

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

- and -

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

APPLICATION UNDER Section 47 of the *Bankruptcy and Insolvency Act*
R.S.C. 1985, C. B-3, as amended

**APPLICATION RECORD
(VOLUME I of III)**

September 19, 2017

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TAB A

Court File No. 17-73967

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

- and -

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents



APPLICATION UNDER Section 47 of the *Bankruptcy and Insolvency Act*
R.S.C. 1985, C. B-3, as amended

NOTICE OF APPLICATION

TO THE RESPONDENT(S)


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

THIS APPLICATION will come on for a hearing on **Friday, September 22, 2017, at 10:00 a.m.**, before a judge at 161 Elgin Street, Ottawa.

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

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2:00p.m. on the day before the hearing.

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

Date SEP 19 2017 Issued by 
Local Registrar

Address of court office: 161 Elgin Street
Ottawa, ON

TO: GOLDEN DRAGON HO 10 INC.
532 Montreal Road, Suite 110
Ottawa, Ontario
K1K 4R4

TO: GOLDEN DRAGON HO 11 INC.
532 Montreal Road, Suite 110
Ottawa, Ontario
K1K 4R4

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APPLICATION

1. The Applicant makes an application for:
 - (a) if necessary, abridging the time for service of the Notice of Application and Application Record herein, validating service of the Notice of Application and Application Record, and dispensing with further service thereof;
 - (b) an Order appointing Deloitte Restructuring Inc. ("**Deloitte**") as interim receiver of certain real property (i) municipally formerly known as 345 Clarence Street, Ottawa and now known as 345 Barber Street, Ottawa ("**345 Clarence**") owned by the Respondent, Golden Dragon Ho 11 Inc. ("**GDH 11**"), and (ii) municipally formerly known as 347 Clarence Street, Ottawa and now known as 347 Barber Street, Ottawa ("**347 Clarence**"), owned by Golden Dragon Ho 10 Inc. ("**GDH 10**"), pursuant to s 47 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, cc B-3 (the "**BIA**") substantially in the form of the draft order attached as Schedule "A";
 - (c) sealing from the public record and treating as confidential the certified appraisal of the Clarence Properties carried out by Juteau Johnson Comba Inc. marked as Confidential Exhibit "42" to the affidavit of Christopher Sebben sworn September 19, 2017 (the "**Sebben Affidavit**"), and the Agreement of Purchase and Sale regarding 345 Clarence marked as Confidential Exhibit "45" to the Sebben Affidavit (collectively, the "**Valuation Information**"), until further order of the Court; and,
 - (d) such further and other relief as this Honourable Court deems just.

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2. The grounds for the Application are:

Background and the Security

- (a) FN is incorporated pursuant to the laws of Ontario and carries on business in Toronto and elsewhere as Canada's largest non-bank lender of single family residential mortgages, commercial mortgages and multi-family mortgages;
- (b) since May 2016, GDH 11 has been the owner of 345 Clarence, a six-story residential rental property located on what has recently been renamed Barber Street in Ottawa. There were 80 rental units at 345 Clarence when FN took its first mortgage over that property in 2007;
- (c) similarly, since May 2016, GDH 10 has been the owner of 347 Clarence, a six-story 30 unit residential rental property adjacent and connected to 345 Clarence, but that was only constructed after FN took its first mortgage over 345 Clarence in 2007;
- (d) 345 Clarence and 347 Clarence (collectively, the "**Clarence Properties**") include an affordable housing component (30 units) pursuant to agreements with the City of Ottawa (the "**City**") and the Ministry of Municipal Affairs and Housing (the "**Ministry**");
- (e) prior to April 13, 2007, the lands on which the Clarence Properties are now located (the "**Lands**") had been one parcel. On April 13, 2007, the Lands were severed into two separate PINs (the "**Severance**");
- (f) in or about March of 2006, the Lands were owned by Quex Property Corporation ("**Quex**"). At that time, Quex entered into agreements with the City and the Ministry to construct and operate 30 affordable housing units on the Lands;

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- (g) to finance the construction, Quex granted a mortgage to the City and Ministry over the Lands (the “**Affordable Housing Mortgage**”), a mortgage to FN over the Lands (the “**FN 345 Clarence Mortgage**”), and two mortgages to FN over 347 Clarence (the “**FN 347 Clarence First Mortgage**” and the “**FN 347 Clarence Second Mortgage**”). The FN 347 Clarence First Mortgage and FN 347 Clarence Second Mortgage (collectively, the “**FN 347 Clarence Mortgages**”) rank *pari-passu*;
- (h) the term of the FN 345 Clarence Mortgage was for 20 years at an interest rate of 5.11%. The term of the 347 Clarence Mortgages were for 20 years at an interest rate of 5.69%;
- (i) following the Severance, 347 Clarence was constructed on what had been a parking area at the north-east part of the Lands;
- (j) once the Lands were severed, the City and Ministry discharged the Affordable Housing Mortgage from title to what is now 345 Clarence, and FN discharged the FN 345 Clarence Mortgage from title to what is now 347 Clarence. Further, the City and Ministry agreed to subordinate the Affordable Housing Mortgage in favour of the FN 347 Clarence Mortgages, with the result being that FN has first ranking mortgage security over both Clarence Properties;
- (k) FN’s three mortgages over the Clarence Properties (collectively, the “**FN Clarence Mortgages**”) were further secured by, among other things, general security agreements and assignments of rents from Quex. Raymond Stern and Natalie Stern, the principals of Quex, also personally guaranteed the FN Clarence Mortgages (collectively, the “**Stern Guarantors**”);

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- (l) the FN Clarence Mortgages all contain cross-default provisions, the effect of which is that a default in relation to one mortgage is deemed to be a default in respect to all of the FN Clarence Mortgages;

Transfer of the Clarence Properties

- (m) on or about May 24, 2016, Quex transferred 345 Clarence to GDH 11 for \$7,763,927.50, and transferred 347 Clarence to GDH 10 for \$2,911,072.00 (for a total purchase price of \$10,674,999.50);
- (n) pursuant to an assumption agreement dated May 18, 2016 (the "**345 Clarence Mortgage Assumption Agreement**") between GDH 10, GDH 11, Chi Van Ho (at the time the sole officer, director and shareholder of both GDH 10 and GDH 11), Quex, the Stern Guarantors and FN with respect to the FN 345 Clarence Mortgage, GDH 11 assumed all of the past, present and future debts and liabilities and obligations of Quex to FN under the FN 345 Clarence Mortgage (the "**345 Clarence Mortgage Indebtedness**"), Quex remained liable for the 345 Clarence Mortgage Indebtedness in its capacity as original mortgagor, the Stern Guarantors remained liable for all of the 345 Clarence Mortgage Indebtedness in their capacity as original guarantors of the FN 345 Clarence Mortgage, and GDH 10 and Chi Van Ho guaranteed as covenantors in favour of FN the 345 Clarence Mortgage Indebtedness up to a limit of \$2,440,120.00;
- (o) similarly, pursuant to two assumption agreements dated May 18, 2016 (the "**347 Clarence Mortgage Assumption Agreements**"), between GDH 10, GDH 11, Chi Van Ho, Quex, the Stern Guarantors and FN in respect of the FN 347 Clarence Mortgages, GDH 10 assumed all of the past, present and future debts and liabilities of Quex to FN under the FN 347 Clarence Mortgages (collectively, the "**347 Clarence Mortgage Indebtedness**"),

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Quex remained liable for the 347 Clarence Mortgage Indebtedness in its capacity as original mortgagor, the Stern Guarantors remained liable for all of the 347 Clarence Mortgage Indebtedness in their capacity as original guarantors of the FN 347 Clarence Mortgages, and GDH 11 and Chi Van Ho guaranteed as covenantors in favour of FN the FN 347 Clarence Mortgage Indebtedness up to a limit of \$2,131,200.00;

- (p) on or about May 18, 2016, GDH 11 gave to FN a general security agreement over GDH 11's assets and undertaking located on, having a connection with, and/or related to 345 Clarence. Also on or about May 18, 2016, GDH 10 gave to FN a general security agreement over GDH 10's assets and undertaking located on, having a connection with, and/or related to 347 Clarence;

The Defaults

- (q) both GDH 11 and GDH 10 are in monetary default of payment under the FN Clarence Mortgages. Specifically, as of August 17, 2017, GDH 11 was in default of principal and interest due under the FN 345 Clarence Mortgage totalling \$108,985.14, inclusive of administrative charges and fees, forced placed insurance, appraisal costs, building condition assessments and legal costs to July 31, 2017. For its part, GDH 10 was in default of principal and interest due under the FN 347 Clarence First Mortgage totalling \$21,517.03, and in default of principal and interest due under the FN 347 Clarence Second Mortgage totalling \$20,130.49, with both figures inclusive of administrative charges and fees, forced placed insurance, appraisal costs, building condition assessments and legal costs to July 31, 2017;

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- (r) on or about June 29, 2017, FN became aware that GDH 11 had granted a second mortgage for \$2,900,000.00 (the "**Liahona 345 Clarence Second Mortgage**") over 345 Clarence in favour of Liahona Mortgage Investment Corp. ("**Liahona**"), and that GDH 11 had allowed Liahona to obtain default judgment against it in the amount of approximately \$3.033 million, together with judgment for possession of 345 Clarence;
- (s) pursuant to the FN 345 Clarence Mortgage, no additional mortgages could be granted over 345 Clarence without FN's consent, which was not sought nor obtained from FN;
- (t) FN further received notice from *The Co-Operators Insurance* that the property insurance for the 345 Clarence Properties had been cancelled as of July 9, 2017. FN was required to add forced placed insurance coverage (which only covers the amount owing under the FN Clarence Mortgages), and requested proof of insurance over the Clarence Properties. Pursuant to section 5 of the FN Clarence Mortgages, GDH 10 and GDH 11 are required to maintain insurance coverage over the Clarence Properties. While GDH 10 and GDH 11 have provided a certificate of insurance dated August 4, 2017, they have failed to produce a copy of an insurance policy notwithstanding several requests;
- (u) on or about August 14, 2017, Lynn Jaffray, a representative of GDH 10 and GDH 11, advised FN that there were insufficient funds to cover the mortgage payments, and that there was a "share purchase agreement in the works" for 345 Clarence that "should be completed by Sept. 5th, at which point the mortgage payments will be paid." (the "**Proposed Share Purchase Agreement**"). Without FN's consent, the Proposed Share Purchase Agreement would have been another default under the FN Clarence Mortgages, as term 10 requires FN's consent to any share purchase agreement, and FN's consent was

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not sought nor given. While FN is prepared to consider a share purchase agreement, it would have to be in respect of both Clarence Properties;

The Value of Clarence Properties

- (v) inspections of the Clarence Properties conducted on or about August 9, 2017 (by Pinchin Ltd.) and September 11, 2017 (by CVL Group Inc.) revealed deficiencies in the roof systems, wall systems, balcony systems, elevator systems, interior finishes and site features. These deficiencies constitute a default under section 15 of the standard charge terms incorporated by reference into the FN Clarence Mortgages;
- (w) the Clarence Properties are adjacent, and connected in that they share among other things, a lobby, elevator, parking, a mail room and laundry facilities. As a result, practically, neither building can likely be sold on its own and both buildings must in all likelihood be sold as a package;
- (x) FN recently arranged for a valuation of the Clarence Properties by a certified appraiser (with an AACI designation), which is marked as a confidential exhibit to the FN affidavit sworn in support of this application (the “**Confidential Appraisal**”);
- (y) as of September 13, 2017, the amount required to pay out the FN Clarence Mortgages is \$8,361,335.92, inclusive of principal, interest and the prepayment penalty (but exclusive of costs). The debt to equity ratio of these mortgages to the current appraised value of the Clarence Properties can be determined by reviewing the Confidential Appraisal;

The Demands

- (z) on or about August 17, 2017, FN made demand on GDH 10, GDH 11, Quex, Chi Van Ho and the Stern Guarantors, to pay the arrears and cure the defaults under the FN Clarence

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Mortgages on or before August 28, 2017, and delivered Notices of Intention to Enforce Security pursuant to s. 244 of the BIA. FN also asked to be provided with any documents relating to the Proposed Share Purchase Agreement;

- (aa) the defaults were not cured within the time set out in the demand letters (or to date), and no documentation was received regarding the Proposed Share Purchase Agreement. On the day the demand expired, Eric Golden of Blaney McMurtry LLP, FN's lawyers, advised Ms. Jaffray of FN's intention to proceed with further enforcement;

Attornment of Rents and the Reprisal

- (bb) the vacancy rate at the Properties is significant (an aggregate of 40% vacancy, with 54% of the vacant units at 345 Clarence and 3% at 347 Clarence based on the September rent roll, compared to an aggregate 37% vacancy, with 44% at 345 Clarence and 20% at 347 Clarence based on the June rent roll);
- (cc) on or about August 30, 2017, FN retained CLV Group Inc. to attorn the rents at the Properties beginning with the rents due September 1, 2017. Bob Lefebvre ("Lefebvre"), the superintendent of the Properties at the time, complied with the attornment by providing CLV with the rents he was in possession of;
- (dd) on or about September 1, 2017, Lefebvre received a letter from "Golden Dragon Ho Inc.", another company of which Chi Van Ho is sole officer and director, advising Mr. Lefebvre that his employment was terminated "effective immediately". Mr. Lefebvre has not been replaced;

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Conversion to Student Housing

- (ee) pursuant to an agreement between Quex and the City dated April 18, 2013, the 30 affordable housing units at the Clarence Properties were all to be eventually located in 347 Clarence, and reasonable efforts were to be used by Quex to move tenants whose rents were subsidized from 345 Clarence to 347 Clarence;
- (ff) in addition to a high vacancy rate, the current rent roll indicates that much less than 30 units are being operated as affordable housing units, and they are divided between both Clarence Properties (instead of the required 30 units wholly contained in 347 Clarence);
- (gg) GDH 11 had started to convert 345 Clarence into student housing prior to the above-defaults. The conversion started in the basement, and of the 9 basement units that existed prior to the conversion, only one is still occupied (unit 104). Two units, numbers 108 and 100 have been gutted with the intention of converting them into the new building laundry, a party room, and a gym. Three units, numbers 101, 102, and 105, all former one-bedroom units, are in the process of being converted into two-bedroom student housing. One unit, number 103, has been gutted and is being used to store drywall. The remaining units, numbers 106 (a bachelor unit) and 107 (a two-bedroom unit), have been gutted, but are nowhere close to being ready for occupation. In fact, of the 44 currently vacant units at the Clarence Properties, only 5 can be considered rent ready at this time;
- (hh) apparently, Chi Van Ho's intention was to convert the entire building at 345 Clarence into student housing. A comparison of the rent roll for June against the rent roll for September for the Clarence Properties indicates that the Respondents appear to be moving both market rate and affordable housing tenants in to 347 Clarence, instead of moving market rate tenants in to 345 Clarence, and affordable housing tenants in to 347 Clarence. This is

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consistent with an intention to convert 345 Clarence to student housing and may be a breach of the 2013 agreement between Quex and the City to relocate affordable housing tenants from 345 Clarence to 347 Clarence. FN was not aware of and did not consent to the alterations made (and proposed to be made) to 345 Clarence to convert units into student housing. GDH 11's actions in this regard constitute a further default under section 16 of the standard charge terms incorporated by reference into the FN 345 Clarence Mortgage;

- (ii) GDH 11 has also undertaken renovations to the lobby at 345 Clarence, but that work was only partially completed, and remains unfinished. All work has ceased on the lobby renovations and on the conversion of the basement units to student housing, because the Respondents apparently ran out of funds;

Defaults by Other Golden Dragon Entities

- (jj) several other "Golden Dragon Ho" corporate entities are currently in default:
 - (i) On June 14, 2017, on the application of the Royal Bank of Canada, MNP Ltd. was appointed interim receiver with respect to a property located on Woodroffe Avenue and Majestic Drive in Ottawa owned by Golden Dragon Ho 9 Inc., and was appointed receiver on or about July 6, 2017.
 - (ii) On June 21, 2017, on the application of First Source Financial Management Inc., Collins Barrow Toronto Limited was appointed receiver over Golden Dragon Ho 5 Inc. and Golden Dragon Ho 7 Inc. with respect to properties located at 39-85 Costello Avenue in Ottawa, and 64 Reynolds Drive in Brockville.
 - (iii) The Royal Bank of Canada has applied to have MNP Ltd. appointed receiver over Golden Dragon Ho 2 Inc. and Golden Dragon Ho 4 Inc. with respect to property

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they own located at 366-386 Bank Street and 401-410 Gilmour Street in Ottawa;
and

- (iv) On August 31, 2017, on the application of Kingsett Mortgage Corporation, KSV Kofman Inc. was appointed receiver over M.Y. Residential Inc., which had amalgamated with Golden Dragon Ho 7 Inc., with respect to property located at 637, 647, 653 and 655 Johnson Street in Kingston.
- (kk) a title search of another Golden Dragon property, a 4 building multi-unit apartment at 2155-2173 Elmira Drive in Ottawa owned by Golden Dragon Ho 3 Inc., indicates that the City has issued an Order to remediate one of the buildings in the complex due to significant disrepair as a result of water infiltration, water damage to ceilings and walls of hallways, and mould accumulation;
- (ll) given the financial distress currently being experienced by other Golden Dragon companies, the vacancy rate of the Clarence Properties, and the condition and state of construction at the Clarence Properties, it is just, convenient and in FN's interests for it to seek the appointment of an interim receiver so as to stabilize the Clarence Properties;
- (mm) FN's security provides for the appointment of a receiver upon default;
- (nn) Deloitte has consented to act as interim receiver of the Clarence Properties;
- (oo) if made public, the Valuation Information could potentially negatively affect the sale value of the Clarence Properties;
- (pp) the salutary effects of sealing the Valuation Information outweighs the deleterious effects of doing so;
- (qq) section 47 of the BIA;

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- (rr) Rule 3.02 of the *Rules of Civil Procedure*; and,
 - (ss) such further and other grounds as counsel may advise and this Honourable Court may accept.
3. The following documentary evidence will be used at the hearing of the application:
- (a) the Affidavit of Christopher Sebben sworn September 19, 2017;
 - (b) the consent of Deloitte to act as interim receiver of the Clarence Properties; and,
 - (c) such further and other evidence as this Honourable Court may permit.

September 19, 2017

BLANEY MCMURTRY LLP
Barristers & Solicitors
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Toronto ON M5C 3G5

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Lawyers for the Applicant

**SCHEDULE A
Draft Order**

ONTARIO

SUPERIOR COURT OF JUSTICE

THE HONOURABLE) DAY, THE
)
JUSTICE) DAY OF SEPTEMBER, 2017

B E T W E E N:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

- and -

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

APPLICATION UNDER Section 47 of the *Bankruptcy and Insolvency Act*
R.S.C. 1985, C. B-3, as amended

**APPOINTMENT ORDER
(Interim Receiver)**

THIS APPLICATION made First National Financial GP Corporation (the "**Applicant**") for an Order pursuant to section 47 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") appointing Deloitte Restructuring Inc. ("**Deloitte**") as interim receiver (in such capacity, the "**Receiver**") of certain property of Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc. (the "**Respondents**") identified on the attached Schedule "A" (collectively, the "**Property**"), and sealing Confidential Exhibits "42" and "45" (the "**Confidential Exhibits**") of the Affidavit of Christopher Sebben sworn September 19, 2017 (the "**Sebben Affidavit**")

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from the public record until further Order of the Court, was heard this day at 161 Elgin Street, Ottawa, Ontario.

ON READING the Sebben Affidavit and the Exhibits thereto, including the Confidential Exhibits, and on reading the Consent of Deloitte to act as the Receiver,

SERVICE

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

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 47 of the *BIA*, Deloitte is hereby appointed interim receiver of the Property.

RECEIVER'S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the

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engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to engage to engage contractors, tradespersons, quantity surveyors, consultants, appraisers, agents, experts, auditors, accountants, managers, including a property manager, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (d) to undertake any renovations and make any repairs to the Property necessary to ensure the Property is well maintained and rentable and is in compliance with the applicable laws and building codes;
- (e) to market available rental units, enter into new rental agreements or renew expiring rental agreements where applicable;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Respondents in respect of the Property and to exercise all remedies of the Respondents in collecting such monies, including, without limitation, to enforce any security held by the Respondents in respect of the Property;
- (g) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Respondents, for any purpose pursuant to this Order;
- (h) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the

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Property and to settle or compromise any such proceedings, and the authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (i) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (j) to register a copy of this Order against title to the Property;
- (k) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority in respect of the Property and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Respondents;
- (l) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Respondents, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations,

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governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any aspect(s) or portion(s) of the Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

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

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

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE RESPONDENTS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

9. **THIS COURT ORDERS** that all rights and remedies against the Respondents, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension

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does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Respondents to carry on any business which the Respondents are not lawfully entitled to carry on, (ii) exempt the Receiver or the Respondents from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

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

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the Receiver in accordance with normal payment practices of the Respondents or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

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

LIMITATION ON THE RECEIVER'S LIABILITY

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

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Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

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

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

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

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FUNDING OF THE RECEIVERSHIP

19. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

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

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

GENERAL

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

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

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

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

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

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

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

30. **THIS COURT ORDERS** that notwithstanding the commencement of the within Application and the appointment of the Receiver, the Applicant shall be deemed to be protecting its security, shall not be deemed to have resorted to realizing upon its security over the Property,

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and the equitable right of redemption in respect of the Applicant's mortgages over the real property of the Respondents identified on the attached Schedule "A" shall not be triggered.

31. **THIS COURT ORDERS** that the Confidential Exhibits shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order.

32. **THIS COURT ORDERS** that the Confidential Exhibits shall remain under seal until further Order of the Court.

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SCHEDULE "A"

THE PROPERTY

PIN 04213-0302 LT in LRO #4

Description: PART OF LOT 18 PLAN 43586 N/S CLARENCE STREET BEING PART 1 ON 4R21669; OTTAWA. T/W RIGHT-OF-WAY AND EASEMENT OVER PART LOTS 16,17 & 18 PLAN 43586 PT 3 PLAN 4R21669 AS IN OC699531. T/W EASEMENT OVER PART LOTS 16,17 & 18 PLAN 43586 PART 4 ON 4R21669 AS IN OC699531. T/W RIGHT-OF-WAY OVER PART LOTS 16, 17 & 18 PLAN 43586 PART 2 ON 4R21669 AS IN OC699531. S/T RIGHT-OF-WAY AND EASEMENT OVER PART 1 ON 4R21669 IN FAVOUR OF PART LOTS 16, 17 & 18 PLAN 43586 PARTS 2,3 & 4 ON 4R21669 AS IN OC699531.

PIN 04213-0303 LT in LRO #4

Description: PART LOTS 16,17 & 18 PLAN 43586 N/S CLARENCE STREET BEING PARTS 2,3 & 4 ON 4R21669; OTTAWA S/T RIGHT-OF-WAY AND EASEMENT OVER PART 3 ON 4R21669 IN FAVOUR OF PART LOT 18 PLAN 43586 PART 1 ON 4R21669 AS IN OC699531. S/T EASEMENT OVER PART 4 ON 4R21669 IN FAVOUR OF PART LOT 18 PLAN 43586 PART 1 ON 4R21669 AS IN OC699531. S/T RIGHT-OF-WAY OVER PART 2 PLAN 4R21669 IN FAVOUR OF PART LOT 18 PLAN 43586 PART 1 ON 4R216 69 AS IN OC699531. T/W RIGHT-OF-WAY AND EASEMENT OVER PART 1 ON 4R21669 IN FAVOUR OF PART LOTS 16, 17 & 18 PLAN 43586 PARTS 2,3 & 4 ON 4R21669 AS IN OC699531.

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SCHEDULE "B"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte Restructuring Inc., the interim receiver (the "Receiver") of the real property of Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc. identified on Schedule "A" to the Appointment Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 22nd day of September, 2017 (the "Order") made in an action having Court file number _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1st day of each month after the date hereof at a notional rate per annum equal to the rate of two per cent above the prime commercial lending rate of Royal Bank of Canada from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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

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

DATED the ___ day of _____, 20__.

