requested

(16,079)

Indicates cheques cut, but not cashed.  
Indicates transaction confirmed to banks until.

\*Apr 10 list cheques to be released Monday Apr. 13

Payroll cheques issued Thu Apr 9 dated Fri Apr 10

Court File No. \_\_\_\_\_

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

IN THE MATTER OF THE RECEIVERSHIP  
OF CRAIGLEE NURSING HOME LIMITED,  
OF THE CITY OF TORONTO, PROVINCE  
OF ONTARIO

**CONSENT TO ACT AS INTERIM RECEIVER AND RECEIVER AND MANAGER**

**Deloitte & Touche Inc.** agrees to act as Interim Receiver and Receiver and Manager of the assets, undertakings and properties of Craiglee Nursing Home Limited.

**Date:** April 23, 2009

**DELOITTE & TOUCHE INC.**




Name: DANIEL WEISZ

Title: SENIOR VICE PRESIDENT

I have authority to bind the Corporation

This is Exhibit Y referred to in the  
affidavit of Stephen Wood  
sworn before me, this 23rd  
day of April, 2009

  
A COMMISSIONER FOR TAKING AFFIDAVITS