DELOITTE RESTRUCTURING INC., solely in its capacity as Receiver of the Property, and not in its personal or corporate capacity

Per: _____
Name:
Title:

Per: _____
Name:
Title:

FIRST FINANCIAL GP CORPORATION

and

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Court File No. 17-73967

Applicant

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at OTTAWA

NOTICE OF APPLICATION

BLANEY MCMURTRY LLP
Barristers & Solicitors
2 Queen Street East, Suite 1500
Toronto ON M5C 3G5

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(416) 593-3927 (Tel)
(416) 596-2049 (Fax)
Email: egolden@blaney.com

Chad Kopach (LSUC #48084G)
(416) 593-2985 (Tel)
(416) 594-5095 (Fax)
Email: ckopach@blaney.com

Lawyers for the Applicant

SCHEDULE "B"**RECEIVERSHIP SERVICE LIST****AND TO: GOLDEN DRAGON HO 10 INC.**

384 Bank Street, Unit 300A
Ottawa, ON K2P 1Y4

Email: service@chisuites.com

Email: lynn.jaffray@chisuites.com

Email: chi.ho@chisuites.com

Email: lisa.bilow@chisuites.com

AND TO: GOLDEN DRAGON HO 11 INC.

384 Bank Street, Unit 300A
Ottawa, ON K2P 1Y4

Email: service@chisuites.com

Email: lynn.jaffray@chisuites.com

Email: chi.ho@chisuites.com

Email: lisa.bilow@chisuites.com

AND TO: CHI VAN HO

532 Montreal Road, Suite 110
Ottawa, ON K1K 4R4

Email: chi.ho@chisuites.com

AND TO: MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

Housing Programs Branch
777 Bay Street, 2nd Floor
Toronto, ON M5G 2EG

Attention: Jason Cooke

Tel: 416-585-4280

Email: Jason.Cooke@ontario.ca

Attention: Brent Whitty

Tel: 416-585-7172

Email: Brent.Whitty@ontario.ca

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AND TO: CITY OF OTTAWA
Social and Affordable Housing Department
100 Constellation Drive
8th Floor - East
Ottawa, ON K2G 6J8

Attention: Lisa Goodfellow
Tel: 613-580-2424 ext 43240
Email: Lisa.Goodfellow@ottawa.ca

AND TO: SOLOWAY WRIGHT LLP
700 - 427 Laurier West
Ottawa, ON K1R 7Y2

Attention: Ryan Garrett
Tel: 613-782-3227
Fax: 613-238-8507
Email: garrettr@solowaywright.com

Lawyers for Quex Property Corporation, Raymond Stern and Natalie Stern

AND TO: AIN WHITEHEAD LLP
27 Clapperton Street, Suite 100A
Barrie, ON L4M 3E6

Attention: Kathryn Whitehead
Tel: 705-915-0252
Fax: 705-725-9373
Email: kwhitehead@ainwhitehead.com

Lawyers for Liahona Mortgage Investment Corp.

AND TO: TELUS COMMUNICATIONS INC.
200 Consilium Place, Suite 1600
Scarborough, Ontario M1H 3J3

Attention: Kevin Hickman
Tel: 647-837-8976
Fax: 416-279-2995
Email: kevin.hickman@telus.com

Lawyers for TM Mobile Inc.

TAB B

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

- and -

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

APPLICATION UNDER Section 47 of the *Bankruptcy and Insolvency Act*
R.S.C. 1985, C. B-3. as amended

AFFIDAVIT OF CHRISTOPHER SEBBEN

I, **CHRISTOPHER SEBBEN**, of the City of Toronto in the Province of Ontario,

MAKE OATH AND SAY:

1. I am the Manager, Commercial Collections and Default Management, at First National Financial GP Corporation ("FN") and, as such, have knowledge of the matters to which I hereinafter depose.
2. Where the information in this affidavit is based upon information and belief, I have indicated the source of my information and belief and do verily believe it to be true.
3. To the extent that any of the information set out in this affidavit is based on my review of documents, I verily believe the information in such documents to be true.

Background

4. FN is incorporated pursuant to the laws of Ontario and carries on business in Toronto and elsewhere as Canada's largest non-bank lender of single family residential mortgages, commercial mortgages and multi-family mortgages.

5. I am swearing this Affidavit in support of an Application by FN seeking to appoint Deloitte Restructuring Inc. ("**Deloitte**") as interim receiver pursuant to s. 47 of the *Bankruptcy and Insolvency Act* (the "**BIA**") over two adjoining six-story (excluding basements) multi-unit apartment buildings (110 units) which include an affordable housing component (30 units). The buildings are owned by the Respondents Golden Dragon Ho 10 Inc. (the "**GDH 10**") and Golden Dragon Ho 11 Inc. ("**GDH 11**"), and municipally known until recently as 345 Clarence Street, Ottawa ("**345 Clarence**", owned by GDH 11), and 347 Clarence Street, Ottawa ("**347 Clarence**", owned by GDH 10). Clarence Street has recently been renamed Barber Street. FN has first ranking mortgage security over 345 Clarence and 347 Clarence (collectively, the "**Clarence Properties**").

6. On or about August 17, 2017, FN issued Notices of Intention to Enforce Security pursuant to s. 244 of the BIA to GDH 10 and GDH 11 (collectively, the "**Debtors**"), together with demand letters seeking payment of the arrears owing under its security, and setting out a number of monetary and non-monetary defaults.

7. The monetary defaults were not remedied, and FN has not been provided with any evidence (or any satisfactory evidence in the case of the insurance default) that the non-monetary defaults have been remedied. Therefore, on or about August 30, 2017, FN arranged for notices of attornment of rent to be issued to the tenants at the Clarence Properties, and also directed the

superintendent of the Clarence Properties to remit to FN rents received from the tenants at the Clarence Properties. The superintendent complied with this request, and very shortly thereafter GDH 10 and/or GDH 11 (or an entity acting on their behalf) terminated the superintendent. Given the continuing defaults and the termination of the superintendent, among other things, the appointment of Deloitte as interim receiver is, as set forth below, necessary to stabilize the operations of the Clarence Properties and protect the interests of FN.

The Clarence Properties

8. 345 Clarence was constructed sometime in the 1960's, and there were 80 rental units at 345 Clarence when FN took its current first mortgage over that property in 2007. Attached hereto and marked as **Exhibit "1"** to this affidavit is a copy of the parcel register for 345 Clarence, bearing PIN 04213-0303.

9. 347 Clarence was only constructed after FN took its first mortgage over 345 Clarence in 2007. Attached hereto and marked as **Exhibit "2"** to this affidavit is a copy of the parcel register for 347 Clarence, bearing PIN 04213-0302.

10. As set out in the PINs, prior to April 13, 2007, the lands on which the Clarence Properties are located (the "**Lands**") had been one parcel bearing PIN 04213-0056. On April 13, 2007, the Lands were severed into two separate PINs (the "**Severance**"). The explanation for the Severance is set out under the next heading, "Affordable Housing at the Clarence Properties".

Affordable Housing at the Clarence Properties

11. Quex Property Corporation (“**Quex**”) was the owner of the Lands and the Clarence Properties at all material times, up until they were transferred to GDH 10 and GDH 11 in May 2016, as set out below under the heading “Transfer of the Clarence Properties”.

12. At all material times, the Lands and the Clarence Properties were subject to a Municipal Housing Project Facilities Agreement entered into between Quex and the City of Ottawa (the “**City**”) dated March 3, 2006 (the “**MHPFA**”), and a Provincial Contribution Agreement between Quex and the Ministry of Municipal Affairs and Housing (the “**Ministry**”) dated March 27, 2006 (the “**PCA**”). The MHPFA and the PCA required Quex to, among other things, develop and provide 30 affordable housing units as part of the Clarence Properties, defined as rental units which are rented at an amount that does not exceed 70% of the average market rent. Attached hereto and marked as **Exhibits “3”** and “**4**”, respectively, to this affidavit are copies of the MHPFA (including amendments thereto dated March 3, 2006, October 16, 2006, and March 22, 2007), and the PCA.

13. At the time of the MHPFA, 347 Clarence had yet to be constructed. At the time there was only one six-story apartment building (plus a basement level) on the property municipally now known as 345 Clarence Street, Ottawa, and the land on the property municipally now known as 347 Clarence Street, Ottawa was a parking area at the north-east part of the Lands.

14. Initially, the existing six-story building was to be increased by 2 floors, and the unit count increased from 80 to 110. Instead, as set out in the amendment to the MHPFA dated October 16, 2006, a new building with 30 additional units was constructed in the parking area, and it was

subsequently severed to become 347 Clarence. These 30 additional units were to be affordable housing units (the “**New Affordable Housing Units**”).

15. Although each of the Clarence Properties has separate legal title, they are operated as one complex. The two buildings are connected in places, and share common areas and facilities (such as the laundry room, mail room, one elevator and the lobby). The elevator is located in 345 Clarence, meaning tenants and visitors to 347 Clarence access the units in 347 Clarence through 345 Clarence. Further, some electrical meters for units in 347 Clarence are located in 345 Clarence.

16. Under the MHFPA and PCA, the City and Ministry provided Quex with financial assistance to construct the New Affordable Housing Units. As security for this financial assistance, Quex granted a mortgage to the City and the Ministry for \$1,805,004.00 over the Lands (and at the time 345 Clarence) registered on October 27, 2006, as instrument no. OC654524 (the “**Affordable Housing Mortgage**”), executed an assignment of rents registered as instrument no. OC654525 (the “**Affordable Housing Assignment of Rents**”), and granted a security interest in equipment at the Clarence Properties registered as OC654527 (the “**Affordable Housing Security Agreement**”). Attached hereto and marked as **Exhibit “5”** to this affidavit is a copy of the Affordable Housing Mortgage, the Affordable Housing Assignment of Rents, and the Affordable Housing Security Agreement registered on title to the Clarence Properties (collectively, the “**Affordable Housing Security**”).

17. The financial assistance secured by the Affordable Housing Security included a loan from the Ministry to Quex in the amount of \$720,000.00 to partially finance construction of the New Affordable Housing Units (the “**Provincial Capital Contribution**”). However, the Provincial

Capital Contribution was not paid as a lump sum, but was paid out on a monthly basis over 20 years (the "**Monthly Affordability Payment**").

The FN Clarence Mortgages

18. Pursuant to two commitment letters dated March 2, 2007 and March 5, 2007 (the "**Commitment Letters**"), being after Quex had entered into the MHPFA, but at a time when discussions were ongoing with respect to the New Affordable Housing Units to be built on 347 Clarence, instead of as a two-story addition to the existing building on 345 Clarence, FN agreed to lend up to a total of \$7,546,240.00 to Quex. Attached hereto and marked as **Exhibit "6"** to this affidavit are copies of the Commitment Letters.

19. On or about April 2, 2007, Quex granted a mortgage in the principal amount of \$4,882,240.00 over the Lands registered as instrument no. OC702787 (the "**FN 345 Clarence Mortgage**"). Attached hereto and marked as **Exhibit "7"** to this affidavit is a copy of the FN 345 Clarence Mortgage, and standard charge terms no. 8616 incorporated by reference into that mortgage.

20. As set out in the Commitment Letter dated March 2, 2007, of the \$4,882,240.00 advanced under the FN 345 Clarence Mortgage, approximately \$3,500,000.00 was used to pay out an existing FN mortgage over the Lands and 345 Clarence, and the balance (approximately \$1,382,240.00) was to partially fund the construction of the New Affordable Housing Units.

21. The term of the FN 345 Clarence Mortgage was for 20 years, at an interest rate of 5.11%. Pursuant to the Commitment Letter dated March 2, 2007, the FN 345 Clarence Mortgage could only be prepaid in the event of a sale of the subject property upon the payment of a yield maintenance to compensate FN for lost interest. The FN 345 Clarence Mortgage loan was

guaranteed by Raymond Stern and Natalie Stern (collectively, the "**Stern Guarantors**"), the principals of Quex.

22. The FN 345 Clarence Mortgage loan to Quex was also secured by an assignment of rents (the "**Assignment of 345 Clarence Rents**"), notice of which was registered against the Lands and 345 Clarence on April 2, 2007 as instrument no. OC702788. Attached hereto and marked as **Exhibit "8"** to this affidavit is a copy of the notice of Assignment of 345 Clarence Rents.

23. Pursuant to the Commitment Letter dated March 5, 2007, or about April 9, 2008 (after the Severance), Quex also granted FN two mortgages over 347 Clarence. The first was a mortgage for \$1,584,000.00, registered as instrument no. OC839857 (the "**FN 347 Clarence First Mortgage**"). The second was a mortgage for \$1,080,000.00, registered as instrument no. OC839869 (the "**FN 347 Clarence Second Mortgage**"). Attached hereto and marked as **Exhibits "9"** and **"10"**, respectively, to this affidavit are copies of the FN 347 Clarence First Mortgage and the FN 347 Clarence Second Mortgage.

24. It was a term of both the FN 347 Clarence First Mortgage and the FN 347 Clarence Second Mortgage (collectively, the "**FN 347 Clarence Mortgages**") that they would rank *pari-passu* with each other, and that both be guaranteed by the Stern Guarantors.

25. The term of the FN 347 Clarence Mortgages was for 20 years, at an interest rate of 5.69%. Pursuant to the Commitment Letter dated March 5, 2007, the FN 347 Clarence Mortgages could only be prepaid in the event of a sale of the subject property upon the payment of a yield maintenance to compensate FN for lost interest.

26. Now shown to me and marked as **Exhibit “11”** to this affidavit is a copy of the payout statements for each the three FN mortgages over the Clarence Properties (the “**FN Clarence Mortgages**”) as of September 13, 2017, including the prepayment penalty for each mortgage (but excluding certain FN costs after July 31, 2017, such as legal costs and property management costs, and any rents collected to date), and totalling \$8,361,335.92.

27. The FN 347 Clarence Second Mortgage loan gave Quex immediate access to the entire of the Provincial Capital Contribution funds. Accordingly, on or about April 17, 2008, Quex assigned to FN its interest in the Monthly Affordability Payment (the “**Monthly Affordability Payment Assignment**”). Attached hereto and marked as **Exhibit “12”** to this affidavit is a copy of the Monthly Affordability Payment Assignment dated April 11, 2008.

28. As with the FN 345 Clarence Mortgage, the FN 347 Clarence Mortgages were also each secured by assignments of rents (the “**Assignments of 347 Clarence Rents**”), notices of which were registered on April 4, 2007 as instrument nos. OC839858 and OC839870. Attached hereto and marked as **Exhibit “13”** to this affidavit are copies of the registered Notices of Assignments of 347 Clarence Rents.

FN’s Security Prior to the Transfers to the Respondents

29. After the Severance, the FN 345 Clarence Mortgage was carried over to the PIN for 345 Clarence and to the PIN for 347 Clarence. FN discharged the FN 345 Clarence Mortgage from title to 347 Clarence on October 8, 2008. Attached hereto and marked as **Exhibit “14”** to this affidavit is a copy of the partial discharge of the FN 345 Clarence Mortgage.

30. On or about May 3, 2013, the City and the Ministry discharged the Affordable Housing Security from title to 345 Clarence. On the same day, the City and the Ministry registered

postponements of interests of the Affordable Housing Security in favour of the FN 347 Clarence Mortgages and FN's Assignments of 347 Clarence Rents. Attached hereto and marked as **Exhibit "15"** to this affidavit are copies of the discharges of the Affordable Housing Security from title to 345 Clarence, and the postponements of interest from the City and the Ministry in favour of FN in respect of 347 Clarence.

31. Following the partial discharge, FN's security over 345 Clarence included the first ranking FN 345 Clarence Mortgage over title to 345 Clarence, and the associated Assignment of 345 Clarence Rents. FN's security over 347 Clarence included the first ranking (*pari-passu*) FN 347 Clarence Mortgages, the Assignments of 347 Clarence Rents, and the Monthly Affordability Payments Assignment.

Cross-Default Provisions

32. The FN Clarence mortgages were not cross-collateralized. However, because of the common borrower and covenants, section 35 of the FN 345 Clarence Mortgage and section 38 of the FN 347 Clarence Mortgages provide for cross-defaults, the effect of which is that a default in relation to one mortgage would be deemed to be a default in respect to all of the mortgages (the "**Cross-Default Provisions**").

Transfer of the Clarence Properties

33. On or about May 24, 2016, Quex transferred 345 Clarence to GDH 11 for \$7,763,927.50, and transferred 347 Clarence to GDH 10 for \$2,911,072.00, for a total purchase price of \$10,674,999.50. Attached hereto and marked as **Exhibit "16"** to this affidavit are copies of the transfers from Quex registered on May 24, 2016.

34. At the time of the transfers, Chi Van Ho was the sole officer, director and shareholder of GDH 10 and GDH 11. While to the best of my knowledge, Chi Van Ho is still the sole officer and director of GDH 10, as of November 11, 2016, Anthony Devonish became the sole officer and director of GDH 11. Attached hereto and marked as **Exhibit "17"** to this affidavit are copies of organization charts for GDH 10 and GDH 11 provided to FN at the closing of the transfer of the Clarence Properties, and each companies' corporation profile report as of September 18, 2017.

The FN Clarence Mortgages Assumption Agreements

35. Pursuant to an assumption agreement dated May 18, 2016 (the "**345 Clarence Mortgage Assumption Agreement**") between GDH 10, GDH 11, Chi Van Ho, Quex, the Stern Guarantors and FN with respect to the FN 345 Clarence Mortgage, GDH 11 assumed all of the past, present and future debts and liabilities and obligations of Quex to FN under the FN 345 Clarence Mortgage (the "**345 Clarence Mortgage Indebtedness**"), Quex remained liable for the 345 Clarence Mortgage Indebtedness in its capacity as original mortgagor, the Stern Guarantors remained liable for all of the 345 Clarence Mortgage Indebtedness in their capacity as original guarantors of the FN 345 Clarence Mortgage, and GDH 10 and Chi Van Ho guaranteed as covenantors in favour of FN the FN 345 Clarence Mortgage Indebtedness up to a limit of \$2,440,120.00. Attached hereto and marked as **Exhibit "18"** to this affidavit is a copy of the 345 Clarence Mortgage Assumption Agreement.

36. Similarly, pursuant to two assumption agreements dated May 18, 2016 (the "**347 Clarence Mortgage Assumption Agreements**"), between GDH 10, GDH 11, Chi Van Ho, Quex, the Stern Guarantors and FN in respect of the FN 347 Clarence Mortgages, GDH 10

assumed all of the past, present and future debts and liabilities of Quex to FN under the FN 347 Clarence Mortgages (collectively, the “**347 Clarence Mortgage Indebtedness**”). Quex remained liable for the 347 Clarence Mortgage Indebtedness in its capacity as original mortgagor, the Stern Guarantors remained liable for all of the 347 Clarence Mortgage Indebtedness in their capacity as original guarantors of the FN 347 Clarence Mortgages, and GDH 11 and Chi Van Ho guaranteed as covenantors in favour of FN the FN 347 Clarence Mortgage Indebtedness up to a limit of \$2,131,200.00. Attached hereto and marked as **Exhibit “19”** to this affidavit are copies of the 347 Clarence Mortgage Assumption Agreements.

The GSAs

37. On or about May 18, 2016, GDH 11 gave to FN a general security agreement over GDH 11’s assets and undertaking located on, having a connection with, and/or related to 345 Clarence. Also on or about May 18, 2016, GDH 10 gave to FN a general security agreement over GDH 10’s assets and undertaking located on, having a connection with, and/or related to 347 Clarence. Attached hereto and marked as **Exhibits “20” and “21”** to this affidavit are, respectively, copies of the GSAs given by GDH 10 and GDH 11 to FN, and copies of Personal Property Security Registry search results dated September 18, 2017 in respect of GDH 11 and GDH 10.

The Defaults

38. On or about June 29, 2017, FN received a letter from Kathryn Whitehead of Ain Whitehead LLP (the “**June Letter**”). In the June Letter, Ms. Whitehead advised that, among other things, she was counsel to Liahona Mortgage Investment Corp. (“**Liahona**”), Liahona held a second mortgage over 345 Clarence (the “**Liahona 345 Clarence Second Mortgage**”), and Liahona had obtained default judgment against GDH 11. Attached hereto and marked as **Exhibit**

“22” to this affidavit is a copy of the June Letter, and a copy of the default judgment referred to therein dated June 6, 2017 (the “**Liahona Default Judgment**”).

39. Now shown to me and marked as **Exhibit “23”** to this affidavit is a copy of the Liahona 345 Clarence Second Mortgage that GDH 11 granted to Liahona in the amount of \$2,900,000.00 and registered on August 19, 2016, together with a copy of Liahona’s Notice of Sale Under Mortgage dated April 20, 2017 (the “**Liahona Notice of Sale**”), and an arrears statement as of April 20, 2017 (the “**Liahona Arrears Statement**”).

40. The Liahona Notice of Sale sets out that, among other things, as of April 20, 2017, the sum of \$2,972,734.54 was outstanding under the Liahona 345 Clarence Second Mortgage. The Liahona Arrears Statement reveals that GDH 11 began defaulting on its payments under the Liahona 345 Clarence Second Mortgage starting in early-December, 2016. The interest rate under the Liahona 345 Clarence Second Mortgage is 10% *per annum*, with interest-only monthly payments of approximately \$24,166.67. By way of comparison, the interest rate under the FN 345 Clarence First Mortgage is 5.11%, with monthly payments of \$23,724.77.

41. To my knowledge, the June Letter was the first time that FN was made aware of the Liahona 345 Clarence Second Mortgage, which was granted by GDH 11 in favour of Liahona without FN’s knowledge or consent, contrary to section 26 of the FN 345 Clarence Mortgage.

42. Under cover of letter dated July 26, 2017, Eric Golden of Blaney McMurtry LLP, FN’s lawyers in this matter, advised Ms. Whitehead, among other things, that Liahona did not seek FN’s consent before registering the Liahona 345 Clarence Second Mortgage, and as a result required evidence of Liahona’s advances to GDH 11 under its mortgage. Attached hereto and

marked as **Exhibit “24”** to this affidavit is a copy of Mr. Golden’s letter to Ms. Whitehead dated July 26, 2017.

43. Under cover of e-mail dated September 14, 2017, Sandy Earl, a law clerk at Ms. Whitehead’s law firm, provided evidence of advances under the Liahona 345 Clarence Second Mortgage. Of the \$2,900,000.00 advanced, \$1,281,825.67 was paid to GDH 11’s lawyer, \$1,431,203.24 was paid to Quex to discharge its second mortgage over 345 Clarence in the principal amount of \$1,500,000.00, and at an interest rate of 5.0%. Attached hereto and marked as **Exhibit “25”** to this affidavit is a copy of Ms. Earl’s e-mail dated September 14, 2017, and the attachments thereto, and a copy of the now-discharged vendor-take-back mortgage to Quex.

Insurance

44. FN received a letter from The Co-Operators Insurance dated June 6, 2017, advising that the property insurance for the Clarence Properties had been cancelled as of July 9, 2017. Section 5 of the FN Clarence Mortgages require GDH 10 and GDH 11 to maintain insurance coverage over the Clarence Properties. By way of e-mail dated July 31, 2017, Crystal Lin, an employee of FN, advised Lynn Jaffray, a representative of GDH 10 and GDH 11, that because FN had not received the insurance renewal for the Clarence Properties, it had added forced placed insurance coverage (which only covers the amounts owing under the FN mortgages over the Clarence Properties).

45. Lynn Jaffray provided FN with a certificate of insurance from Rhodes & Williams dated August 4, 2017, but as of the date of this affidavit, FN has not yet been provided with a copy of an insurance policy (the “**Insurance Default**”). Rhodes & Williams’ most recent correspondence to FN regarding insurance was an e-mail dated August 31, 2017, in which

Rhodes & Williams advised that the insurance policy documents “had to be sent back as they were not to [their] satisfaction”, and that they would forward the reissued documents “shortly”. Attached hereto and marked as **Exhibit “26”** to this affidavit is a copy of the letter from Co-Operators dated June 6, 2017, a copy of Ms. Lin’s e-mail exchange with Ms. Jaffray dated July 31, 2016, a copy of a certificate of insurance dated August 4, 2017 from Rhodes & Williams Limited, and emails exchanged between FN and Rhodes & Williams dated August 8 to 31, 2017.

Demand for Payment of Arrears and Failure to Cure Defaults

46. Both GDH 11 and GDH 10 were in unremedied default of the payments due under the FN Clarence Mortgages beginning in June, 2017. Specifically, as of August 17, 2017, GDH 11 was in default of principal and interest due under the 345 Clarence Mortgage totalling \$108,985.14, inclusive of administrative charges and fees, forced placed insurance, appraisal costs, building condition assessments and legal costs to July 31, 2017. For its part, GDH 10 was in default of principal and interest due under the 347 Clarence First Mortgage totalling \$21,517.03, and in default of principal and interest due under the 347 Clarence Second Mortgage totalling \$20,130.49, both figures inclusive of administrative charges and fees, forced placed insurance, appraisal costs, building condition assessments and legal costs to July 31, 2017.

47. On or about August 14, 2017, Ms. Lin exchanged e-mail correspondence with Ms. Jaffray. Attached hereto and marked as **Exhibit “27”** to this affidavit is a copy of the e-mail exchange dated August 14, 2017.

48. In her first e-mail, Ms. Lin, among other things, asked Ms. Jaffray if there would be sufficient funds to cover the mortgage payments due on August 15, 2017. As set out in Exhibit 27, Ms. Jaffray forwarded the e-mail to “Chi”, who I believe to be Chi Van Ho, and advised him

that “FN wants confirmation that there will be funds to cover the withdrawal tomorrow”. The e-mail exchange does not include Mr. Van Ho’s response. However, Ms. Jaffray subsequently advised Ms. Lin that there were insufficient funds to cover the mortgage payments, and that there was a “share purchase agreement in the works” for 345 Clarence that “should be completed by Sept. 5th, at which point the mortgage payments will be paid.” (the “**Proposed Share Purchase Agreement**”).

49. FN was not asked to provide its consent to the Proposed Share Purchase Agreement, notwithstanding term 10 of the FN Clarence Mortgages that requires FN’s consent to any share purchase agreement.

50. Given the defaults under the FN Clarence Mortgages (which, per the Cross-Default Provisions, were defaults under all three of the mortgages in favour of FN), on or about August 17, 2017, FN made demand on GDH 10, GDH 11, Quex, Chi Van Ho and the Stern Guarantors, to pay the arrears and cure the defaults on or before August 28, 2017, and also delivered Notices of Intention to Enforce Security pursuant to s. 244 of the BIA. FN also asked to be provided with any documents relating to the Proposed Share Purchase Agreement. As set out in the demands, FN would have been willing to consider consenting to a share purchase as long as it was for both Clarence Properties, among other conditions. Attached hereto and marked as **Exhibits “28”** and **“29”**, respectively, to this affidavit are copies of the demand letters and the attachments thereto, including related s. 244 Notices regarding 345 Clarence and 347 Clarence.

51. The defaults were not cured within the period provided in the demand letters, and no documentation was received regarding the Proposed Share Purchase Agreement. Pursuant to an e-mail to Ms. Jaffray dated August 28, 2017, Mr. Golden advised that FN would be proceeding

with further enforcement. Ms. Jaffray replied the same day that “Chi is in Vietnam with his terminally ill mother.” Mr. Golden responded that he understood that Chi Van Ho had been in contact with other lenders who had initiated enforcement proceedings over other Golden Dragon projects (detailed further under the heading “Defaults by other Golden Dragon Entities”, below). Mr. Golden also asked Ms. Jaffray why the vacancy rate at both 345 Clarence and 347 Clarence was so high, why there were 10 fewer affordable rental units at the Clarence Properties than the required number and why 8 of the affordable rental units were still located in 345 Clarence instead of 347 Clarence. Attached hereto and marked as **Exhibit “30”** to this e-mail is a copy of an exchange of e-mail between Mr. Golden, Ms. Jaffray and Chi Van Ho dated August 28 to 30, 2017.

52. Ms. Jaffray responded to Mr. Golden on August 29, 2017. In her explanation as to the vacancy rate, Ms. Jaffray alleged that it was due to an allegedly incorrect news report of a “meth lab” in the building. By way of e-mail on the same day, Mr. Golden advised that it was FN’s information that the high vacancy rate was due to the conversion of 345 Clarence into student housing (further detailed below under the heading “Conversion to Student Housing”), and the related ongoing construction. Mr. Golden asked Ms. Jaffray to confirm that the City and the Ministry had approved the conversion and related construction.

53. Ms. Jaffray did not respond, and on August 30, 2017, Mr. Golden forwarded his exchange of correspondence with Ms. Jaffray to Chi Van Ho and asked him to provide a response regarding the question about conversion of the units to student housing. Mr. Golden further advised that due to the number of receivership proceedings involving Golden Dragon projects, FN could not stay its enforcement proceedings or inquiries.

54. Chi Van Ho did not respond to Mr. Golden's question about student housing, but replied the same day (August 30, 2017) and advised that he was out of the country until September 8. I am advised by Mr. Golden that he has not received further communication from Chi Van Ho regarding the conversion of units to student housing.

Attornment of Rents and Termination of the Superintendent

55. Given the ongoing monetary and non-monetary defaults, on or about August 30, 2017, FN retained CLV Group Inc. ("CLV") to attorn the rents at the Clarence Properties. Attached hereto and marked as **Exhibit "31"** to this affidavit are copies of the cover letters to the attornment documents, being a letter from Mr. Golden to Bob Lefebvre ("**Lefebvre**"), the superintendent of the Clarence Properties at the time, and a letter from Mr. Golden to the tenants at the Clarence Properties.

56. Some of the rents at the Clarence Properties, including rents for the affordable housing units, were paid directly by the Ministry of Community and Social Services (the "**MCSC**") to GDH 10 and GDH 11 through its Ontario Disability Support Program ("**ODSP**", meaning that it is likely that certain of the tenants at the Clarence Properties are disabled). Following delivery of the attornment documentation on or about August 31, 2017, the MCSC directed payments to CLV. Attached hereto and marked as **Exhibit "32"** to this affidavit is an exchange of e-mails between Mr. Golden and Meagan Zucco, an ODSP caseworker with MCSC, dated September 8 and 12, 2017.

57. Ms. Zucco's e-mail also forwarded an e-mail from Lisa Bilow at "Chi Suites", which is apparently the managing company for numerous Golden Dragon entities, advising that Golden Dragon "no longer own[s]" a number of properties, including several that are subject to separate

receivership proceedings, as set out below under the heading “Defaults by Other Golden Dragon Entities”.

58. I am advised by CLV that Mr. Lefebvre remitted to CLV the rents from the Clarence Properties that he had collected, and on or about September 1, 2017, he received a letter from “Golden Dragon Ho Inc.”, another company of which Chi Van Ho is sole officer and director, advising Mr. Lefebvre that his employment was terminated “effective immediately”. Attached hereto and marked as **Exhibit “33”** to this affidavit is a copy of the letter from Golden Dragon Ho Inc. to Mr. Lefebvre dated September 1, 2017, and the Corporation Profile Report for Golden Dragon Ho Inc.

Deterioration of the Clarence Properties

59. A building condition assessment conducted by Pinchin Ltd. on or about August 9, 2017 over the Clarence Properties revealed deficiencies in the roof systems, wall systems, balcony systems, elevator systems, interior finishes and site features, and included a timeline to carry out the necessary repairs. Attached hereto and marked as **Exhibit “34”** to this affidavit is a copy of the Baseline Property Condition Assessment dated August 18, 2017 (the “**Pinchin Report**”).

60. On or about September 11, 2017, CLV conducted a property inspection of the Clarence Properties. Attached hereto and marked as **Exhibit “35”** to this affidavit is a copy of CLV’s property inspection report dated September 13, 2017 (the “**CLV Report**”).

61. The CLV Report details instances of damage to the interior of 345 Clarence resulting from water ingress, including visible water damage in the top-floor stairwell and hallway, and black mould in one unit.

Conversion to Student Housing

62. Pursuant to an agreement between the City and Quex dated April 18, 2013, being approximately one month before Quex transferred the Clarence Properties to GDH 10 and GDH 11, Quex agreed to make reasonable efforts to relocate the affordable housing tenants located at 345 Clarence to 347 Clarence (the “**Agreement to Relocate**”), so that all 30 affordable housing units at the Clarence Properties would be located in 347 Clarence. Attached hereto and marked as **Exhibit “36”** to this affidavit is a copy of the Agreement to Relocate.

63. Now shown to me and marked as **Exhibit “37”** to this affidavit is a copy of the last rent roll for the Clarence Properties obtained from GDH10 and GDH 11 for June, 2017 (the “**GDH June 2017 Rent Roll**”) and a rent roll for the Clarence Properties as of September, 2017, prepared by CLV (the “**CLV Rent Roll**”).

64. John Tweedie, who is a Property Manager at CLV, advises me that for each floor at the Clarence Properties, the units with numbers -00 to -12 are located in 345 Clarence, and the units with numbers -14 to -18 are located in 347 Clarence. The rent rolls for the Clarence Properties reveal an aggregate current 40% vacancy rate, and from June to September, an increase in the vacancy rate at 345 Clarence from 44% to 53%, but a decrease in the vacancy rate at 347 Clarence from 20% to 3% (an increase of five tenanted units in 347 Clarence). A comparison of the GDH June 2017 Rent Roll with the CLV Rent Roll reveals that not all of the five new tenants at 347 Clarence are renting their units below market rent, notwithstanding the terms of the Agreement to Relocate. A new market-rate tenant moved into unit 315 at 347 Clarence (which was previously vacant), and the previous market-rate tenant in unit 615 at 347 Clarence was replaced with another market-rate tenant.

65. Mr. Tweedie also advises that only 21 of the units at the Clarence Properties are being operated as affordable housing units and rented out at below market rent, notwithstanding that the MHFPA requires that 30 units at the Clarence Properties be operated as affordable housing units. Those units are numbers 303, 405 and 710 at 345 Clarence, and numbers 214, 215, 217, 218, 316, 318, 414, 415, 416, 418, 515, 517, 518, 614, 617, 715, 717 and 718 at 347 Clarence.

66. Further, the rent rolls reveal that of the 9 units in the basement of 345 Clarence (the "100 level" units on the rent rolls), only one is occupied. I have discussed this matter with Mr. Lefebvre, and he advises me that 345 Clarence was in the process of being converted to student housing. In this regard, by way of an e-mail from Dietrich Sider of the City to Mr. Golden dated September 15, 2017, the City advised that three building permits had been issued in respect of interior alterations to the lobby, as well as the ground floor and lower level of 345 Clarence. Further, Mr. Sider advised that GDH 11 had started making alterations to basement units at 345 Clarence in the summer of August 2016, but had failed to obtain a building permit. Mr. Sider's e-mail also included information regarding a stop work order issued on or about August 11, 2016, and that the required building permits were eventually obtained. Attached hereto and marked as **Exhibit "38"** to this affidavit is a copy of Mr. Sider's e-mail dated September 15, 2017, and copies of the City's records regarding the stop work order, and the building permits eventually issued on January 25, 2017 (two permits issued that day) and May 17, 2017.

67. Mr. Lefebvre advises that there are no longer 9 basement units at 345 Clarence. One of the units, number 104, is still occupied. Two units, numbers 108 and 100 have been gutted with the intention of converting them into the new building laundry, a party room, and a gym (the current laundry room is still operational). Three units, numbers 101, 102, and 105, all former one-bedroom units, are in the process of being converted into two-bedroom student housing.

One unit, number 103, has been gutted and is being used to store drywall. The remaining units, numbers 106 (a bachelor unit) and 107 (a two-bedroom unit), have been gutted, but are nowhere close to being ready for occupation. The mail room has also been moved from the lobby to the basement.

68. The CLV Report confirms the conversion of some of the basement units into student housing, and others into a shared facilities. As set out in the CLV Report, only units 101 and 102 are “nearly complete”. In fact, CLV stated that of the 44 vacant units at the Clarence Properties, only five “would be considered rent ready. The remaining 39 units are in various stages of renovations or in need of work to be considered rent ready.”

69. Further, Mr. Lefebvre advises that while the intention was to convert the entire building at 345 Clarence into student housing one floor at the time (beginning with the basement and working upward), all construction has now halted and remains unfinished. GDH 11 has also undertaken renovations to the lobby at the Clarence Properties, but that work was only partially completed, and remains unfinished. The intention to convert 345 Clarence to student housing is further corroborated by the fact that between June and September (according to the rent rolls), two new market-rent tenants were placed in 347 Clarence instead of 345 Clarence, when the former is supposed to be for affordable housing tenants.

70. Until recently, FN was not aware of and did not consent to the alterations made (and proposed alterations to be made) to 345 Clarence to convert units into student housing, or to the lobby of the Clarence Properties. I am not aware of GDH 10, GDH 11 or anyone on their behalf requesting FN’s consent.

Defaults by Other Golden Dragon Entities

71. Several other "Golden Dragon Ho" corporate entities are currently in default of their mortgage obligations:

- (a) On June 14, 2017, on the application of the Royal Bank of Canada, MNP Ltd. was appointed interim receiver with respect to a property located on Woodroffe Avenue and Majestic Drive in Ottawa owned by Golden Dragon Ho 9 Inc., and was appointed receiver on or about July 6, 2017.
- (b) On June 21, 2017, on the application of First Source Financial Management Inc., Collins Barrow Toronto Limited was appointed receiver over Golden Dragon Ho 5 Inc. and Golden Dragon Ho 7 Inc. with respect to properties located at 39-85 Costello Avenue in Ottawa, and 64 Reynolds Drive in Brockville.
- (c) The Royal Bank of Canada has applied to the court to have MNP Ltd. appointed receiver over Golden Dragon Ho 2 Inc. and Golden Dragon Ho 4 Inc. with respect to property they own located at 366-386 Bank Street and 401-410 Gilmour Street in Ottawa.
- (d) On August 31, 2017, on the application of Kingsett Mortgage Corporation, KSV Kofman Inc. was appointed receiver over M.Y. Residential Inc., which had amalgamated with Golden Dragon Ho 7 Inc., with respect to property located at 637, 647, 653 and 655 Johnson Street in Kingston.

Attached hereto and marked as **Exhibit "39"** to this affidavit are copies of the Order of Justice Beaudoin dated June 14, 2017 appointing MNP Inc. as interim receiver in respect of certain property of Golden Dragon Ho 9 Inc., the Order of Justice MacLeod dated July 6, 2017

appointing MNP Inc. as receiver of certain property of Golden Dragon Ho 9 Inc., the Order of Justice Corthorn dated June 21, 2017 appointing Collins Barrow Toronto Limited receiver in respect of certain property of Golden Dragon Ho 5 Inc. and Golden Dragon Ho 7 Inc., RBC's Notice of Application to have MNP Ltd. appointed receiver over Golden Dragon Ho 2 Inc. and Golden Dragon Ho 4 Inc., and the Order of Justice Hainey dated August 31, 2017 appointing KSV Kofman Inc. as receiver over certain property of M.Y. Residential Inc.

72. I am aware of significant disrepair and tenant hazard in existence at another property owned by a "Golden Dragon Ho" entity. Attached hereto and marked as **Exhibit "40"** to this affidavit is a copy of the parcel abstract for a property owned by Golden Dragon Ho 3 Inc. municipally known as 2155-2173 Elmira Drive in Ottawa (the "**Elmira Property**"), and an Order registered by the City dated June 4, 2017 (the "**By-law Order**").

73. Based on my review of the PIN map and a Google Satellite Images map for the Elmira Property, it appears that the property consists of four separate multi-unit apartment buildings. Attached hereto and marked as **Exhibit "41"** to this affidavit are copies of the PIN map and Google Satellite Images map for the Elmira Property.

74. As set out in the By-law Order, it appears that Golden Dragon Ho 3 Inc. allowed one of the buildings at the Elmira Property to fall into significant disrepair, which lead to water infiltration, water damage to ceilings and walls of hallways, and mould accumulation in one unit.

Attempts to Sell the Clarence Properties

75. Now shown to me and marked as **Confidential Exhibit “42”** to this affidavit is a copy of a certified appraisal for the Clarence Properties that FN recently had carried out by Juteau Johnson Comba Inc.

76. On or about July 1, 2017, the Respondents listed the Clarence Properties for sale, with a list price of \$15,900,000.00. Attached hereto and marked as **Exhibit “43”** to this affidavit is a copy of the listing dated July 1, 2017.

77. The listing price was dropped to \$13,900,000.00, as per the most current listing attached hereto and marked as **Exhibit “44”** to this affidavit.

78. Now shown to me and marked as **Confidential Exhibit “45”** to this affidavit is a copy of an agreement of purchase and sale dated August 31, 2017 (the “**APS**”) that was recently provided to FN.

79. The APS appears to be for 345 Clarence only, and FN has not received any further updates regarding this APS. In any event, given the shared facilities, including the shared lobby, laundry, mail and elevator, neither building can likely be sold on its own and both buildings must in all likelihood be sold as a package.

80. Under cover of letter from Chi Van Ho dated September 12, 2017, FN was granted authorization to speak with a “potential buyer” Ahmed Syed. Attached hereto and marked as **Exhibit “46”** to this affidavit is a copy of Chi Van Ho’s letter to FN dated September 12, 2017.

Income Potential for the Clarence Properties

81. As set out in the CLV Rent Roll, the anticipated monthly rental income for the Clarence Properties when fully tenanted will be \$99,026.12. Of this, \$20,731.14 would be derived from rents from 347 Clarence, and \$78,294.98 would be derived from rents from 345 Clarence.

82. I am advised by CLV that at this point, the rental season for the area where the Clarence Properties are located has passed, such that new rentals will be limited between now and next spring. Most new rentals will occur in the spring and summer months of next year. Since there are currently approximately 44 vacant units, there should be sufficient time between now and next spring to stabilize the Clarence Properties and have the vacant rental units ready to be leased.

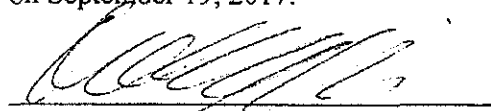
83. The appointment of Deloitte as interim receiver of the Clarence Properties is necessary to protect the interests of FN as a secured creditor, by stabilizing the operations of the Clarence Properties, improving the vacant units into a condition where they can be leased again and reducing the vacancy rate to an acceptable level, so that sufficient revenues are generated to pay, *inter alia*, utilities, municipal taxes (FN collects funds for the property taxes as part of the mortgage payments), necessary short term repairs noted in the Pinchin Report and the CLV Report, and the arrears and monthly payments due under the FN Clarence Mortgages. The appointment of Deloitte as interim receiver over the Clarence Properties will also facilitate the replacement of the insurance as the interim receiver will be able to insure the Clarence Properties.

84. Deloitte has consented to be appointed as interim receiver of the Clarence Properties. Attached hereto and marked as **Exhibit "47"** to this affidavit is a Consent executed by Deloitte.

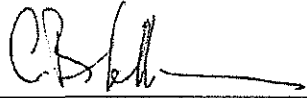
85. This affidavit is sworn in support of FN's application for, among other things, an Order to appoint Deloitte as interim receiver over the Clarence Properties, and for no improper purpose.

SWORN BEFORE ME

at the City of Toronto,
in the Province of Ontario,
on September 19, 2017.


A Commissioner for Taking Affidavits

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Christopher Sebben

Aaliyah Madadi, a Commissioner, etc.,
Province of Ontario,
while a Student-at-Law.
Expires April 4, 2018.

FIRST NATIONAL FINANCIAL GP CORPORATION and **GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.**

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding Commenced at **OTTAWA**

**AFFIDAVIT OF CHRISTOPHER SEBEN
(SWORN SEPTEMBER 19, 2017)**

BLANEY MCMURTRY LLP
Barristers & Solicitors
2 Queen Street East, Suite 1500
Toronto ON M5C 3G5

Eric Golden (LSUC #38239M)
Tel: (416) 593-3927
Fax: (416) 596-2049
Email: egolden@blaney.com

Chad Kopach (LSUC #48084G)
Tel: (416) 593-2985
Fax: (416) 594-0957
Email: ckopach@blaney.com

Lawyers for the Applicant

TAB 1

This is **Exhibit "1"** referred to in the
Affidavit of
CHRISTOPHER SEBBEN herein,
Sworn before me
this 19th day of September, 2017.



A Commissioner for Taking Affidavits

Aaliver Marfat, a Licensed Agent, etc.
Practicing in the State of
WYOMING, County of
Natrona, Wyoming.



LAND REGISTRY OFFICE #4

04213-0303 (LT)

PAGE 1 OF 4
PREPARED FOR UK6440501
ON 2017/09/14 AT 11:13:26

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

PROPERTY DESCRIPTION: PART LOTS 16, 17 & 18 PLAN 43586 N/S CHARNOCK STREET BEING PARCELS 2, 3 & 4 ON 4211669; CITTANA S/T RIGHT-OF-WAY AND EASEMENT OVER PART 3 ON 4211669 IN FAVOUR OF PART LOT 16 PLAN 43586 PART 1 ON 4211669 AS IN 0659531; S/T EASEMENT OVER PART 4 ON 4211669 IN FAVOUR OF PART LOT 18 PLAN 43586 PART 1 ON 4211669 AS IN 0659531; S/T EASEMENT OVER PART 2 PLAN 4211669 IN FAVOUR OF PART LOT 18 PLAN 43586 PART 1 ON 4211669 AS IN 0659531; T/W RIGHT-OF-WAY AND EASEMENT OVER PART 1 ON 4211669 IN FAVOUR OF PART LOTS 16, 17 & 18 PLAN 43586 PARTS 2, 3 & 4 ON 4211669 AS IN 0659531.

PROPERTY PARKERS:
ESTATE/REGISTRAR:
FEE SIMPLE
LT CONVERSION QUALIFIED
OWNERS' NAMES
GOLDEN DRAGON HO 11 INC.
RECENTLY:
DIVISION FROM C4213-0056
CAPACITY SHARE
REGISTRATION DATE:
2007/01/13

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL CURRENT TYPES AND DELETED INSTRUMENTS SINCE 2007/04/13 **						
** SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
**		SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 14, PARAGRAPH 14, PROVINCIAL SUCCESSION BYLAW				
**		AND EASEMENTS OR POSSESSION TO THE CROWN.				
**		THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTIION OR BOUNDARIES SETTLED BY COMPETITION.				
**		ANY LEASE TO WHICH THIS SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.				
**		NOTE OF CONVERSION TO LAND TITLES: 1996/2226 **				
N737659	1996/03/07	TRANSFEE POWER SALE		*** DELETED AGAINST THIS PROPERTY ***	QJEX PROPERTY CORPORATION	
LT1214125	1999/08/11	NOTICE		QJEX PROPERTY CORPORATION	THE CONSUMERS' GAS COMPANY LTD.	
REMARKS: NOTICE OF LEASE BY CHITTELS						
LT1301131	2000/07/17	TRANSFER EASEMENT		*** DELETED AGAINST THIS PROPERTY ***	ROGERS OTTAWA LIMITED / LIMITEE	
				QJEX PROPERTY CORPORATION	THE EQUITABLE TRUST COMPANY	
00121416	2002/09/20	CHARGE		*** DELETED AGAINST THIS PROPERTY ***	THE EQUITABLE TRUST COMPANY	
				QJEX PROPERTY CORPORATION	THE EQUITABLE TRUST COMPANY	
00121417	2002/09/20	NO ASSON BENT GEN		*** DELETED AGAINST THIS PROPERTY ***	THE EQUITABLE TRUST COMPANY	
				QJEX PROPERTY CORPORATION	THE EQUITABLE TRUST COMPANY	
REMARKS: C4213-0303						

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



LAND REGISTRY OFFICE #4
 PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIED
 0421J-0303 (LT)
 PREPARED FOR DEEMTS01 ON 2017-09-14 AT 11:13:56
 * CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN FORM 58A1 *

REG. NO.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHRD
0C121420	2002/09/26	NO SEC INTEREST		*** DELETED AGAINST THIS PROPERTY *** THE EQUITABLE TRUST COMPANY		
	REMARKS: 0C121419					
0C356421	2006/07/17	TRANSFER OF CHARGE		*** DELETED AGAINST THIS PROPERTY *** THE EQUITABLE TRUST COMPANY	FIRST NATIONAL FINANCIAL CORPORATION	
	REMARKS: 0C121419, 0C121420					
0C564422	2006/02/17	NO ASSIGN RENT GEN		*** DELETED AGAINST THIS PROPERTY *** THE EQUITABLE TRUST COMPANY	FIRST NATIONAL FINANCIAL CORPORATION	
	REMARKS: 0C564421					
0C564423	2006/02/17	NO SEC INTEREST		*** DELETED AGAINST THIS PROPERTY *** FIRST NATIONAL FINANCIAL CORPORATION		
	REMARKS: 0C121420					
0C564424	2006/02/17	NOTICE		*** DELETED AGAINST THIS PROPERTY *** QUEX PROPERTY CORPORATION	FIRST NATIONAL FINANCIAL CORPORATION	
	REMARKS: 0C121419					
0C564426	2006/02/17	NOTICE		*** DELETED AGAINST THIS PROPERTY *** QUEX PROPERTY CORPORATION	FIRST NATIONAL FINANCIAL CORPORATION	
	REMARKS: 0C121419					
0C565309	2006/02/21	CHARGE		*** DELETED AGAINST THIS PROPERTY *** QUEX PROPERTY CORPORATION	NAPAS HOLDINGS LTD. QUEX PROPERTY CORPORATION	
	REMARKS: 0C121419					
0C573033	2006/04/03	NOTICE		S.I.3 CITY OF OTTAWA		C
0C654574	2006/10/27	CHARGE		*** DELETED AGAINST THIS PROPERTY *** QUEX PROPERTY CORPORATION	CITY OF OTTAWA HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING	
0C654575	2006/10/27	NO ASSIGN RENT GEN		*** DELETED AGAINST THIS PROPERTY *** QUEX PROPERTY CORPORATION	CITY OF OTTAWA HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING	
	REMARKS: 0C654574					
0C654577	2006/10/27	NO SEC INTEREST		*** DELETED AGAINST THIS PROPERTY *** CITY OF OTTAWA HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY		

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



LAND REGISTRY OFFICE #4

04213-0303 (LT)

PAGE 3 OF 4
PREPARED FOR DREAMS01
ON 2017/09/14 AT 11:13:26

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERY/CHRD
REMARKS: 027654524						
4821469	2007/01/02	PLAN REFERENCE				
0059747	2007/03/19	NOTICE		S1 CITY OF OTTAWA	QUEX PROPERTY CORPORATION	C
00699054	2007/03/22	NOTICE		QUEX PROPERTY CORPORATION		C
00702787	2007/04/01	CHARGE	\$4,892,240	QUEX PROPERTY CORPORATION	FIRST NATIONAL FINANCIAL GP CORPORATION	C
00702786	2007/04/01	NO ASSESS RENT GEN		QUEX PROPERTY CORPORATION	FIRST NATIONAL FINANCIAL GP CORPORATION	C
REMARKS: 02702787						
00702792	2007/04/01	NO SEC INTEREST		S1 FIRST NATIONAL FINANCIAL GP CORPORATION		C
REMARKS: 02702792						
00702777	2007/04/16	NOTICE		S1 CITY OF OTTAWA	QUEX PROPERTY CORPORATION	C
00709181	2007/04/20	NOTICE		S-1 CITY OF OTTAWA	QUEX PROPERTY CORPORATION	C
00731897	2007/05/16	DISCHARGE INTEREST		*** COMPLETELY DELETED ***	FIRST NATIONAL FINANCIAL CORPORATION	
REMARKS: 0270564423						
00731898	2007/06/16	DISCHG OF CHARGE		*** COMPLETELY DELETED ***	FIRST NATIONAL FINANCIAL CORPORATION	
REMARKS: 0270564418						
00741232	2007/09/12	TRANSFER RELEASED		*** COMPLETELY DELETED ***	ROGERS CABLE COMMUNICATIONS INC./COMMUNICATIONS ROGERS CABLE INC.	QUEX PROPERTY CORPORATION
REMARKS: 0271021134						
00743611	2007/10/12	LR'S ORDER		*** COMPLETELY DELETED ***	LAND REGISTRAR	
REMARKS: 0202761134						
00783957	2009/03/26	CONSTRUCTION LIEN		*** COMPLETELY DELETED ***	P B C DEVELOPMENT AND CONSTRUCTION MANAGEMENT GROUP INC.	
REMARKS: 02702761134						
007839440	2009/04/07	APP AMEND ORDER		*** COMPLETELY DELETED ***	ONTARIO SUPERIOR COURT OF JUSTICE	QUEX PROPERTY CORPORATION

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTOR REPRESENTED FOR THIS PROPERTY.
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LAND REGISTRY OFFICE #4

04213-0303 (LT)

PAGE 4 of 4
PREPARED FOR D:\e\etns01
ON 2017/09/14 AT 11:13:26

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER
CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHRG
OC131974	2009/01/08	DISCH OF CHARGE		*** COMPLETELY DELETED *** NEARS HOLDINGS LTD.		
				REMARKS: RE: OC565303		
OC1453861	2013/02/15	NOTICE		S1 QUEX PROPERTY CORPORATION	QUEX BEAUVOLEIL LTD.	C
OC1473946	2013/05/03	DISCHARGE INTEREST		*** COMPLETELY DELETED *** CITY OF OTTAWA HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING		
				REMARKS: OC654527		
OC1473947	2013/05/03	DISCH OF CHARGE		*** COMPLETELY DELETED *** CITY OF OTTAWA HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING		
				REMARKS: OC654524		
OC1512213	2013/08/27	NOTICE OF CHARGE		QUEX PROPERTY CORPORATION	TM MOBILE INC.	C
OC1789073	2016/05/24	TRANSFER	57,733,928	QUEX PROPERTY CORPORATION	GOLDEN DRAGON HO II INC.	C
				REMARKS: PLANNING PACT STATEMENTS.		
OC1789074	2016/05/24	CHARGE		*** COMPLETELY DELETED *** GOLDEN DRAGON HO II INC.	QUEX PROPERTY CORPORATION	C
OC1818749	2016/08/19	CHARGE	52,900,000	GOLDEN DRAGON HO II INC.	LIARONS MORTGAGE INVESTMENT CORP.	C
OC1818750	2016/08/19	NO PASSON RENT GEN		GOLDEN DRAGON HO II INC.	LIARONS MORTGAGE INVESTMENT CORP.	C
				REMARKS: OC1818749.		
OC1818872	2016/08/22	DISCH OF CHARGE		*** COMPLETELY DELETED *** QUEX PROPERTY CORPORATION		
				REMARKS: OC1789074.		

NOTE: REMAINING 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.

TAB 2

This is **Exhibit "2"** referred to in the
Affidavit of
CHRISTOPHER SEBBEN herein,
Sworn before me
this 19th day of September, 2017.



A Commissioner for Taking Affidavits

Aaliyah Madadi, a Commissioner, etc.,
Province of Ontario,
while a Student-at-Law.
Expires April 4, 2019



Ontario ServiceOntario

1500
REGISTRATION
SERVICES

REGISTRATION SERVICES

NOTE: 3/1/14
POSTAL CODE: M5H 1S4
AS 01/16/14 AT 11:41:54

04-11-0300 (LTD)

REGISTRATION SERVICES WITH THE DATE ENTERED SUBJECT TO RESTRICTIONS TO THE REGISTRATION

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
0104553	2007/07/13	TRANSFER		*** RELATED TO TRANSFER FROM PROPERTY *** QUEBEC NATIONAL CORPORATION	QUEBEC NATIONAL CORPORATION	0
0104554	2007/07/13	MORTG		QUEBEC NATIONAL CORPORATION	QUEBEC NATIONAL CORPORATION	0
0104555	2007/07/13	TRANSFER		*** RELATED TO TRANSFER FROM PROPERTY *** QUEBEC NATIONAL CORPORATION	QUEBEC NATIONAL CORPORATION	0
0104556	2007/07/13	MORTG		*** RELATED TO TRANSFER FROM PROPERTY *** QUEBEC NATIONAL CORPORATION	QUEBEC NATIONAL CORPORATION	0
0104557	2007/07/13	TRANSFER		*** RELATED TO TRANSFER FROM PROPERTY *** QUEBEC NATIONAL CORPORATION	QUEBEC NATIONAL CORPORATION	0
0104558	2007/07/13	MORTG		*** RELATED TO TRANSFER FROM PROPERTY *** QUEBEC NATIONAL CORPORATION	QUEBEC NATIONAL CORPORATION	0
0104559	2007/07/13	TRANSFER		*** RELATED TO TRANSFER FROM PROPERTY *** QUEBEC NATIONAL CORPORATION	QUEBEC NATIONAL CORPORATION	0
0104560	2007/07/13	MORTG		*** RELATED TO TRANSFER FROM PROPERTY *** QUEBEC NATIONAL CORPORATION	QUEBEC NATIONAL CORPORATION	0
0104561	2007/07/13	TRANSFER		*** RELATED TO TRANSFER FROM PROPERTY *** QUEBEC NATIONAL CORPORATION	QUEBEC NATIONAL CORPORATION	0
0104562	2007/07/13	MORTG		*** RELATED TO TRANSFER FROM PROPERTY *** QUEBEC NATIONAL CORPORATION	QUEBEC NATIONAL CORPORATION	0
0104563	2007/07/13	TRANSFER		*** RELATED TO TRANSFER FROM PROPERTY *** QUEBEC NATIONAL CORPORATION	QUEBEC NATIONAL CORPORATION	0
0104564	2007/07/13	MORTG		*** RELATED TO TRANSFER FROM PROPERTY *** QUEBEC NATIONAL CORPORATION	QUEBEC NATIONAL CORPORATION	0
0104565	2007/07/13	TRANSFER		*** RELATED TO TRANSFER FROM PROPERTY *** QUEBEC NATIONAL CORPORATION	QUEBEC NATIONAL CORPORATION	0
0104566	2007/07/13	MORTG		*** RELATED TO TRANSFER FROM PROPERTY *** QUEBEC NATIONAL CORPORATION	QUEBEC NATIONAL CORPORATION	0

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



FOR ALL ASSISTANCE, INVESTIGATIONS AND PROPERTY LOCATIONS

LAND
REGISTRY
OFFICE #4

NOTE: IF 6
REGULATED, YOU MAY BE ABLE
TO REGISTER AT 11:45 AM

04113-020-1 (27)

PROPERTY IS ASSOCIATED WITH THE LANDS/TITLES ACT, SUBJECT TO REGISTRATION OF FEDERAL GRANTS

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
0111111	2013-09-04	REGISTERED		THEY F GROUP AND MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NATURAL RESOURCES AND FORESTRY	ELDER HALL PARK OFFICE AND HER CORPORATION	C
0111111	2013-08-27	NOTICE OF CHARGE		THE PROPERTY CORPORATION	EM MOBILE INC.	C
0111111	2013-08-27	TRANSFER	5,912,000	ELDER HALL PARK OFFICE CORPORATION	EMERSON TRADING CO INC.	C

SEPARATE PLANNING AND STATEMENTS

NOTE: ALL LANDS/TITLES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIBED INFORMATION. IF ANY, WITH REGISTRATION REPRESENTED FOR THIS PROPERTY,
DATE: ENSURE THAT YOUR RECORDS SHOW THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PAGES THEN ALL 12.

TAB 3

This is **Exhibit “3”** referred to in the
Affidavit of
CHRISTOPHER SEBBEN herein,
Sworn before me
this 19th day of September, 2017.



A Commissioner for Taking Affidavits

Aaliyan Madadi, a Commissioner, etc.
Province of Ontario
while a Student in Law
Expires April 4, 2019

This Municipal Housing Project Facilities Agreement made in Triplicate
 this 3rd day of February, 2006
 March

CITY OF OTTAWA
 (the "City")

-and-

QUEX PROPERTY CORPORATION
 (the "Housing Provider")

WHEREAS City of Ottawa By-law 2006-1, entitled the "Municipal Housing Facilities By-Law" (hereinafter referred to as "By-law 2006-1") allows Council to pass by-laws permitting the City to enter into municipal housing project facilities agreements with housing providers pursuant to subsection 110 (1) of the *Municipal Act*, S.O. 2001, c.25 and its regulations (and specifically Ontario Regulation 46/94) for the provision of municipal housing project facilities;

AND WHEREAS on October 26, 2005, Council authorized City staff to negotiate this Agreement, subject to the terms and conditions of the September 14, 2005 Action Ottawa Request for Proposal, the Selection Committee recommendations of October 14, 2005, the provisions of By-law 2006-1, and the limits of the City municipal capital facility contributions;

AND WHEREAS the Housing Provider has agreed to provide a municipal capital facility at 354 Clarence Street in the City of Ottawa pursuant to section 110 of the *Municipal Act*, S.O. 2001, c.25, as amended and its regulations (the "*Municipal Act*") and By-law 2006-1;

AND WHEREAS Council will pass a by-law concurrently with this Agreement, permitting the City to enter into this Agreement;

AND WHEREAS the City is satisfied that the monetary value of benefits being conveyed to the Housing Provider pursuant to this Agreement is reasonably offset by the capitalized value of affordable housing services being conveyed to the City;

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

Term

1. The term of this Agreement shall commence upon execution of this Agreement and terminate forty years (40) years from the date of occupancy of the housing units to be provided as part of the Municipal Housing Project Facility.

Definitions

2.(1) Words and phrases used in this Agreement shall have the same meaning as set out in By-law 2006-1, unless otherwise defined in this Agreement.

(2) The following words and phrases used in this Agreement shall have the following meanings:

"accumulated deficit" means a deficit as reported on the Housing Provider's audited financial statements which has occurred as a result of the Housing Provider reporting more expenses than revenue since its incorporation.

"Affordable Housing" means a rental unit which is rented at an amount that does not exceed 70% of the average market rent as reported by CMHC in their Annual Rental Market Survey for the Ottawa Census Metropolitan Area for units of the same type and size by bedroom count.

"Agreement" means this Agreement.

"auditor" means a public accountant as defined in the *Public Accountancy Act*, R.S.O. 1990, c.P.37, as amended, who performs an audit function pursuant to this Agreement.

"Below Market Rent Unit" means a rental unit that is rented at an amount that meets the definition of "Affordable Housing" as defined above.

"construction cost" means the contract price(s) of all elements of the Project designed or specified by or on behalf of the Project Architect, including all applicable taxes whether recoverable or not. Where there is no contract price for all or part of the Project, the construction cost shall be the estimated cost at market rates at the estimated time of construction as determined by the Architect. Construction cost does not include the compensation of the Architect and the Architect's consultants or the cost of the land. In the event that labour or material is furnished by the Housing Provider is below market cost or when old materials are re-used, the construction cost for purposes of this Section is to be interpreted as the cost of all materials and labour necessary to complete the work as if all materials had been new and if all labour had been paid for at market prices at the time of construction or, in the event that the construction does not proceed, at existing market prices at the estimated time of construction.

"eligibility criteria" means the criteria set out in the definition of low-income household.

"fiscal year" means the fiscal year of the Housing Provider that is a period of twelve (12) consecutive months commencing on the first day of January and ending on the last day of December.

"income" means all income, benefits and gains, of every kind and from every source including an imputed income for all assets or investments which do not produce interest income but are intended to appreciate in value or are given away, all of which must be declared by a tenant (or an applicant for a Below Market Rent Unit as the case may be).

"low-income household" means households on the Waiting List.

"Municipal Housing Project Facility" has the same meaning as that in By-law 2006-1 and for the purposes of this Agreement means the Project.

"Project" means the project described in Schedules A and B.

"replacement reserve fund" means a replacement reserve fund as set out in Section 62.

"Waiting List" means the Social Housing Registry of Ottawa or successor waiting list.

- 3.(1) Subject to any sections of this Agreement which set higher minimum standards, it is a condition of this Agreement that the Housing Provider operate the Project in accordance with all applicable legislation, by-laws, policies, directives and guidelines of all levels government.
- (2) Without limiting the generality of subsection (1), if there is a conflict between By-law 2006-1 and a section of this Agreement, By-law 2006-1 shall prevail, unless the section of this Agreement sets a higher standard, in which case the Housing Provider shall operate the Project pursuant to that section.

Contribution and Construction of the Project

- 4.(1) The Housing Provider shall construct and maintain the Project in the manner described in this Agreement, its attached Schedules and all applicable by-laws, legislation and government policies.
- (2) The Housing Provider shall construct the Project, as described in Schedule "A" to this Agreement, at its own expense.
- (3) At any time, upon providing the Housing Provider with reasonable prior written notice, and from time-to-time before completion of construction of the Housing:
 - (a) the City or any individual authorised by the City may inspect the Project; and
 - (b) the Housing Provider shall co-operate with any individual mentioned in clause (a) by providing access and anything else that may be reasonably required to assist in any such inspection.
- (4) The Housing Provider shall submit to the City minutes of all site meetings held in respect of the Housing construction within seven (7) business days after each such site meeting.
- (5) Following completion of construction, the City or persons authorized by the City shall have the right at all reasonable times, upon prior notice to the Housing Provider, to inspect the Project.
5. The City shall provide the financial resources and relief, pursuant to By-law 2006-1, set out in the attached Schedule "C".

6. The Parties acknowledge that the costs, which are provided for in the Project capital budget for the actual construction of the Project, are set out in Schedule "B".
7. In performing any work and construction on the Project, the Housing Provider shall:
 - (a) proceed at its own expense with all due diligence to completion and will cause all work to be done in a good and professional manner;
 - (b) do all acts and things required for the performance and completion of the Project in accordance with all applicable building and zoning ordinances and all applicable laws, by-laws, orders, rules, regulations and other requirements of all federal, provincial and municipal authorities and in accordance with the plans and specifications which have or may be approved by the City;
 - (c) do all acts and things required to be done in the performance of the construction in compliance with the insurance requirements of this Agreement;
 - (d) construct the Project with care and in such a manner so that no environmental or other damage or injury occurs to the Project or to the structures or other improvements located on abutting lands and if such damage or injury occurs, the Housing Provider shall repair and restore the Project or abutting lands, as the case may be, and their structures and other improvements; and
 - (e) obtain all necessary permits at its own expense.
8. In the event that the Housing Provider has not commenced construction of the Project within two (2) years following the date of this Agreement, the City may, immediately upon written notice to the Housing Provider, terminate this Agreement.
9. If at any time prior to completion of construction of the Project, the construction ceases and has not been resumed within ninety (90) days of ceasing, or if the Housing Provider abandons the construction of the Project, the City may, immediately upon written notice to the Housing Provider, terminate this Agreement and all funds, financial resources and relief which have been granted by the City to the Housing Provider up to the date of termination shall immediately be repaid.
- 10.(1) If substantial performance, within the meaning of the *Construction Lien Act*, R.S.O. 1990, c.30, as amended, of construction of the Project has not occurred on or before the date which is two (2) years following the date of the commencement of construction, the City may, immediately upon written notice to the Housing Provider terminate this Agreement.
- (2) If any of the delays described in Section 8 to subsection 10 (1) are caused entirely by the City or by *force majeure* and are not at all remotely caused by Housing Provider the City

shall, before exercising its discretion, consider the extent to which its own actions or inactions caused the delays.

11. If it has not already done so, the Housing Provider shall deliver to the City copies of all available construction, technical, engineering and design drawings, which concern the Project.

Communication

- 12.(1) The Housing Provider shall cooperate with the City in any communications initiative of the City concerning the City's "Action Ottawa 2005 – Strong Start" program as it relates to the Project including, but not limited to, a sod turning ceremony and an official opening.
- (2) The Parties shall maintain regular and open communication in respect to the construction and operation of the Project and the administration of this Agreement.

Discretion

13. Unless otherwise provided in this Agreement, the Parties shall act reasonably in exercising any discretion under this Agreement, or in providing or refusing any approval or consent concerning this Agreement.

Laws of Province

14. Any obligation in this Agreement is subject to the laws of the Province of Ontario and applicable by-laws of the City, and those laws and by-laws apply to the interpretation of this Agreement, and any reference to a statute or by-law in this Agreement includes any subsequent amendments or replacement and substitution of that statute or by-law.

Schedules

15. The Schedules to this Agreement are part of this Agreement.

Notice

16. Any notice required under this Agreement must be in writing and delivered by personal service or ordinary mail to:

- (a) the City at the following address:

Director, Housing Branch, 100 Constellation Crescent, 8th Fl. Ottawa, ON K2G 6J8 fax: (613) 580-2648

- (b) the Housing Provider at the following address:

Quex Property Corporation, 230 Daly Avenue, Ottawa, ON K1N 6G1
fax: (613) 789-8899

The Housing Provider and City shall give notice to each other in writing of any change in this information. Any notice under this Agreement shall be deemed to be delivered on the date when personally served or, if mailed, on the third day after the notice was mailed.

Contact Persons

17. The Housing Provider shall identify in writing one or more contact persons, who are authorized by the Housing Provider to respond on their behalf and who can respond to requests from the City and receive and transmit information from the City and shall give notice to the City of any change in any contact person.

Assignment

18. The Housing Provider shall not assign or transfer this Agreement or any of its responsibilities, rights or obligations under this Agreement without the prior written consent of the City, which may be withheld.

Municipal Capital Facilities and Project Units

19. The Parties acknowledge that the Project is a municipal housing project facility and, therefore, use of the Project shall be pursuant to section 110 of the *Municipal Act*, S.O. 2001, c.25, as amended and its regulations.
20. (1) The Housing Provider shall ensure that during the term of this Agreement:
- (a) pursuant to section 5 (a) of By-law 2006-1, all Project units (which units are more particularly described in Schedule A) shall meet the definition of Affordable Housing;
 - (b) pursuant to section 5 (b) By-law 2006-1, all Project units shall be provided at carrying costs targeted to low or moderate income households;
 - (c) under no circumstances shall a housing unit in the Project be made available at rent that is not within the definition of Affordable Housing; and
 - (d) subject to section 8 of By-law 2006-1 as amended, housing units that form a part of the Project shall not be rented to the Housing Provider or shareholders or directors of the housing provider, or any individual not at arm's length to the housing provider or shareholders or directors of the housing provider.
- (2) The Housing Provider shall rent all Project units and permit their occupancy only in accordance with this Agreement and By-law 2006-1 and, where applicable, the *Tenant Protection Act*, S.O. 1997, c.24, as amended.
- 21.(1) All Project units shall be administered by the Housing Provider in accordance with the City's Below Market Rent Program Guidelines. The Housing Provider shall verify household income of the applicant prior to renting a Project unit to the applicant.

- (2) The Housing Provider shall charge and increase rent only in accordance with the terms of this Agreement and in accordance with the terms of the "Rental Protocol" which is attached as Schedule "E" to this Agreement. The Parties acknowledge that the Rental Protocol is a Schedule to the Service Manager Administration Agreement between the City and Her Majesty the Queen in Right of Ontario, as Represented by the Minister of Municipal Affairs and Housing for the program *Canada-Ontario New Affordable Housing Program (2003) Strong Start Program Rental and Supportive Component* (which agreement shall hereinafter be referred to as the "Strong Start Service Manager Agreement"). Notwithstanding the provisions of Schedule E, the parties acknowledge that the provisions of this Agreement and Schedules A – D inclusive, attached thereto, (collectively referred to as "the MHPFA") meet or exceed the requirements of Schedule E. **In the event of a conflict or discrepancy between Schedule E and the provisions of the MHPFA, the provisions of the MHPFA shall prevail.**
- (3) The Housing Provider shall become a member of the Social Housing Registry of Ottawa. If the Social Housing Registry does not have any eligible applicants to refer to the Housing Provider for consideration as tenants for the Project units then the Housing Provider may use its own list to identify eligible applicants for the Project units. The Housing Provider must receive a letter from the Social Housing Registry as confirmation that the Registry does not have any eligible applicants to refer to the Housing Provider and the said letter must be submitted to the City as part of the Housing Provider's Annual Management Representation Report (which report is to be provided to the City pursuant to Section 31 of this agreement).
22. This Agreement is binding on the Housing Provider's heirs, successors and assigns.
- 23.(1) The Housing Provider shall not:
- (a) offer, list, advertise, or hold out for sale or lease or otherwise offer for disposal the Project or any part of the Project without the prior written consent of the City;
 - (b) sell, lease or otherwise dispose of the Project or any part of any Project except with the prior consent of the City, which may be withheld if the sale or lease or other disposition does not meet the following conditions:
 - (i) as a condition precedent to a sale to a subsequent purchaser or lessor, the Housing Provider requires the subsequent purchaser or lessor to enter into an agreement with the City, and that agreement shall impose the terms of this Agreement on that subsequent purchaser;
 - (ii) the character, capabilities and affordability of the rents of the Project will not be diminished;
 - (iii) the City has approved the agreement of purchase and sale or agreement to lease, as the case might be;
 - (iv) the sale will not decrease the number of units in the Project;

- (v) the proceeds on the sale or disposition, if any, shall be distributed first against all of the outstanding encumbrances against the Project including anything owed to the City and including any outstanding payments owed to the City pursuant to the this Agreement and any outstanding payments owed to Her Majesty the Queen in Right of Ontario as represented by the Minister of Municipal Affairs and Housing ("Her Majesty") pursuant to the Provincial Contribution Agreement that the Housing Provider enters into with Her Majesty under the *Canada-Ontario New Affordable Housing Program (2003) Strong Start Program Rental and Supportive Component* (the "Provincial Contribution Agreement")
 - (vi) the proportion of the Replacement Reserve Fund attributed to the Project being transferred will be transferred to the purchaser.
- (2) In addition to any other indemnities in this Agreement, the Housing Provider shall specifically indemnify the City if the provision set out in subclause (1)(b)(i) is breached and the value of that indemnity shall be as set out in Schedule "C".
- (3) Notwithstanding subsection (1) the Housing Provider may:
- (a) offer, list, advertise or hold out for lease individual units to tenants for a term of not greater than one (1) year; and
 - (b) dispose of chattels in the ordinary course of business, but must replace the chattels with equivalent chattels unless the chattels are furniture, office, maintenance, or janitorial equipment.
24. If the Housing Provider does not carry out its obligations under this Agreement, the Housing Provider shall pay to the City the entire amount of benefits conveyed under the Agreement, as set out in Schedule "C" together with any applicable costs and interest.

Housing Provider Status

25.(1) The Housing Provider shall:

- (a) maintain itself as an active corporation;
- (b) not alter, supersede or cancel its articles of incorporation or letters patent or any by-law which would create an inconsistency with this Agreement without the consent of the City; and
- (c) comply with the City requirements for the Project including, but not limited to, any obligations under any lease associated with the Project.

- (2) A breach by the Housing Provider of the terms and conditions of any applicable funding agreement, by-law or lease shall be deemed to be a default under this Agreement

Registration On Title

26. All relevant documents, including this Agreement, or notice thereof, may be publicly registered in such fashion as may be necessary to preserve or protect the interest of the City.

Security

- 27.(1) The parties acknowledge that the purpose of this Agreement is to facilitate the construction and operation, by the Housing Provider, of affordable housing.
- (2) As a means to secure the purpose set out in subsection (1) the City requires satisfactory assurances and safeguards to ensure the construction and continued use of affordable housing units and, to that end, the Housing Provider agrees to the City registering a mortgage against the Project in the total amount of financial resources and relief, as set out in Schedule "C" ("principal amount").
- (3) No payments will be required under the mortgage set out in subsection (2) so long as the affordable housing units constructed by the Housing Provider remain as such for 40 years from the date of occupancy of the Project.
- (4) Should the said housing units not remain affordable, the principal amount of the mortgage shall immediately become due and payable.
- (5) At the end of the 40 year term and provided the housing units have remained affordable during that time, the principal amount will be forgiven and the City shall execute a discharge of this mortgage upon presentation of same to the City by the Housing Provider.

Amendment of Agreement

28. This Agreement may be amended on the mutual consent of the parties provided that such amendment shall be evidenced by a further written document.

Invalidity of Provision of Agreement

29. If any provision of this Agreement should be found by a court of competent jurisdiction to be illegal, invalid or unenforceable, such provision shall not apply and this Agreement shall remain in full force and effect without the provision.

Submission of Documents

30. The Housing Provider shall submit to the City any relevant documents, calculations, statements or information that the City may request from time to time, within the time period specified by the City.

Year-End Reporting

- 31.(1) The Housing Provider shall provide annually the following to the City:
- (a) a management representation report, in a form approved by the City, which shall include, but not be limited to, management declarations required by the City and a

report on compliance with this Agreement prepared by the auditor of the Housing Provider; and

- (b) audited financial statements, prepared in accordance with generally accepted accounting principles except where otherwise established by City requirements, together with an auditor's report prepared by the auditor of the Housing Provider.
- (2) The Housing Provider shall provide the material set out in subsection (1) within five (5) months of the end of each fiscal year of the Housing Provider.

Statistics

32. The Housing Provider shall, for statistical purposes, supply information as required by the City from time-to-time, provided such information is reasonably available to the Housing Provider, as determined by the City.

Records

33. The Housing Provider shall:
- (a) maintain financial records including, but not limited to, records related to rent collection and tenant income and eligibility verification, in a form satisfactory to the City;
 - (b) permit the City to inspect such records at all reasonable times; and
 - (c) retain all such records that relate to the Project for not less than seven (7) years from the end of the respective fiscal year.

Management

34. The Housing Provider shall manage the Project so that:
- (a) an accumulated deficit is not incurred; and
 - (b) no expenditure is made which is of a material and excessive nature having regard to the normal practice of similar non-profit social housing corporations.

Lending City Payments

- 35.(1) The Housing Provider shall not lend or give away any funds or guarantees or underwrite the repayment of any obligation of a third party that would result in an increase in the expenses for the Project.
- (2) Without limiting the generality of subsection (1), the Housing Provider shall not, without the City's consent, which may be withheld, lend or give away any funds granted under this Agreement to any person.

Maintenance

36. The Housing Provider shall be responsible for the repair and all regular interior and exterior maintenance of all components of the Project, including, but not limited to snow

removal, grass cutting, fencing, shrubbery and landscaping, walkways, driveways, lighting, and the repair and maintenance of those components shall be in accordance with the actions of a prudent and reasonable landlord and all applicable legal standards including but not limited to the *Building Code Act*, S.O. 1992, c.23 and the *Tenant Protection Act*, S.O. 1997, c.24, the *Planning Act*, R.S.O. 1990, c.P.13 and all applicable regulations, as well as Property Standards By-laws for the City of Ottawa, to the satisfaction of the City, acting reasonably.

37. The Housing Provider shall be responsible for the replacement of all components of the Project as these components reach the end of their functional life cycle.
38. The City shall not be responsible for any costs associated with the repair, maintenance, or replacement of any of the components of the Project during the term of this Agreement.
39. If during the term of this Agreement any part of the Project is damaged or destroyed by fire or any other means, the Housing Provider shall use the proceeds of insurance to repair or rebuild the Project.

Taxes, Rates and Levies

40. The Housing Provider shall pay, at its own expense all taxes, fees, levies or rates assessed and imposed by any municipal, provincial or federal government with respect to the Project and the activity carried out on the Project.

Construction Liens

- 41.(1) During the term of this Agreement the Housing Provider shall not permit any construction liens for work, labour, services or materials ordered by it or for the cost of which it may be in any way obligated, to attach to the Project.
- (2) If, despite subsection (1), any lien attaches the Housing Provider shall, within twenty (20) days after having had notice of the claim for the lien, procure its discharge by payment or by giving security or in such manner as is or may be required or permitted by law.
- (3) The City may, but is in no way obliged, to discharge and vacate any lien if in the City's sole judgment, acting reasonably, the Project becomes liable to immediate forfeiture or sale or is otherwise in jeopardy, and any amount paid by the City in so doing, shall be reimbursed to the City by the Housing Provider within fifteen (15) days after demand.
- (4) If a construction lien is not discharged and vacated within one (1) year of registration, notwithstanding that the lien may be contested, the City shall have the right, on written notice to the Housing Provider, immediately to terminate this Agreement

Site Plan Control

42. Before commencing any construction of the Project, the Housing Provider shall provide the City with all landscaping, parking lighting, access and egress and garbage storage for the review and approval of the City, such approval not to be unreasonably withheld.

INSURANCE**Insurance Required During Construction of the Housing Project**

- 43.(1) During construction of the housing project, the Housing Provider shall ensure its Contractor provides and maintains the following insurance coverage:
- (a) Wrap-Up Liability or Commercial General Liability insurance coverage acceptable to the Housing Provider and the City and subject to limits of not less than \$5,000,000 per occurrence for bodily injury, death and damage to property including loss of use thereof. Such insurance shall be in the name of the Contractor, its Subcontractors, Agents, Architects, Engineers, Consultant, Project Manager and shall name the Housing Provider and the City of Ottawa as additional insureds;
 - (b) Builder's All Risk insurance coverage to the full replacement cost of the building. Such insurance shall be in the name of the Contractor, Project Managers, Architects, Engineers, Consultant and the Housing Provider; and
 - (c) Motor Vehicle Liability Insurance in respect to owned or leased licensed Motor Vehicles subject to a limit of not less than \$2,000,000 inclusive per occurrence for bodily injury, death and damage to property including loss of use thereof.
- (2) All the above policies mentioned in subsection (1) shall contain an endorsement to provide the Housing Provider and the City (30) days prior written notice of cancellation or of material change that would diminish coverage.
- (3) The Housing Provider shall provide the City with certificates of insurance as evidence of such insurance prior to commencement of this Agreement.
- (4) The Housing Provider's contractors may be required by the City or the Housing Provider to provide and maintain additional insurance coverage related to the project requirements, under the following circumstances:
- (a) a change in the law; or
 - (b) an increase in the value of the Project,
- such that it would lead a prudent owner in similar circumstances to provide and maintain such additional insurance coverage.*
- (5) Any approval by the City of the of the insurance policies of the Housing Provider's contractors shall not relieve the Housing Provider of any responsibility hereunder.

Insurance Required During Regular Operations

- 44.(1) After construction has been completed, the Housing Provider shall provide and maintain during the term of this Agreement the following insurance coverage:

- (a) Commercial General Liability Insurance subject to limits of not less than \$5,000,000.00 for bodily injury, death and damage to property including loss of use thereof, which shall include insurance for the following:
- (i) Premises and Operations Liability;
 - (ii) Products and Completed Operations Liability;
 - (iii) Personal Injury Liability;
 - (iv) Elevator Liability, if applicable;
 - (v) Contingent Employer's Liability;
 - (vi) Owner's and Contractor's Protective Liability;
 - (vii) Contractual Liability;
 - (viii) Severability of Interest Clause;
 - (ix) Liability with respect to non-owned licensed motor vehicles; and
 - (x) Cross Liability,

and the Commercial General Liability insurance shall be in the name of the Housing Provider and shall name the City of Ottawa as an additional insured thereunder;

- (b) Broad Form Property Insurance upon the lands, including building, building equipment and supplies utilized in the operation of the premises in an amount not less than the full replacement cost of the building and contents and including extra expense coverage. Such insurance shall preclude subrogation claims by the Insurer against anyone insured thereunder;
 - (c) Boiler and Machinery Insurance upon the lands, including building, building equipment and supplies utilized in the operation of the premises in an amount not less than the full replacement cost of the building and contents and including extra expense coverage. Such insurance shall preclude subrogation claims by the Insurer against anyone insured thereunder; and
 - (d) Motor Vehicle Liability Insurance in respect to owned or leased licensed Motor Vehicles subject to a limit of not less than \$2,000,000.00 inclusive per occurrence for bodily injury, death and damage to property including loss of use thereof.
- (2) All policies mentioned in subsection (1) shall contain an endorsement to provide the City with (30) days prior written notice of cancellation or of a material change that would diminish coverage.

45. The Housing Provider shall furnish the City with copies of such policies or certificates of insurance as evidence of such insurance prior to execution of this Agreement and upon the anniversary date(s) of all applicable policies described herein.
46. The Housing Provider may be required by the City to provide and maintain additional insurance coverage related to this Agreement's requirements, under the following circumstances:
- (a) a change in the law; or
 - (b) an increase in the value of the Project,
- such that it would lead a prudent owner in similar circumstances to provide and maintain such additional insurance coverage.
47. Any approval by the City of any of the Housing Provider's insurance policies shall not relieve the Housing Provider of any responsibility hereunder.

INDEMNIFICATION

48. The Housing Provider shall indemnify and save harmless the City of Ottawa from any and all claims, demands, causes of action, any and all penalties, judgments or fines, property damage, loss, costs or damages that the City of Ottawa may suffer, incur or be liable for resulting from the actions, omissions, default, any breach, violation, condition, warranty or agreement, performance or non-performance or negligence of the Housing Provider, its Directors, Officers, Employees, Volunteers, Agents, Contractors, Sub-contractors, Architects, Engineers, Consultants and Project Manager of any federal, provincial, or municipal law or regulation. Notwithstanding anything to the contrary contained in this Agreement, such indemnification in respect of any breach, violation or non-performance, damage to third parties' property, injury or death occurring during the term of the Agreement and any extensions thereof will survive the termination of this Agreement.

Requirements under the *Workplace Safety and Insurance Act*, S.O. 1997, c.16, Sch.A ("WSIA")

49. The Housing Provider shall pay to the appropriate board or commission all assessments and levies owing to the board or commission with respect to this Agreement, and any unpaid levies or assessments shall be the sole responsibility of the Housing Provider.
50. Within thirty days of signing this Agreement the Housing Provider shall provide evidence of compliance with the requirements of the Province of Ontario with respect to the WSIA, and failure to provide that evidence is grounds for immediate termination of this Agreement by the City.
51. At any time during the term of this Agreement, the Housing Provider shall, when requested by the City, provide evidence of compliance by itself its contractors and its subcontractors

with respect to the WSIA, and failure to provide satisfactory evidence shall result in payment being held by the City until satisfactory evidence has been received by the City.

52. If the Housing Provider is not a Schedule 1 or Schedule 2 employer under the WSIA, and the Housing Provider has not been declared a Schedule 1 or Schedule 2 employer under that Act, the Housing Provider shall, within 30 days of execution of this Agreement, provide to the City evidence of compliance with the requirements of the WSIA including written evidence from the Workplace Safety and Insurance Board showing the following:
- (a) that the Housing Provider is not a Schedule 1 or Schedule 2 employer, has not been declared a Schedule 1 or Schedule 2 employer under s. 74 of the WSIA and is not required to be registered under the WSIA; and
 - (b) that the Housing Provider has no unpaid levies, premiums or assessments under the WSIA.
53. Notwithstanding the immediately preceding Section, the Housing Provider shall pay all appropriate levies, premiums and assessments to the Workplace Safety and Insurance Board, if any, and all unpaid levies, premiums and assessments shall be the sole responsibility of the Housing Provider.
54. If the Housing Provider is not registered with the Workplace Safety and Insurance Board, the Housing Provider shall provide and maintain contingent employer's liability and voluntary compensation insurance coverage part of its commercial general liability insurance.

Occupational Health and Safety

55. The Housing Provider shall be responsible for health and safety within the working areas of the Project and for compliance with the provisions of the *Occupational Health and Safety Act*, R.S.O. 1990, c.O.1, as amended, and its regulations or any successor legislation or regulations.
56. So as to avoid any misunderstanding as to the extent of the Housing Provider's responsibility, the Housing Provider, by executing this Agreement, unequivocally acknowledges that the Housing Provider is an employer within the meaning of the *Occupational Health and Safety Act*, R.S.O. 1990, c.O.1.
57. The Housing Provider shall give the required notices and comply with the laws and ordinances, rules, regulations, codes and orders of the authorities having jurisdiction which are, or become in force during the term of this Agreement and which relate to the preservation of the public health and to health and safety.

Access

58. The Housing Provider shall permit the City to have access to the Project at all reasonable times.

Payment of Mortgage

59. The Housing Provider shall make all mortgage payments on the due dates and comply with all terms of its mortgages.

Mortgage

- 60.(1) The Housing Provider shall not mortgage, charge or otherwise encumber the Project at any time during the term of the Agreement except with the prior approval of the City which may be granted or withheld at the City's sole discretion.
- (2) Notwithstanding subsection (1) the City hereby consents to the registration of a first (1st) Charge/Mortgage against the property municipally known as 345 Clarence Street in the City of Ottawa (the "Property") in the principal amount of \$6,200,000.00 and the City hereby consents to the registration of a second (2nd) Charge/Mortgage against the Property in the principal amount of \$1,080,000.00 which is equivalent to the "Provincial-Affordable Housing Program/Strong Start Affordability Payment" as described in (b)(v) of Table B of Schedule "B" of this Agreement. The City acknowledges that a payment of \$1,080,000.00 is not being made in the form of a lump sum to the Housing Provider, that the Province is making monthly "Affordability Payments" to the Housing Provider pursuant to the Provincial Contribution Agreement (as described in 23(1)(b)(v) of this Agreement), and that the maximum amount of the Affordability Payments is the said principal amount of \$1,080,000.00. The City therefore hereby consents to the registration of a second (2nd) Charge/Mortgage in the principal amount of \$1,080,000.00 on the condition that the monthly Affordability Payments received by the Housing Provider from the Province pursuant to the Provincial Contribution Agreement shall be applied against the said principal amount owed by the Housing Provider pursuant to the terms of the said second Charge/Mortgage.
61. Any rebates, refunds or remissions of any tax, duty, cost or expense received by the Housing Provider in relation to the capital cost or mortgage of the Project shall, unless otherwise approved in writing by the City, be applied to reduce the mortgages.

Replacement Reserve Fund

- 62.(1) The Housing Provider shall establish and shall fund annually a replacement reserve fund in respect of the Project in accordance with this Section.
- (2) Annual contributions to the replacement reserve fund by the Housing Provider, as set out in subsection (3), shall be in addition to any interest earned by replacement reserve fund.
- (3) The Housing Provider shall pay a minimum of the following into the replacement reserve fund:
- (a) by the end of the first calendar year of operations of the Project, the amount of \$20,729.00; and
 - (b) by the end of each subsequent year an amount of \$20,729.00 plus the Consumer Price Index,

and upon request by the City the Housing Provider shall show the efforts made to satisfy this subsection.

- (4) Notwithstanding subsection (3), the Housing Provider shall use its best efforts to have the replacement reserve fund reach the value of fifteen (15) per cent of the insured replacement cost of the Project, including all significant capital items such as water heaters, heating and cooling equipment, stoves, refrigerators, washers and dryers, determined to the City's satisfaction, acting reasonably.
- (5) So long as subsection (4) is satisfied by the Housing Provider there shall be no requirement for contributions to the replacement reserve fund unless it falls below the level of fifteen (15) percent of the insured replacement cost of the Project.
- (6) The replacement reserve fund shall be used only for:
 - (a) the replacement of worn out capital items; or
 - (b) any other capital improvements to the Project approved by the City, and shall not be used for ordinary maintenance or minor repairs to the building or grounds.
- (7) Interest earned on the replacement reserve fund shall accrue and be added to the replacement reserve fund.

Access to Information

63. The Housing Provider shall provide the City with access to all information obtained by the Housing Provider under this Agreement, and shall immediately provide verification of such information if requested by the City.
64. The Parties acknowledge that, where applicable, this Agreement and its subject matter are subject to the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c.M.56, as amended.

Enforcement of Tenants' Obligations

65. The Housing Provider shall take appropriate and reasonable action to enforce the obligations under the Tenants' lease provisions.

General

66. In order to assist applicants for housing, the Housing Provider shall:
 - (a) take appropriate steps to enable members of the public to obtain information about accommodation in the Project of the Housing Provider;
 - (b) provide written information to applicants about the eligibility criteria and the policies and procedures of the Housing Provider in relation to placement of applicants, the transfer of tenants and the reconsideration of decisions; and

- (c) not charge applicants any fee for providing the information or for receiving or processing their application for housing.

Audit

- 67.(1) The City may cause its employees or agents to conduct an audit, investigation or inquiry in relation to the Housing Provider and the Project, and the Housing Provider shall cooperate with the employees or agents of the City and provide full and free access to staff, projects, documents and records as determined by employees or agents of the City.
- (2) Within sixty (60) days of the completion of any final audit report or other report under subsection (1) the City shall provide a copy of the reports to the Housing Provider unless the reports or circumstances identified in the audit report have been referred to a law enforcement agency for inquiry.

Dispute Resolution

- 68.(1) The Housing Provider and the City agree that alternate dispute resolution processes such as mediation, appointment of a neutral third party evaluator or arbitration may be preferable to litigation as a way to resolve disputes that may arise under this Agreement and they agree to give good faith consideration to having resort to an alternate dispute resolution process before initiating legal or other proceedings to deal with any such disputes.
- (2) The City and the Housing Provider agree that nothing contained in the subsection (1) shall affect or modify the rights and obligations of the City and the Housing Provider under the event of default and early termination provisions in of this Agreement.

Breaches

- 69. In addition to other instances of non-compliance set out in this Agreement, the following actions by the Housing Provider shall be a breach of this Agreement:
 - (a) the Housing Provider becomes bankrupt or insolvent or becomes subject to the provisions of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c.B-3 or any other Act for the benefit of creditors, or goes into liquidation either voluntarily or under an order of a court of competent jurisdiction or make a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency;
 - (b) the Housing Provider has failed to comply with any of its obligations under this Agreement;
 - (c) the Housing Provider has incurred an accumulated deficit or an expenditure deemed by the City to be material and of an excessive nature, having regard to the normal practices of similar Housing Provider corporations; or
 - (d) the Housing Provider has failed to manage the Project adequately, as a prudent landlord would, as determined by the City acting reasonably.

Remedies

- 70.(1) In addition to other remedies set out in this Agreement, and subject to subsection (3), if the Housing Provider is in breach of this Agreement the City may exercise any of the following remedies in any combination that the City chooses in its sole discretion, and the remedy may be exercised for such time as the City deems appropriate:
- (a) require the Housing Provider to provide additional information or documents to the City;
 - (b) if applicable, reduce, suspend or discontinue any payment payable under this Agreement at the City's discretion;
 - (c) terminate of the Housing Provider's rights under the Agreement;
 - (d) require the Housing Provider to pay to the City the entire amount of the benefits conveyed under the Agreement, as set out in Schedule "C", together with any applicable costs and interest;
 - (e) pursue any remedy available at law including, but not limited to injunctive relief, specific performance and damages;
 - (f) terminate this Agreement;
 - (g) perform any obligation of the Housing Provider by retaining a third party or authorizing City staff to perform the obligation and the cost of this shall be payable by the Housing Provider; and
 - (h) appoint or seek the appointment of a manager and/or receiver, whether an officer, employee or agent of the City or not ("Receiver").

Delay

- (2) Waiver or delay in exercising a remedy shall not prevent the City from exercising the remedy at a later time for any breach of this Agreement.

Limitations on Remedies

- (3) Subject to subsection (4), the City shall give the Housing Provider written notice of any breach, specifying particulars, and if the Housing Provider does not remedy or commence remedying the breach to the City's satisfaction, in its sole discretion, within thirty (30) days from the date the notice is delivered, the City may exercise the remedies set out in subsection (1).

Emergencies

- (4) The City shall not be required to comply with subsection (3) if by doing so would materially worsen the situation, would negatively affect the City's rights under this Agreement, or would cause irreversible damage to the City's interests.
- (5) The City shall not seek the appointment of a Receiver pursuant to clause (1)(h) unless

- (a) the City has determined that there are serious financial matters that could result or have resulted in the Housing Provider being unable to pay its debts as they become due; or
- (b) the City has determined that there continue to exist serious financial matters that could result or have resulted in the Housing Provider being unable to pay its debts as they become due and it is not feasible to reinstate the Housing Provider as a self-governed entity retaining substantial control of the management of the Project.

Equitable Remedies

- (6) The Housing Provider, without limiting any right to dispute whether there is a breach of the Agreement or apprehended breach:
 - (a) acknowledges that should it be in breach of this Agreement, damages will not always be an adequate remedy; and
 - (b) consents, to the granting by the Court, both temporarily and permanently, of injunctions and orders for specific performance and to the appointment of Receivers where sought by the City.

Receivership

- (7) When a Receiver is appointed by the City pursuant to clause (1)(h) the Receiver shall have the power to, with respect to the Project:
 - (a) take control, direction and possession, or any of them, of a project or the Project, the revenue and the assets of the Housing Provider the operation and books, records and accounts of the Housing Provider or any part of them;
 - (b) take control and direction of the employees and agents of the Housing Provider;
 - (c) receive and recover and use all revenues and assets of the Housing Provider;
 - (d) incur and pay liabilities;
 - (e) complete the construction of the Project and maintain, operate and repair the Project; and
 - (f) execute and prosecute all suits, proceedings and actions which the Receiver considers necessary for the proper protection of the Project or a project to defend all suits, proceedings and actions against the Housing Provider or the Receiver, to appear in and conduct the prosecution and defence of any suit, proceeding or action, then pending or thereafter instituted and to appeal any suit, proceeding or action.

Change of Receiver

- (8) The City may:

- (a) at any time and from time-to-time change, terminate or renew the mandate of the Receiver or replace or reinstate the Receiver, but the Housing Provider shall have no power to appoint, replace, reinstate or remove, or change, terminate or renew the mandate of the Receiver; and
- (b) fix the reasonable remuneration of the Receiver who may deduct the same out of the revenues of the Housing Provider.

Termination of Receivership

- (9) A receivership appointed under clause (1)(h) shall terminate at the end of the sixtieth (60th) day after it becomes effective, unless the Court directs otherwise within that time and the Court may vary the terms of the appointment.

Reinstatement of Housing Provider

- (10) Without limiting any rights of the City under the Agreement, the City acknowledges that it is the intention of the City to reinstate the Housing Provider whenever feasible, as determined by the City, as a self-governed entity retaining substantial control of the management of the Project or the Project within sixty (60) days after the receivership becomes effective.

Agent of Housing Provider

- (11) The Receiver shall be deemed to be the agent or attorney of the Housing Provider and the City shall not be responsible for the Receiver's acts or omissions.

Ratification and Release

- (12) The Housing Provider:
 - (a) undertakes to ratify and confirm whatever the Receiver may do pursuant to the Receiver's mandate; and
 - (b) except for accounting for money and other property actually received by the Receiver, releases and discharges the City and the Receiver and everyone for whom either of them would be responsible from every claim of every nature which may arise to the Housing Provider or any person by reason of anything done or not done by the City or the Receiver or anyone for whom either of them would be responsible unless such claim be the direct and proximate result of gross negligence, dishonesty or fraud.

Additional Provisions

- 71.(1) The Housing Provider shall, if necessary, assist and cooperate with the City if the City requires cooperation in fulfilling its obligations under the Strong Start Service Manager Agreement (as described in paragraph in paragraph 21(1) of this Agreement).
- (2) Without restricting the Generality of subsection (1), the Housing Provider shall:

- (a) cooperate and assist the City's monitoring of whether all of the Project's Development Activities, as defined in the STONG START SERVICE MANAGER AGREEMENT Agreement, are carried out as required by the Tender, Tender Call and Pilot Project Instruction Guide, as described in section 5.3 of the CRHP Agreement;
 - (b) provide all information requested by the City for the City to monitor the subject matter described in clause (a), as described in section 5.4 of the STONG START SERVICE MANAGER AGREEMENT Agreement;
 - (c) provide documentation requested by the City which shows that occupancy of all units in the Project is permitted, as described in section 5.5 of the STONG START SERVICE MANAGER AGREEMENT Agreement;
 - (d) inform the City in writing of the following matters as soon as it becomes aware of them, as described in section 5.6 of the STONG START SERVICE MANAGER AGREEMENT Agreement:
 - (i) any failure of the Housing Provider to carry out the Development Activities required in the Pilot Project Instruction Guide or any failure to carry out such Development Activities in such a manner and within such time periods as are set out in the Pilot Project Instruction Guide;
 - (ii) any breach of this Agreement or any breach of the Contribution Agreement with the Minister of Public Infrastructure Renewal;
 - (iii) the Housing Provider becoming bankrupt or insolvent or taking the benefit of any act now or hereafter in force for bankrupt or insolvent debtors or filing any proposal or making any assignment for the benefit of creditors or any arrangement or compromise;
 - (iv) the appointment of a receiver or a receiver and manager for all or a portion of the Project; and
 - (v) the taking of any steps or actions or the institution of any proceedings by the Housing Provider or by any other party, including, without limitation, any court or government body of competent jurisdiction for the dissolution, winding up or liquidation of the Housing Provider or its assets.
- (3) Without restricting the Generality of subsection (1), the Housing Provider shall assist the City by providing all information and information necessary for the City to fulfill its reporting obligations under the STONG START SERVICE MANAGER AGREEMENT Agreement.
- (4) The definitions in the STONG START SERVICE MANAGER AGREEMENT Agreement shall apply to this section. A copy of the definitions section 1.1 and copies of

sections 5.3, 5.4, 5.5 and 5.6 of the STONG START SERVICE MANAGER AGREEMENT Agreement are attached to this Agreement as Schedule "G".

72.(1) The Parties acknowledge that the disbursement of funds to the City pursuant to the STONG START SERVICE MANAGER AGREEMENT Agreement is subject to the necessary appropriations from the Federal Parliament and Provincial Legislature

(2) The City shall not be liable if there are no or insufficient funds available pursuant to subsection (1).

73. No member of

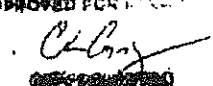
- (a) the House of Commons or Senate of Canada;
- (b) the Legislative Assembly of Ontario; or
- (c) the municipal council, municipal agency, board or commission of the City of Ottawa,

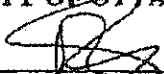
shall be admitted to any share or part of any contract, agreement or commission made pursuant to this Agreement or to any benefit arising therefrom, including, without limitation, any contract, agreement, or commission arising from or related to the Affordable Housing - Community Rental Housing Funding, Pilot Project Component.

74. Time shall be of the essence in this Agreement.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by their respective officers duly authorized in that behalf on the date below indicated.


SIGNED, SEALED AND DELIVERED

Date: Feb 16, 2006
 APPROVED FOR EXECUTION


CITY OF OTTAWA


 Russell Mawby, Director
 Housing Branch

Date: March 03 / 2006

QUEX PROPERTY CORPORATION


 per:
 I have the authority to bind the Corporation

Date: _____

per:
 I have the authority to bind the corporation

SCHEDULE "A"**Description of the Project**

1. **Location:** The property at 345 Clarence Street in Ottawa, presently consists of 80 privately owned and managed residential apartment units, known as Clarence View ("345 Clarence Street"). The Housing Provider has been selected by the Action Ottawa 2005 Selection Committee to receive City capital funds, as authorized by Council on October 26, 2005, to assist in the construction of 30 housing units by way of adding two (2) floors to the existing seven (7) floors to make an nine (9) storey building consisting of a total of 110 residential rental units.
2. The Housing Provider shall use the funding which is the subject of this Agreement to provide a total of thirty (30) apartment units that shall meet the definition of Affordable Housing, as described in this Agreement. The said thirty units shall be comprised of the following:
 - (a) Two (2) bachelor units; one of which will be fully wheelchair accessible; and
 - (b) Twenty-four (24) one-bedroom units, three of which will be fully wheelchair accessible; and
 - (c) Four (4) two-bedroom units.
3. For the purposes of this Agreement "Project" means the thirty (30) apartment units described in 2 above. The Housing Provider shall provide a minimum of two Project units on each floor of 345 Clarence Street.

SCHEDULE "B"

Project Capital Budget

1. Details of items in the "expense type" column of Table A shall be in accordance with budget estimates included in the Housing Provider's Proposal, dated October 6, 2005, as may be amended with the approval of the City, by the revised construction budget.

Table A

Eligible Costs of the Project	
Expense Type	Eligible Amount
1. Land acquisition and servicing	\$929,960
2. Estimated soft costs (including City fees)	\$835,817
3. Estimated expenditures for construction	\$3,303,908
4. GST on construction	\$ 231,274
5. Contingency	\$154,695
TOTAL ELIGIBLE COSTS OF THE PROJECT:	\$5,455,654

Table B

Equity and Funding for the Project

(a) Housing Provider equity contribution	\$935,000
(b) Government Contributions	
(i) Municipal – Action Ottawa Capital Grant	\$900,000
(ii) Municipal – Accessible Unit Grant	\$40,000
(iii) Municipal – Action Ottawa Grant-In-Lieu of Building Permit Fees	\$41,768
(iv) Municipal – Action Ottawa Waiver of Planning Application Fees and Development Charges	\$138,886
(v) Federal – Affordable Housing Program /Strong Start Program	\$720,000
(vi) Provincial – Affordable Housing Program / Strong Start Affordability Payment	\$1,080,000
(c) Mortgage Loan Amount:	
(a) Mortgage Amount attributed to the Project	\$1,600,000
(b) Amount of first mortgage to be registered as per section 60(2) of this agreement is \$6.2 Million	
TOTAL EQUITY AND FUNDING	\$5,455,654

SCHEDULE "C"

**Financial Benefits Extended by the City of Ottawa, pursuant to the Agreement and the
Municipal Housing Project Facilities By-law**

Capital Grant		\$940,000
Grant-In Lieu of Building Permit Fees		\$41,768
Waiver of Planning Application Fees		\$13,422
Waiver of Development Charges		\$130,088
SUBTOTAL - "Principal Amount"		\$1,125,278
Tax Relief*	Up to	\$157,400
TOTAL	Up to	\$1,282,678

* Tax relief figures represent the present value of the estimated difference between the Multi-Residential Tax Rate and the New Multi-Residential Rate from year 1 through to year 10. This relief is a result of a City-wide policy. It is not granted pursuant to this Agreement. Thus, tax relief shall not be used for the purposes of valuing benefits conveyed pursuant to this Agreement. These fees and charges are given as a result of City by-laws.

Schedule "D"**Payment Schedule, Conditions and Documentation Requirements**

1. The City shall pay the Housing Provider the actual eligible project costs for this project up to the maximum amount shown in Table C for the services required under the terms of this Agreement. Funds shall not be released unless the specified conditions under the heading 'Description of Milestone' in Table C have occurred to the satisfaction of the City.
2. Amounts not spent in one invoice period may be carried forward to other periods within the same funding year, as may be determined by the City in its sole discretion. The City shall not unreasonably disallow the carrying forward of funds.
3. The Housing Provider shall use the funds provided under this Agreement solely for the specific activities described in Schedule A. Therefore, if the actual costs of the described activities are less than the amount stated in this Agreement, the Housing Provider shall invoice the City for only the expenses incurred for this project.
4. If the actual costs of the project exceed the contracted amount, these excess costs must be borne by the Housing Provider. The Housing Provider may not submit an invoice for any amounts exceeding the total contracted amount.
5. The Housing Provider shall repay to the City, upon request, any overpayments, unexpended balances, and disallowed expenses.
6. The Housing Provider shall submit an invoice to the City upon successful completion of each milestone listed in Table C, and shall provide sufficient details of the services rendered. The City shall pay the Housing Provider thirty (30) days after receipt and acceptance of an invoice.
7. Payments made under this Agreement which are subsequently disallowed shall be paid back to the City. Until these funds are paid, they shall be debts due to the City.
8. Subject to the Agreement and its Schedules, the costs set out in the approved budget are eligible costs for the purposes of this Agreement, subject to change only with prior written approval of the City.
9. Costs are eligible only if they are:
 - (a) directly related to the project; and
 - (b) reasonable.
10. The portion of the costs of any goods or services purchased by the Housing Provider for which the Housing Provider may claim a GST input tax credit or rebate is not eligible for reimbursement.

11. The total amount specified in all Schedules shall include all taxes payable with respect to the provision or supply of any services or intangible property by the Housing Provider to the City, or in connection with the provision, supply, transfer or sale of any goods, material or tangible property by the Housing Provider to the City pursuant to this Agreement and shall specifically include any goods and services or similar tax.
12. The Housing Provider agrees that any cost it incurs related to the construction under this Agreement is not eligible for reimbursement if the Housing Provider has received (or expects to receive) reimbursement for this cost from another level of government or other source.

Table C

Date to be completed by	Funding Period Milestones	Maximum Funding Amount
On or before February 28, 2006	Upon execution of this Agreement and submission of an invoice.	\$25,000.
On or before March 31, 2006	Submission of a copy of the building permit and invoice.	\$228,750
On or before June 30, 2006	Submission of a certificate of the Quantity Surveyor or Architect, confirming structural framing as complete.	\$228,750
On or before August 31, 2006	Submission of a certificate of the Quantity Surveyor or Architect, confirming the building envelope as complete.	\$183,000
On or before March 31, 2007	Submission of a certificate of the Quantity Surveyor or Architect, upon substantial completion of the construction of the Project.	\$183,000
On or before May 30, 2007	<ol style="list-style-type: none"> 1. Submission of a copy of the occupancy permit. 2. Submission of verification that the City has been satisfied that there are no outstanding liens on the property 3. Submission of a final accounting of actual project expenditures. 	\$91,500.
On or before April 30, 2008	Submission of audited financial report	
	Total Maximum Funding Amount	\$940,000.

SCHEDULE "E"

Rental Protocol

DEFINITIONS

- 1.1 In this Schedule "E", unless the context requires otherwise,
- "Affordability Period" means the (40) year period following the date of the first (1st) occupancy of a Unit in the Project;
 - "Strong Start Service Manager Agreement" means the agreement entered into between Her Majesty the Queen in Right of Ontario as represented by The Minister of Municipal Affairs and Housing (the "Minister") and the City of Ottawa (the "Service Manager") for the program *Canada-Ontario New Affordable Housing Program (2003) Strong Start Program Rental and Supportive Component* to which there is attached a Schedule "B" (Version: January 20, 2006) that is entitled "Rental Protocol";
 - "Phase-out Period" means the last five (5) year period of the "Affordability Period", and when used in this Schedule "E", the term "rent" includes the amount of any consideration paid or given or required to be paid or given by or on behalf of a tenant to the Proponent or the Proponent's agent for the right to occupy a Unit and for any services and facilities and any privilege, accommodation or thing that the Proponent provides for the tenant in respect of the occupancy of the Unit, whether or not a separate charge is made for services and facilities or for the privilege, accommodation or thing;
 - "Proponent" means the "Housing Provider" in this agreement, Quex Property Corporation.
- 1.2 The definitions in the Strong Start Service Manager Agreement shall apply to this Schedule "E", in addition to the definitions contained in section 1.1 above.
- 1.3 All references to section numbers in this Schedule are references to sections of this Schedule and not to sections in this Agreement or to sections in the Strong Start Service Manager Agreement, unless otherwise explicitly stated.
2. **AFFORDABLE RENT**
- 2.1 Subject to Section 7 of this Schedule ("Interpretation"; event of a conflict between this Schedule and the body of this Agreement and Schedules A-D of this Agreement), during the Affordability Period, the Proponent shall not charge rent for a Unit in the Project in excess of the affordable rent permitted under this Schedule "E" nor increase any rent charged for a Unit except as permitted in this Schedule "E".

3. INITIAL RENTS

- 3.1 Subject to Section 7 of this Schedule, in Projects where the rent includes the cost of utilities directly attributable to the occupants of the Unit, the affordable rent for the first (1st) rental period for each Unit following completion of construction of the Project shall not exceed the average monthly market rent for Units of the same type, based on bedroom count, in the geographical area, as determined by the CMHC Annual Market Survey most recently preceding each of the said first (1st) rental periods, plus any additional charge for the use of one (1) or more parking spaces as requested by the tenant of a Unit at a rate which is similar to the rate charged to residential tenants by landlords of similar buildings in the municipality.
- 3.2 Subject to Section 7 of this Schedule, in Projects where the rent does not include the cost of utilities directly attributable to the occupants of the Unit, the affordable rent for the first (1st) rental period for each Unit following completion of construction of the Project shall not exceed the average monthly market rent for Units of the same type, based on bedroom count, in the geographical area, as determined by the CMHC Annual Market Survey most recently preceding each of the said first (1st) rental periods, plus the cost of utilities directly attributable to the occupants of the Unit and any additional charge for the use of one (1) or more parking spaces as requested by the tenant of a Unit at a rate which is similar to the rate charged to residential tenants by landlords of similar buildings in the municipality, provided that the Project was constructed with energy efficiencies as part of the Project design.
- 3.3 Subject to Section 7 of this Schedule, the weighted average of all Units for which Program funds have been utilized shall not exceed 70% of CMHC Average Market Rents.

4. RENT INCREASES

- 4.1 Subject to Section 7 of this Schedule, the Proponent may increase the rent charged under section 3.1 or 3.2 with respect to a Unit only if at least twelve (12) months have elapsed,
- (a) since the day of the last rent increase respecting the Unit, if there has been an increase; or
 - (b) since the day the Unit was first rented for the first (1st) rental period following the completion of the Development Activities in connection with the Project.
- 4.2 Subject to section 4.3, the Proponent shall not increase the rent pursuant to section 4.1 during the Affordability Period by more than the then prevailing rent increase guideline established for each calendar year pursuant to the *Tenant Protection Act, 1997*. The Proponent acknowledges that the rent increase guideline of the *Tenant Protection Act, 1997*, does not apply to the Project pursuant to that *Act*

and its regulations and agrees that the rent increase guideline applies by virtue of the contractual terms of the Agreement and this Schedule "E".

From the beginning of the eleventh (11th) year of the Affordability Period until the end of the Affordability Period, in addition to the increase permitted by section 4.2, the Proponent may apply under the *Tenant Protection Act, 1997*, to increase the Unit rents to market rents.

5. PHASE-OUT PERIOD

5.1 During the Phase-out Period, the Proponent shall not increase the rent charged to *in-situ* tenants of Units by more than the rent guideline increase permitted under section 4.2 and the additional increase permitted under section 4.3.

5.2 Upon a Unit becoming vacant during the Phase-out Period, the Proponent may rent the Unit to a new tenant at any rent agreed to by the Proponent and the new tenant.

6. AFTER PHASE-OUT PERIOD

6.1 After the end of the Phase-out Period, the Proponent shall be permitted to rent Units in the Project to new tenants at rents agreed to by the Proponent and the new tenants.

7. INTERPRETATION

7.1 Notwithstanding the provisions in this Schedule, the parties acknowledge that the provisions of this Agreement and Schedules A – D inclusive, attached thereto, (collectively referred to as "the MHPFA") meet or exceed the requirements of this Schedule. In the event of a conflict or discrepancy between this Schedule and the provisions of the MIIPFA, the provisions of the MHPFA shall prevail.

This addendum no. 1 to the Municipal Housing Project Facilities Agreement made in Triplicate dated this 3rd day of March, 2006.

BETWEEN:

City of Ottawa ("the City")

-and-

QUEX PROPERTY CORPORATION. ("the Housing Provider")

WHEREAS the City entered into a Municipal Housing Project Facilities Agreement dated March 3, 2006 with the Housing Provider with respect to the provisions of municipal housing facilities pursuant to subsection 110(1) of the *Municipal Act*, S.O. 2001, c.25 ("Municipal Housing Project Facilities Agreement");

AND WHEREAS the parties have agreed to changes to Schedule C;

NOW THEREFORE the parties agree to the following:

1. The rights and obligations in this addendum are in addition to the rights and obligations of the Municipal Housing Project Facilities Agreement and its schedules, and this Addendum forms an integral component of the Municipal Housing Project Facilities Agreement and its schedules.
2. If there are any conflicts between the terms of this Addendum and the terms of the Municipal Housing Project Facilities Agreement, the terms of this Addendum shall prevail.
3. Table C of Schedule "D" shall be replaced with the following revise Table C.


Table C

Date to be completed by	Funding Period Milestones	Maximum Funding Amount
On or before February 28, 2006	Upon execution of this Agreement and submission of an invoice.	\$25,000.
On or before March 30, 2006	Submission of invoice for School Board Development Charges and Site Plan security.	\$41,455
On or before April 15, 2006	Submission of a copy of the building permit and invoice.	\$187,295
On or before June 30, 2006	Submission of a certificate of the Quantity Surveyor or Architect, confirming structural framing as complete.	\$228,750
On or before August 31, 2006	Submission of a certificate of the Quantity Surveyor or Architect, confirming the building envelope as complete.	\$183,000
On or before March 31, 2007	Submission of a certificate of the Quantity Surveyor or Architect, upon substantial completion of the construction of the Project.	\$183,000
On or before May 30, 2007	<ol style="list-style-type: none"> 1. Submission of a copy of the occupancy permit. 2. Submission of verification that the City has been satisfied that there are no outstanding liens on the property 3. Submission of a final accounting of actual project expenditures. 	\$91,500.
On or before April 30, 2008	Submission of audited financial report	
	Total Maximum Funding Amount	\$940,000.

IN WITNESS WHEREOF the parties hereto have executed this Agreement by their properly authorized officers.

) CITY OF OTTAWA

DATE: May 16, 2006

) 

)Russell Mawby, Director Housing)Branch

)

)QUEX PROPERTY CORPORATION.

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DATE: May 30 / 2006



) per: Raymond Stern

)I have the authority to bind the Corporation

)

This addendum no. 1 to the Municipal Housing Project Facilities Agreement made in
 Triplicate dated this) 16 day of October 2006.

BETWEEN:

City of Ottawa ("the City")

-and-

QUEX PROPERTY COPRORATION. ("the Housing Provider")

WHEREAS the City entered into a Municipal Housing Project Facilities Agreement dated March 3, 2006 and amended March 30, 2006 with the Housing Provider with respect to the provisions of municipal housing facilities pursuant to subsection 110(1) of the *Municipal Act*, S.O. 2001, c.25 ("Municipal Housing Project Facilities Agreement");

AND WHEREAS the parties have agreed to changes to Clause 62(3),

AND WHEREAS the parties have agreed to changes to Schedules A- D;

NOW THEREFORE the parties agree to the following:

1. The rights and obligations in this addendum are in addition to the rights and obligations of the Municipal Housing Project Facilities Agreement and its schedules, and this Addendum forms an integral component of the Municipal Housing Project Facilities Agreement and its schedules.
2. If there are any conflicts between the terms of this Addendum and the terms of the Municipal Housing Project Facilities Agreement, the terms of this Addendum shall prevail.
3. Clause 62 (3) shall be replaced with the following:

62(3) The Housing Provider shall pay a minimum of the following into the replacement reserve fund:

- (a) by the end of the first calendar year of operations of the Project, the amount of \$20,729, less the amount of capital reserve that the first mortgage lender requires as a hold back pursuant the mortgage commitment.
- (b) By the end of each subsequent year an amount of \$20,729 plus the consumer price index less, the amount of capital reserve that the first mortgage lender requires as a holdback pursuant to the mortgage commitment.

4. Schedule A-D shall be replaced with the following:

SCHEDULE "A"

Description of the Project

1. Location: The property at 345 Clarence Street in Ottawa, presently consists of 80 privately owned and managed residential apartment units, known as Clarence View ("345 Clarence Street"). The Housing Provider has been selected by the Action Ottawa 2005 Selection Committee to receive City capital funds, as authorized by Council on October 26, 2005, to assist in the construction of 30 housing units by way of adding a six (6) storey side addition to the existing seven (7) storey building to make a building consisting of a total of 110 residential rental units.
2. The Housing Provider shall use the funding which is the subject of this Agreement to provide a total of thirty (30) apartment units that shall meet the definition of Affordable Housing, as described in this Agreement. The said thirty units shall be comprised of the following:
 - (a) Thirty (30) one-bedroom units
3. For the purposes of this Agreement "Project" means the thirty (30) apartment units described in clause 2 above. The Housing Provider shall provide a minimum of two (2) Project units on each floor of the existing building seven (7) story building at 345 Clarence Street and a minimum of two (2) project units on each floor of the six (6) storey addition that is to be constructed under this agreement.

SCHEDULE "B"

Project Capital Budget

1. Details of items in the "expense type" column of Table A shall be in accordance with budget estimates included in the Housing Provider's Proposal, dated October 6, 2005, as may be amended with the approval of the City, by the revised construction budget.

Table A

Eligible Costs of the Project	
Expense Type	Eligible Amount
1. Land acquisition and servicing	\$929,960
2. Estimated soft costs (including City fees)	\$840,166
3. Estimated expenditures for construction	\$3,296,910
4. GST on construction	\$ 197,815
5. Contingency	\$155,153
TOTAL ELIGIBLE COSTS OF THE PROJECT:	\$5,420,004.

Table B

Equity and Funding for the Project

(a) Housing Provider equity contribution	\$935,000
(b) Government Contributions	
(i) Municipal – Action Ottawa Capital Grant	\$900,000
(ii) Municipal – Action Ottawa Grant-In-Lieu of Building Permit Fees	\$41,892
(iii) Municipal – Action Ottawa Waiver of Planning Application Fees and Development Charges	\$143,112
(iv) Federal – Affordable Housing Program /Strong Start Program	\$720,000
(v) Provincial – Affordable Housing Program / Strong Start Affordability Payment	\$1,080,000
(c) Mortgage Loan Amount:	\$1,600,000
(a) Mortgage Amount attributed to the Project	
(b) Amount of first mortgage to be registered as per section 60(2) of this agreement is \$6.2 Million	
TOTAL EQUITY AND FUNDING	\$5,420,004.

SCHEDULE "C"

**Financial Benefits Extended by the City of Ottawa, pursuant to the Agreement and the
Municipal Housing Project Facilities By-law**

Capital Grant		\$900,000
Grant-In Lieu of Building Permit Fees		\$41,892
Waiver of Planning Application Fees		\$13,422
Waiver of Development Charges		\$129,690
SUBTOTAL - "Principal Amount"		\$1,085,004
Tax Relief*	Up to	\$157,400
TOTAL	Up to	\$1,282,678

* Tax relief figures represent the present value of the estimated difference between the Multi-Residential Tax Rate and the New Multi-Residential Rate from year 1 through to year 10. This relief is a result of a City-wide policy. It is not granted pursuant to this Agreement. Thus, tax relief shall not be used for the purposes of valuing benefits conveyed pursuant to this Agreement. These fees and charges are given as a result of City by-laws.

Schedule "D"

Payment Schedule, Conditions and Documentation Requirements

1. The City shall pay the Housing Provider the actual eligible project costs for this project up to the maximum amount shown in Table C for the services required under the terms of this Agreement. Funds shall not be released unless the specified conditions under the heading 'Description of Milestone' in Table C have occurred to the satisfaction of the City.
2. Amounts not spent in one invoice period may be carried forward to other periods within the same funding year, as may be determined by the City in its sole discretion. The City shall not unreasonably disallow the carrying forward of funds.
3. The Housing Provider shall use the funds provided under this Agreement solely for the specific activities described in Schedule A. Therefore, if the actual costs of the described activities are less than the amount stated in this Agreement, the Housing Provider shall invoice the City for only the expenses incurred for this project.
4. If the actual costs of the project exceed the contracted amount, these excess costs must be borne by the Housing Provider. The Housing Provider may not submit an invoice for any amounts exceeding the total contracted amount.
5. The Housing Provider shall repay to the City, upon request, any overpayments, unexpended balances, and disallowed expenses.
6. The Housing Provider shall submit an invoice to the City upon successful completion of each milestone listed in Table C, and shall provide sufficient details of the services rendered. The City shall pay the Housing Provider thirty (30) days after receipt and acceptance of an invoice.
7. Payments made under this Agreement which are subsequently disallowed shall be paid back to the City. Until these funds are paid, they shall be debts due to the City.
8. Subject to the Agreement and its Schedules, the costs set out in the approved budget are eligible costs for the purposes of this Agreement, subject to change only with prior written approval of the City.
9. Costs are eligible only if they are:
 - (a) directly related to the project; and
 - (b) reasonable.
10. The portion of the costs of any goods or services purchased by the Housing Provider for which the Housing Provider may claim a GST input tax credit or rebate is not eligible for reimbursement.

11. The total amount specified in all Schedules shall include all taxes payable with respect to the provision or supply of any services or intangible property by the Housing Provider to the City, or in connection with the provision, supply, transfer or sale of any goods, material or tangible property by the Housing Provider to the City pursuant to this Agreement and shall specifically include any goods and services or similar tax.
12. The Housing Provider agrees that any cost it incurs related to the construction under this Agreement is not eligible for reimbursement if the Housing Provider has received (or expects to receive) reimbursement for this cost from another level of government or other source.


Table C

Date to be completed by	Funding Period Milestones	Maximum Funding Amount
On or before February 28, 2006	Upon execution of this Agreement and submission of an invoice.	\$25,000.
On or before March 30, 2006	Submission of invoice for School Board Development Charges and Site Plan security.	\$41,455
On or before April 15, 2006	Submission of a copy of the building permit and invoice.	\$177,295
On or before June 30, 2006	Submission of a certificate of the Quantity Surveyor or Architect, confirming structural framing as complete.	\$218,750
On or before August 31, 2006	Submission of a certificate of the Quantity Surveyor or Architect, confirming the building envelope as complete.	\$173,000
On or before March 31, 2007	Submission of a certificate of the Quantity Surveyor or Architect, upon substantial completion of the construction of the Project.	\$173,000
On or before May 30, 2007	<ol style="list-style-type: none"> 1. Submission of a copy of the occupancy permit. 2. Submission of verification that the City has been satisfied that there are no outstanding liens on the property 3. Submission of a final accounting of actual project expenditures. 	\$91,500.
On or before April 30, 2008	Submission of audited financial report	
	Total Maximum Funding Amount	\$900,000.

IN WITNESS WHEREOF the parties hereto have executed this Agreement by their properly authorized officers.

DATE: Oct 14/06

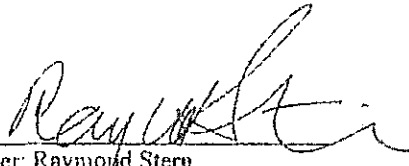
) CITY OF OTTAWA

) 

) per: Russell Mawby, Director Housing Branch

) QUEX PROPERTY CORPORATION

DATE: Oct 14/2006

) 

) per: Raymond Stern

) I have the authority to bind the Corporation

)

This addendum no. 2 to the Municipal Housing Project Facilities Agreement made in Triplicate dated this) 22nd day of March 2007.

BETWEEN:

City of Ottawa ("the City")

-and-

QUEX PROPERTY CORPORATION. ("the Housing Provider")

WHEREAS the City entered into a Municipal Housing Project Facilities Agreement dated March 3, 2006 and amended March 30, 2006 with the Housing Provider with respect to the provisions of municipal housing facilities pursuant to subsection 110(1) of the *Municipal Act*, S.O. 2001, c.25 ("Municipal Housing Project Facilities Agreement");

AND WHEREAS the parties have agreed to changes to Clause 62(3);

AND WHEREAS the parties have agreed to changes to Schedules A- D;

NOW THEREFORE the parties agree to the following:

1. The rights and obligations in this addendum are in addition to the rights and obligations of the Municipal Housing Project Facilities Agreement (MHPFA) and its schedules, and this Addendum forms an integral component of the Municipal Housing Project Facilities Agreement and its schedules.
2. If there are any conflicts between the terms of this Addendum and the terms of the Municipal Housing Project Facilities Agreement, the terms of this Addendum shall prevail.
3. The municipal address of the project in the MHPFA is changed from "345 Clarence Street" to "347 Clarence Street".
4. Clause 62 (3) shall be replaced with the following:

62(3) The Housing Provider shall pay a minimum of the following into the replacement reserve fund:

- (a) by the end of the first calendar year of operations of the Project, the amount of \$20,729, less the amount of capital reserve that the first mortgage lender requires as a hold back pursuant the mortgage commitment.

(b) By the end of each subsequent year an amount of \$20,729 plus the consumer price index less, the amount of capital reserve that the first mortgage lender requires as a holdback pursuant to the mortgage commitment.

5. Schedule A-D shall be replaced with the following:

SCHEDULE "A"

Description of the Project

1. The Housing Provider has been selected by the Action Ottawa 2005 Selection Committee to receive City capital funds, as authorized by Council on October 26, 2005, to assist in the construction of 30 housing units by way of construction of a six (6) storey building at the property legally know as Part of Lot 18, North Side of Clarence Street, Registered Plan No. 43586, designated as Part I, Plan 4R-21669, as in part of PIN 04213-0056, and known municipally as "347 Clarence Street." The property on which the new building will be constructed is a parcel to be severed from lands owned by the Housing Provider at 345 Clarence Street, on which a seven storey residential building exists. The Committee of Adjustment has approved the severance. Although fully severed, and independent of each other, there will be connection between the two buildings. However, the Municipal Housing Project Facilities Agreement and the Contribution Agreement shall only apply to 347 Clarence Street.
2. The Housing Provider shall use the funding which is the subject of this Agreement solely towards the construction of thirty (30) one bedroom apartment units which are to be constructed in a new building on the severed parcel at 347 Clarence Street.
3. The Housing Provider shall provide thirty (30) one bedroom units that meet the definition of Affordable Housing, as described in this Agreement.

SCHEDULE "B"

Project Capital Budget

1. Details of items in the "expense type" column of Table A shall be in accordance with budget estimates included in the Housing Provider's Proposal, dated October 6, 2005, as may be amended with the approval of the City, by the revised construction budget.

Table A

Eligible Costs of the Project	
Expense Type	Eligible Amount
1. Land acquisition and servicing	\$929,960
2. Estimated soft costs (including City fees)	\$840,166
3. Estimated expenditures for construction	\$3,296,910
4. GST on construction	\$ 197,815
5. Contingency	\$155,153
TOTAL ELIGIBLE COSTS OF THE PROJECT:	\$5,420,004.

Table B

Equity and Funding for the Project

(a) Housing Provider equity contribution	\$935,000
(b) Government Contributions	
(i) Municipal – Action Ottawa Capital Grant	\$900,000
(ii) Municipal – Action Ottawa Grant-in-Lieu of Building Permit Fees	\$41,892
(iii) Municipal – Action Ottawa Waiver of Planning Application Fees and Development Charges	\$143,112
(iv) Federal – Affordable Housing Program /Strong Start Program	\$720,000
(v) Provincial – Affordable Housing Program / Strong Start Affordability Payment	\$1,080,000
(c) Mortgage Loan Amount:	\$1,600,000
(a) Mortgage Amount attributed to the Project	
(b) Amount of first mortgage to be registered as per section 60(2) of this agreement is \$6.2 Million	
TOTAL EQUITY AND FUNDING	\$5,420,004.

SCHEDULE "C"

**Financial Benefits Extended by the City of Ottawa, pursuant to the Agreement and the
Municipal Housing Project Facilities By-law**

Capital Grant		\$900,000
Grant-In Lieu of Building Permit Fees		\$41,892
Waiver of Planning Application Fees		\$13,422
Waiver of Development Charges		\$129,690
SUBTOTAL - "Principal Amount"		\$1,085,004
Tax Relief*	Up to	\$157,400
TOTAL	Up to	\$1,282,678

* Tax relief figures represent the present value of the estimated difference between the Multi-Residential Tax Rate and the New Multi-Residential Rate from year 1 through to year 10. This relief is a result of a City-wide policy. It is not granted pursuant to this Agreement. Thus, tax relief shall not be used for the purposes of valuing benefits conveyed pursuant to this Agreement. These fees and charges are given as a result of City by-laws.

Schedule "D"

Payment Schedule, Conditions and Documentation Requirements

1. The City shall pay the Housing Provider the actual eligible project costs for this project up to the maximum amount shown in Table C for the services required under the terms of this Agreement. Funds shall not be released unless the specified conditions under the heading 'Description of Milestone' in Table C have occurred to the satisfaction of the City.
2. Amounts not spent in one invoice period may be carried forward to other periods within the same funding year, as may be determined by the City in its sole discretion. The City shall not unreasonably disallow the carrying forward of funds.
3. The Housing Provider shall use the funds provided under this Agreement solely for the specific activities described in Schedule A. Therefore, if the actual costs of the described activities are less than the amount stated in this Agreement, the Housing Provider shall invoice the City for only the expenses incurred for this project.
4. If the actual costs of the project exceed the contracted amount, these excess costs must be borne by the Housing Provider. The Housing Provider may not submit an invoice for any amounts exceeding the total contracted amount.
5. The Housing Provider shall repay to the City, upon request, any overpayments, unexpended balances, and disallowed expenses.
6. The Housing Provider shall submit an invoice to the City upon successful completion of each milestone listed in Table C, and shall provide sufficient details of the services rendered. The City shall pay the Housing Provider thirty (30) days after receipt and acceptance of an invoice.
7. Payments made under this Agreement which are subsequently disallowed shall be paid back to the City. Until these funds are paid, they shall be debts due to the City.
8. Subject to the Agreement and its Schedules, the costs set out in the approved budget are eligible costs for the purposes of this Agreement, subject to change only with prior written approval of the City.
9. Costs are eligible only if they are:
 - (a) directly related to the project; and
 - (b) reasonable.
10. The portion of the costs of any goods or services purchased by the Housing Provider for which the Housing Provider may claim a GST input tax credit or rebate is not eligible for reimbursement.
11. The total amount specified in all Schedules shall include all taxes payable with respect to the provision or supply of any services or intangible property by the Housing

Provider to the City, or in connection with the provision, supply, transfer or sale of any goods, material or tangible property by the Housing Provider to the City pursuant to this Agreement and shall specifically include any goods and services or similar tax.

12. The Housing Provider agrees that any cost it incurs related to the construction under this Agreement is not eligible for reimbursement if the Housing Provider has received (or expects to receive) reimbursement for this cost from another level of government or other source.


Table C

Date to be completed by	Funding Period Milestones	Maximum Funding Amount
On or before February 28, 2006	Upon execution of this Agreement and submission of an invoice.	\$25,000.
On or before March 30, 2006	Submission of invoice for School Board Development Charges and Site Plan security.	\$41,455
On or before April 15, 2007	Submission of a copy of the building permit and invoice.	\$177,295
On or before June 30, 2007	Submission of a certificate of the Quantity Surveyor or Architect, confirming structural framing as complete.	\$218,750
On or before August 31, 2007	Submission of a certificate of the Quantity Surveyor or Architect, confirming the building envelope as complete.	\$173,000
On or before December 31, 2007	Submission of a certificate of the Quantity Surveyor or Architect, upon substantial completion of the construction of the Project.	\$173,000
On or before January 31, 2008	<ol style="list-style-type: none"> 1. Submission of a copy of the occupancy permit. 2. Submission of verification that the City has been satisfied that there are no outstanding liens on the property 3. Submission of a final accounting of actual project expenditures. 	\$91,500.
On or before April 30, 2008	Submission of audited financial report	
	Total Maximum Funding Amount	\$900,000.

IN WITNESS WHEREOF the parties hereto have executed this Agreement by their properly authorized officers.

DATE: March 22, 2007

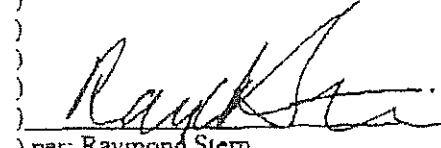
) CITY OF OTTAWA

) 

) per: Russell Mawby, Director Housing Branch

) QUEX PROPERTY CORPORATION

DATE: Mar 08/2007

) 

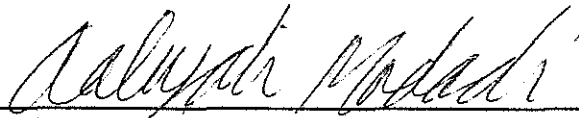
) per: Raymond Stern

) I have the authority to bind the Corporation

)

TAB 4

This is **Exhibit “4”** referred to in the
Affidavit of
CHRISTOPHER SEBEN herein,
Sworn before me
this 19th day of September, 2017.



A Commissioner for Taking Affidavits

Aaliyah Madadi, a Commissioner, etc.,
Province of Ontario
while a Student at Law
Expires April 4, 2019

Version: February 28, 2006

PROVINCIAL CONTRIBUTION AGREEMENT
Canada - Ontario New Affordable Housing Program (2003)
Strong Start Program
Rental and Supportive Component

This Agreement made the 27th day of *March* 2006.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO
AS REPRESENTED BY
THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING

(hereinafter called the "Minister")

- and -

Quex Property Corporation

(hereinafter called the "Proponent")

WHEREAS:

- A. In order to create a supply of **Affordable Housing**, Canada Mortgage and Housing Corporation ("CMHC") and Her Majesty the Queen In Right of Ontario, as represented by the Minister of Public Infrastructure Renewal entered into a bi-lateral agreement effective April 1, 2003 (the "**CMHC - Ontario New Affordable Housing Program Agreement**").
- B. The Minister of Municipal Affairs and Housing (the "**Minister**") is responsible for the **CMHC - Ontario New Affordable Housing Program Agreement**.
- C. The **Minister** established the **Strong Start Program** pursuant to which the **Minister** would provide **CMHC** funds and provincial funds for **Development Activities** related to **Affordable Housing** by builders and owners of **Housing**, as defined in this Agreement.
- D. The **Minister** established Rental and Supportive, Home Ownership and Remote Components under the **Strong Start Program**.
- E. The **Minister** is entering into this Agreement in order to administer the **Strong Start**

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Program - Rental and Supportive Component (the "Program").

- F. The **Service Manager** has confirmed that the **Proponent** has responded to the procurement process (the "**Procurement Process**") of the **Service Manager** by submitting its proposal dated October 31, 2005 (the "**Proposal**") to undertake **Development Activities** for the **Project(s)** in return for financial benefits from the **Service Manager**.
- G. The **Minister** has allocated **Program** funds for the **Project(s)** to be used by the **Proponent** in accordance with the terms and conditions of this Agreement.
- H. The **Proponent** wishes to enter into this Agreement in order to obtain **Program** funds from the **Minister** to enable it to carry out its **Proposal**.

NOW THEREFORE, the **Minister** and the **Proponent** agree with each other as follows:

1. INTERPRETATION

- 1.1 In the Agreement, including its Schedules, unless the context requires otherwise,
- "**Affordability Payment**" means the province's contribution to a **Unit**;
 - "**Affordability Period**" means the period during which the average **Unit** rents in a **Project** are required to be maintained at or below **Average Market Rents**, as established by the **Service Manager** in accordance with the **Strong Start Program Guidelines**;
 - "**Affordable Housing**" means **Housing** which is modest in terms of floor area and amenities, based on household needs and community norms, in projects that achieve an average project rent which is at or below **Average Market Rents** for comparable **Housing** in a community or area, but does not include residential premises used as a nursing home, retirement home, shelter, crisis care facility or any other type of similar facility;
 - "**Affordable Housing Program - Strong Start Program**" means the Affordable Housing Program described in the **Strong Start Program Guidelines**;
 - "**Average Market Rents**" means the average rent figures, based on geographical areas and classified by bedroom count, as determined annually

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in the **CMHC Average Market Rent Survey**;

- **“Business Day”** means each Monday, Tuesday, Wednesday, Thursday and Friday except when any such day occurs on a statutory holiday observed in Ontario;
- **“Contributions by Others”** means cash or in-kind eligible contributions from the Government of Ontario and/or municipalities, used in accordance with the **Program**. It does not include contributions from any other Government of Canada sources, including, but not limited to the **CMHC - Ontario Social Housing Agreement** dated November 15, 1999, nor contributions which receive credit under any agreement with **CMHC** outside this Agreement nor equity contributions to the **Project** made by the **Proponent** to the extent required by subsection 2.1;
- **“Development Activities”** means those activities which are normally undertaken for the development, construction, repair, renovation, rehabilitation or conversion of buildings for residential purposes and include the acquisition of property and activities for which **Project Development Funding** may be provided;
- **“Force Majeure”** means a delay arising from strike, lockout, riot, insurrection, terrorism, war, fire, tempest, act of God, lack of material or supply of service at a reasonable cost, inclement weather, binding orders or regulations of governmental bodies, courts or arbitrators or any other event beyond the control of the **Parties** which causes a delay in the fulfillment of a **Party’s** obligations under this Agreement notwithstanding the reasonable efforts of such **Party** and provided that any such non-availability or delay does not relate to any extent to any act or omission by such **Party** or any of its authorized agents or employees;
- **“Housing”** means residential accommodation and facilities, common areas and services used directly with the residential accommodation. **“Housing”** does not include commercial or institutional premises, social or recreational services, and services or facilities related to mental or physical health care, education, corrections, food services, social support or public recreation;
- **“Interest Adjustment Date”** means the date on which the **Proponent** makes the first payment of principal and interest in respect of the

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Proponent's permanent financing obligations for the **Project**, following the completion of construction;

- **"Parties"** means the **Minister** and the **Proponent** and **"Party"** means either of them, as the context may require;
- **"Permitted Encumbrances"** means the encumbrances encumbering the **Affordable Housing Units** listed in Schedule "D";
- **"PIPEDA"** means the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, including any amendments thereto;
- **"PIPEDA Protected Information"** means any "Personal Information" or "Personal Health Information", as defined under **PIPEDA**;
- **"Procurement Process"** means the request for proposals or procurement process issued by the **Service Manager**;
- **"Program"** means the **Strong Start Program - Rental and Supportive Component**, as set out in the **Strong Start Program Guidelines**;
- **"Project"** means **Affordable Housing** proposed or approved for the **Program** under this Agreement;
- **"Project Development Funding"** means that part of the **CMHC** funds in an amount of up to one hundred fifty thousand dollars (\$150,000) which is to be used by the **Proponent** to pay for planning and engineering studies, architectural drawings and legal expenses;
- **"Proposal"** means the response to the request for proposals or procurement process submitted to the **Service Manager** pursuant to the **Procurement Process**;
- **"Service Manager"** means City of Ottawa;
- **"Strong Start Program Guidelines"** means the Guidelines issued by the **Minister** and attached to this Agreement as Schedule "A";

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- **“Substantial Completion”** means the substantial performance, within the meaning of the *Construction Lien Act*, of all contracts which the **Proponent** has entered into for **Development Activities** in connection with the **Project** under this Agreement;
- **“Unit”** means a self-contained residential dwelling including, without limiting the generality of the foregoing, (i) supportive rental **Housing** where service funding is secured from sources other than **CMHC** funds and provincial funds provided under the **Program**; (ii) multi-bedroom units which are used for congregate living; and (iii) disabled/accessible units.

1.2 All references in this Agreement, including, without limitation, the Schedules hereto, to “rent” are deemed to include housing charges paid by members of non-profit housing co-operatives and “rental” is deemed to have a corresponding meaning.

1.3 The following Schedules are attached to and form part of this Agreement:

Schedule	“A”	-	Strong Start Program Guidelines
Schedule	“B”	-	Schedule of Funding
Schedule	“C”	-	Rental Protocol
Schedule	“D”	-	Permitted Encumbrances
Schedule	“E-1”	-	Charge/Mortgage of Land
Schedule	“E-2”	-	Assignment of Rents
Schedule	“E-3”	-	Security Agreement
Schedule	“F”	-	Proponent’s Initial Occupancy Report
Schedule	“G”	-	Proponent’s Annual Occupancy Report
Schedule	“H”	-	Proponent’s Annual Targeting Report
Schedule	“I”	-	Contributions by Others - Agreements
Schedule	“J”	-	Alternate Security

1.4 In the event of a conflict or inconsistency between the provisions of this Agreement and the provisions of a Schedule, the provisions of this Agreement shall prevail.

1.5 All references in this Agreement to section numbers are references to sections of this Agreement unless otherwise stated.

2. FUNDING FOR AFFORDABLE HOUSING

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- 2.1 The **Proponent** agrees to advance as its equity contribution to the **Project** the amount of Nine Hundred and Thirty-Five Thousand Dollars (\$935,000.00) on or before Occupancy is permitted in the **Project**, and provide written confirmation to the **Minister** that the equity contribution has been advanced.
- 2.2 Funding for **Affordable Housing** is comprised of **CMHC** and provincial funds. **CMHC** funds will be advanced to the **Proponent** in the form of a loan, during the development stage of the **Project**. Provincial funds will be advanced to the **Proponent** during the **Affordability Period**, in the form of a monthly **Affordability Payment**, following completion and occupancy of the **Project**.
- 2.3 The **Minister** agrees to lend to the **Proponent** as a loan, upon the terms and subject to the conditions set out in this Agreement, the amount of Twenty-Four Thousand Dollars (\$24,000.00) for each **Unit** included in the **Development Activities** for **Affordable Housing** by the **Proponent** pursuant to the **Proposal**, the total amount of such loan being Seven Hundred and Twenty Thousand (\$720,000.00) (the "**Loan**").
- 2.4 The **Minister** shall disburse **Project Development Funding** in the amount of Zero dollars (\$0), as recommended by the **Service Manager**, on or before the ninetieth (90th) **Business Day** following the date on which this Agreement is signed by the **Parties**.
- 2.5 The **Minister** shall disburse the amount of the **Loan** remaining after the **Project Development Funding** has been disbursed in accordance with the **Schedule of Funding** attached as **Schedule "B"**.
- 2.6 The **Minister** shall have the option of withholding from the amount to be disbursed under section 2.5 the amount of the cost of construction necessary to complete the construction of the **Project** and, in such case, the **Minister** shall disburse the amount so withheld following its receipt of satisfactory evidence that such construction is complete within the meaning of the *Construction Lien Act* and provided that the *Construction Lien Act* is complied with.
- 2.7 The **Proponent** shall use the amount of the **Loan** and **Contributions by Others** for the purpose of its **Development Activities** in connection with the **Project**.

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- 2.8 The **Minister** shall disburse the monthly **Affordability Payment** in accordance with the **Schedule of Funding** attached as **Schedule "B"**.
- 2.9 The **Proponent** shall use the monthly **Affordability Payment** to contribute towards the principal and interest payments incurred by the **Proponent** in connection with the **Proponent's** permanent financing obligations for the **Project**, following the completion of construction.

3. PROVISION OF AFFORDABLE HOUSING

- 3.1 The **Proponent** agrees to undertake its **Development Activities** in connection with the **Project** in accordance with the provisions relating to the development of the **Project** contained in the **Strong Start Program Guidelines**.
- 3.2 The **Proponent** shall, subject to **Force Majeure**, achieve **Substantial Completion** in accordance with the **Strong Start Program Guidelines**.
- 3.3 Without limiting the condition set out in section 5.1(b) below, the **Proponent** shall use its reasonable best efforts to discharge or cause the discharge of any registered construction liens so as to ensure that there are no construction liens registered against the **Project** on the date for the disbursement of the **Loan** under sections 2.3, 2.4, 2.5 and 2.6.
- 3.4 The **Proponent** shall not at any time during the term of this Agreement breach any contribution agreement respecting the **Project** that it has entered into with an entity included in **Contributions by Others**, including any municipal capital facility agreement made pursuant to section 110 of the *Municipal Act, 2001* and shall not, through any breach on its part, cause such other entity to terminate a contribution agreement for cause. The **Proponent** agrees that a breach by it of any such contribution agreement, that has not been corrected, shall constitute a breach of this Agreement. All such agreements respecting **Contributions by Others** shall be attached as Schedule "I". The **Proponent** shall provide the **Minister** with evidence of its good standing under any such contribution agreement within ten (10) **Business Days** following its receipt of a written request from the **Minister**.

4. OPERATION OF AFFORDABLE HOUSING

- 4.1 The **Proponent** acknowledges and agrees that the **Rental Protocol** set out in Schedule "C" applies to the **Project** by virtue of the contractual terms of this

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Agreement, notwithstanding that the **Rental Protocol** does not apply to the **Project** under the *Tenant Protection Act, 1997*, and its regulations.

4.2 The **Proponent** agrees to operate the **Units** in accordance with the rules set out in Schedule "C" of this Agreement.

5. **CONDITIONS**

5.1 The provision of funding by the **Minister** pursuant to sections 2.3, 2.4, 2.5 and 2.6 above is subject to the following conditions precedent, each of which is for the exclusive benefit of the **Minister**, and may be waived in full or in part by the **Minister** by written notice to the **Proponent**:

- (a) any contribution agreement referred to in section 3.4 remaining in force and the **Proponent** being in good standing thereunder;
- (b) there being no Claim for Lien under the *Construction Lien Act* registered against the **Project**;
- (c) there being in existence no unregistered lien or statutory claim having priority against the **Project**;
- (d) the **Proponent's** title to the **Project** being encumbered by no registered encumbrances other than the **Permitted Encumbrances**;
- (e) the **Proponent** being in good standing under all of the **Permitted Encumbrances** and there being no work orders issued against the **Project** by any governmental entity, agency or official;
- (f) the **Proponent** having provided the **Minister** with the security documents required by section 7 and in accordance with the said section; and
- (g) all **Contributions by Others** due on or before a disbursement date hereunder having been fully advanced to the **Proponent** on or before such disbursement date and having been secured by by-law, agreement or otherwise and attached as Schedule "I".

5.2 If any of the conditions contained in section 5.1 have not been fulfilled on the date for the disbursement of the **Loan** by the **Minister** pursuant to section 2.3,

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2.4, 2.5 or 2.6 and are not waived by the **Minister** pursuant to said section 5.1, the **Minister** shall be under no obligation to make any advance of the **Loan** to the **Proponent** and the **Minister** shall thereupon have the right to terminate this Agreement and, in that event, neither party to this Agreement shall have any rights or obligations hereunder, save and except that the **Minister** may, notwithstanding such termination, bring an action against the **Proponent** for all losses, costs and expenses, including, without limitation, reasonable legal fees incurred by the **Minister** in connection with this Agreement where the non-performance or non-fulfillment of a condition is a result of a breach of a covenant by the **Proponent**.

5.3 The provision of funding by the **Minister** pursuant to section 2.8 above is subject to the following conditions precedent, each of which is for the exclusive benefit of the **Minister**, and may be waived in full or in part by the **Minister** by written notice to the **Proponent**:

- (a) any contribution agreement referred to in section 3.4 remaining in force and the **Proponent** being in good standing thereunder;
- (b) there being no Claim for Lien under the *Construction Lien Act* registered against the **Project**;
- (c) there being in existence no unregistered lien or statutory claim having priority against the **Project**;
- (d) the **Proponent's** title to the **Project** being encumbered by no registered encumbrances other than the **Permitted Encumbrances**;
- (e) the **Proponent** being in good standing under all of the **Permitted Encumbrances** and there being no work orders issued against the **Project** by any governmental entity, agency or official;
- (f) the **Minister** has approved the information reports required in section 8.1(c) ;
- (g) the **Proponent** has an agreement with the **Service Manager** respecting targeting and is in compliance with the said agreement.

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- 5.4 If any of the conditions contained in section 5.3 have not been fulfilled on the date for the disbursement of the initial **Affordability Payment** by the **Minister** pursuant to section 2.8 and are not waived by the **Minister** pursuant to said section 5.3, the **Minister** shall be under no obligation to make any advance of the initial **Affordability Payment** to the **Proponent** and the **Minister** shall thereupon have the right to terminate this Agreement and, in that event, neither party to this Agreement shall have any rights or obligations hereunder, save and except that the **Minister** may, notwithstanding such termination, bring an action against the **Proponent** for all losses, costs and expenses, including, without limitation, reasonable legal fees incurred by the **Minister** in connection with this Agreement where the non-performance or non-fulfillment of a condition is a result of a breach of a covenant by the **Proponent**.

6. TERMS OF THE FUNDING

- 6.1 The **Loan** shall have a term of twenty (20) years, commencing as of the **Interest Adjustment Date**.
- 6.2 Prior to the **Interest Adjustment Date**, interest shall accrue on the total of the amount or amounts advanced under the **Loan** the rate of eight per cent (8%) per annum. The interest so calculated shall compound semi-annually, not in advance, until the **Interest Adjustment Date**.
- 6.3 On the **Interest Adjustment Date**, the amount of interest accrued as calculated in section 6.2 shall be forgiven, provided that the **Proponent** has satisfied all requirements as set out in section 2 in this Agreement.
- 6.4 With effect from the **Interest Adjustment Date**, the interest rate applicable to the **Loan** shall be the higher of the average posted rate offered by major Canadian lending institutions for a commercial first mortgage having a five (5) year term, plus two per cent (2%) or the interest rate applicable to the first mortgage registered against title to the property, plus two per cent (2%).
- 6.5 On each anniversary date of the **Interest Adjustment Date**, the **Proponent** shall pay the **Minister** the amount of interest, as calculated on the **Loan** amount according to the interest rate stipulated in Section 6.4, so accrued during the previous year; provided, however, if the **Proponent** has satisfied, as of such anniversary date, the requirements of this Agreement, the amount of the interest so owing shall automatically be forgiven.

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- 6.6 The **Loan** amount shall be fully forgiven on the last day of the month at the end of the term of the **Loan**, provided that the **Proponent** has fulfilled all the requirements of the **Program** as set out in this Agreement.
- 6.7 During the initial term of the **Proponent's** permanent financing obligations for the **Project** following the completion of construction, the **Affordability Payment** shall be comprised of the total of the province's per unit capital contribution to the **Project** plus the **Proponent's** cost of borrowing an equivalent amount based on the lesser of the rate of interest on the **Proponent's** permanent financing obligations for the **Project** or the ceiling rate of interest set out in **CMHC's** certificate of insurance pertaining to the **Project**.
- 6.8 Subsequent to the initial term of the **Proponent's** permanent financing obligations for the **Project** following the completion of construction, the **Affordability Payment** shall be comprised of the total of the province's outstanding per unit capital contribution to the **Project** plus the **Proponent's** cost of borrowing an equivalent amount based on the rate of interest on the **Proponent's** permanent financing obligations for the **Project**.
- 6.9 The **Proponent** shall provide the **Minister** with such information respecting the **Proponent's** permanent financing obligations for the **Project** as the **Minister** may require from time to time.
- 6.10 The **Minister** may require the **Proponent** to use such financing mechanism in respect of the **Proponent's** permanent financing obligations for the **Project** as may be arranged by the province.
- 6.11 The **Affordability Payment** shall be paid by the **Minister** to the **Proponent** in monthly installments over a twenty (20) year term, commencing as of the **Interest Adjustment Date**, provided the **Proponent** has complied with the requirements of this Agreement.

7. SECURITY

- 7.1 Prior to the **Minister** disbursing the **Loan** proceeds to the **Proponent** pursuant to section 2.3, the **Proponent** shall provide the **Minister** and the **Service Manager** with executed registerable security documents in the form attached

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hereto as Schedules "E-1", "E-2" and "E-3" (the "**Security**"), completed in accordance with this Agreement or such alternate form of security, on such terms and conditions as the **Minister** may require, attached hereto as Schedule "J".

- 7.2 The **Security** shall be collateral to this Agreement and any contribution agreement between the **Service Manager** and the **Proponent**. The **Minister** and the **Service Manager** shall be joint secured parties on all **Security** documents and shall share in any recoveries thereunder in proportion to their respective contributions to the total amount secured. The amount of all contributions from the **Minister** shall be included in the **Security** documents. Any cash contributions from the **Service Manager** may be included in the **Security** documents. The amount of any eligible in-kind contributions from the **Service Manager** shall not be included in the **Security** documents.
- 7.3 Without limiting the **Proponent's** covenants and the remedies of the **Minister** and the **Service Manager** under their respective contribution agreements and the **Security**, the **Proponent** agrees that a breach of this Agreement or any contribution agreement with the **Service Manager** shall constitute a breach of the **Security** and a breach of the **Security** shall constitute a breach of this Agreement and any contribution agreement with the **Service Manager**.
- 7.4 The **Minister** acknowledges and agrees that notwithstanding that the **Security** provides that the principal and interest secured thereunder is payable on demand, the **Minister** shall have no right to demand payment thereunder except in accordance with the provisions of this Agreement relating to repayment. In the event of a conflict or inconsistency between the provisions of this Agreement and the **Security**, the provisions of this Agreement shall prevail with respect to contributions from the **Minister**.
- 7.5 The **Security** shall rank immediately behind the registered security for the **Proponent's** primary financial obligations for the **Project**, unless the **Minister** determines that the **Security** shall have a lesser priority.

8. ACCOUNTABILITY FRAMEWORK

- 8.1 (a) In the event:

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- (i) the **Minister** is of the opinion that the **Proponent** is not proceeding in an expeditious manner with the **Development Activities** for which **Project Development Funding** has been provided; or
- (ii) the **Minister** is advised by the **Service Manager** that the **Project** will not proceed; or
- (iii) the building permit for the **Project** is not issued on or before March 31, 2006 or such longer period of time as the **Minister** may determine;

the **Proponent** shall return all unexpended **Project Development Funding** to the **Minister**, forthwith upon demand, provided however, that the **Minister** shall not require the **Proponent** to return any **Project Development Funding** that has been expended for the intended purposes.

- (b) The **Proponent** shall submit to the **Service Manager** and the **Minister**, an audited statement respecting its expenditure of the funds provided to it pursuant to this Agreement, within ninety (90) days following the date on which the **Minister** is advised by the **Service Manager** that the **Project** will not proceed or that the **Development Activities** related to the **Project** have been fully completed.
- (c) Following the full completion of the **Development Activities** related to the **Project**, the **Proponent** shall submit to the **Service Manager** a completed information report in the form attached hereto as Schedule "F", and annually thereafter shall submit to the **Service Manager** completed information reports in the forms attached hereto as Schedules "G" and "H".
- (d) Without limiting the **Proponent's** obligations under section 8.1(c), the **Proponent**, if requested by the **Minister**, shall forthwith submit to the **Minister** the material required to be submitted to the **Service Manager** pursuant to the said section, in addition to any such material that the **Proponent** may have previously submitted to the **Service Manager**.

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- 8.2 The **Proponent** represents that it has not provided any false or misleading information in the **Proposal** and agrees that it shall not provide any false or misleading information to the **Minister** under this Agreement.
- 8.3 The **Proponent** shall, on forty-eight (48) hours prior written notice, give the **Minister** free access to the **Project** and to such staff, documents, books, records and accounts as may be determined by the **Minister**, for the purpose of verifying compliance with this Agreement.
- 8.4 The **Minister** may conduct an audit, investigation or inquiry in relation to the **Project** or any larger development or project of which the **Project** is a part and the **Proponent** shall co-operate with the **Minister** and provide free access to the **Project** and to such staff, documents, books, records and accounts as may be determined by the **Minister**.
- 8.5 The provisions of sections 8.1, 8.2, 8.3 and 8.4 shall continue to apply for a period of seven (7) years following the end of the period described in section 4.1 or the date of any early termination of this Agreement.

9. PUBLICITY

- 9.1 The **Proponent** acknowledges that it has been informed by the **Minister** that under the terms of the **CMHC - Ontario New Affordable Housing Program Agreement** all publicity, including written materials and signs, respecting the **Project** must recognize the contributions of **CMHC**, the **Minister** and the **Service Manager**. The **Proponent** further acknowledges that it has been informed by the **Minister** that the **CMHC - Ontario New Affordable Housing Program Agreement** requires the **Minister** to co-ordinate with **CMHC** and/or obtain **CMHC's** approval with respect to communications, signage and advertising matters. The **Proponent** agrees that it shall not do or omit to do any act which will cause the **Minister** to be in breach of the terms of the **CMHC - Ontario New Affordable Housing Program Agreement** referred to in this section 9.1.
- 9.2 The **Proponent** shall not make any public announcement respecting the **Project**, insofar as it relates to the **Program**, or respecting its participation in the **Program** or respecting the **Program** in any other respect without obtaining the prior written consent of the **Minister**.

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- 9.3 During the period of the **Development Activities** related to the **Project**, the **Proponent** shall erect a sign in front of the **Project**. The sign shall be in accordance with specifications issued by the **Minister**.
- 9.4 The **Proponent** acknowledges that any breach by it of sections 9.2 or 9.3 of this Agreement shall cause the **Minister** to be in breach of the **CMHC - Ontario New Affordable Housing Program Agreement**.

10. REMEDIES

- 10.1 If,
- (a) the **Proponent** breaches any of the provisions of this Agreement, including, without limitation, the Schedules, or
 - (b) the **Proponent** becomes bankrupt or insolvent or takes benefit of any act now or hereafter in force for bankrupt or insolvent debtors or files any proposal or makes any assignment for the benefit of creditors or any arrangement or compromise, or
 - (c) a receiver or a receiver and manager is appointed for all or a portion of the **Project** and the receiver's appointment is not vacated within thirty (30) days, or
 - (d) any steps are taken or any action or proceedings are instituted by the **Proponent** or by any other party including, without limitation, any court or governmental body of competent jurisdiction for the dissolution, winding up or liquidation of the **Proponent** or its assets,

subject to the provisions of section 10, the **Proponent** shall repay to the **Minister** the principal amount of the **Loan** advanced to the **Proponent**, together with accrued interest thereon calculated in accordance with section 6.2 or section 6.4, whichever is applicable, and, by way of bonus, three (3) months interest on the principal amount of the **Loan** advanced to the **Proponent** and the **Minister** may reduce or terminate the **Affordability Payment** or may require the **Proponent** to pay back such **Affordability Payments** as the **Minister** may determine.

- 10.2 In the case of a default that can be corrected, the **Proponent** shall not be required to make any payment of principal and interest on the principal amount

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of the **Loan** and the **Minister** shall not reduce or terminate the **Affordability Payment** or require the **Proponent** to pay back such **Affordability Payments** as the **Minister** may determine pursuant to section 10.1, unless:

- (a) the **Minister** has delivered to it written notice of the **Proponent's** breach of the **Agreement**; and
- (b) the **Proponent** has not corrected the said breach within twenty (20) **Business Days** following its receipt of the said notice or such longer period as may be determined by the **Minister** in his sole and absolute discretion.

10.3 Nothing in this **Agreement** is to be construed as authorizing one **Party** to contract for or incur any obligation on behalf of the other or to act as agent for the other and nothing in this **Agreement** shall be construed to constitute the **Minister** and the **Proponent** as partners of each other. In particular, the **Minister** is in no way accountable for any related environmental or pollution matters. Furthermore, the **Proponent** acknowledges that **CMHC** is not a party to this **Agreement** or other agreement relating to the **Project** and is in no way accountable for any related environmental or pollution matters. The **Proponent** agrees to indemnify the **Minister** and **CMHC** and save them harmless, respectively, from all losses, costs, damages, expenses, injury and liability whatsoever which the **Minister** or **CMHC** may suffer as a result of claims of any sort whenever made arising out of the implementation of this **Agreement**, including any environmental or pollution claims, but,

- (a) in the case of the **Minister**, except as caused or contributed to by the **Minister** other than by entering into or fulfilling this **Agreement**, and
- (b) in the case of **CMHC**, except as caused or contributed to by **CMHC**.

10.4 All of the remedies in this **Agreement** and the **Security** are cumulative and are not alternative and the **Minister** shall not be precluded from availing himself simultaneously of some or all of the said remedies and any other remedies available in equity or at law.

10.5 Notwithstanding any of the terms of this **Agreement** or of the **Security**, including any provision that principal and interest shall become due and payable upon the occurrence of any event, the **Minister** shall have the option of waiving any or all

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of his remedies under this Agreement and the **Security**, but no waiver of a provision shall be deemed to constitute a waiver of any other provision (whether or not similar) nor shall any waiver constitute a continuing waiver unless otherwise provided.

11. NOTICE

11.1 Any notice or other communication required, desired or permitted to be given by this Agreement shall be in writing and shall be effectively given if:

- (a) delivered personally;
- (b) sent by prepaid courier service; or
- (c) sent by facsimile communication, and confirmed by mailing the original documents so sent by prepaid mail on the same or following day, addressed as follows:

(i) in the case of notice to the **Minister**:

Ministry of Municipal Affairs and Housing
 Attention: Director, Delivery Branch
 777 Bay Street, 2nd Floor
 Toronto, ON
 M5G 2E5
 Fax: (416) 585-6588

with a copy to the **Service Manager**:

City of Ottawa
 Attention: Director of Housing
 100 Constellation Crescent
 8th Floor - East
 Ottawa, ON
 K2J 6J8

(ii) in the case of notice to the **Proponent**:

Quex Property Corporation
 Attention: Chief Executive Officer

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230 Daly Avenue
Ottawa, Ontario
K1N 6G2
(613) 789-007

with a copy to the **Service Manager**:

City of Ottawa
Attention: Director of Housing
100 Constellation Crescent
8th Floor - East
Ottawa, ON
K2J 6J8

or at such other address as the party to whom such notice or other communication is to be given shall have advised the party giving same in the manner provided in this section. Any notice or other communication delivered personally or by prepaid courier service shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a **Business Day** such notice or other communication shall be deemed to have been given and received on the next following **Business Day**. Any notice or other communication transmitted by facsimile communication shall be deemed to have been given and received on the day of its transmission, provided that such day is a **Business Day** and such transmission is completed before 4:30 p.m. on such day, failing which such notice or other communication shall be deemed to have been given and received on the first (1st) **Business Day** after its transmission. If there has been a mail stoppage and if a party sends a notice or other communication by facsimile communication, such party shall be relieved from the obligation to mail the original document in accordance with this paragraph.

12. GENERAL

- 12.1 Any power, right or function of the **Minister**, contemplated by this Agreement, may be exercised by any employee or agent of the Ministry of Municipal Affairs and Housing.
- 12.2 It is understood that the *Freedom of Information and Protection of Privacy Act* shall apply to all records submitted to or created by the **Minister** pursuant to this Agreement.

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12.3 The **Proponent** represents and warrants that:

- (a) it shall preserve the **PIPEDA** compliance of all **PIPEDA Protected Information** transferred to it by the **Minister**;
- (b) it shall ensure the **PIPEDA** compliance of all **PIPEDA Protected Information** it collects in the course of performing its contractual obligations; and
- (c) it shall ensure the **PIPEDA** compliance of all **PIPEDA Protected Information** that it transfers to the **Minister**.

12.4 The disbursement of the principal amount of the **Loan**, which is comprised of **CMHC** and the **Minister's** funds, is subject to the necessary appropriations from the Federal Parliament and the Provincial Legislature, respectively. Neither the **Minister** nor **CMHC** shall have any liability in case there are no or insufficient appropriations for their respective portions of the **Loan** or the total appropriations available for **CMHC** undertakings or Provincial undertakings are insufficient, respectively, for all of **CMHC's** undertakings and Provincial undertakings.

12.5 No member of:

- (a) the House of Commons or Senate of Canada; or
- (b) the Legislative Assembly of Ontario; or
- (c) the Municipal Council or governing body of any Municipal Agency, Board or Commission, including municipalities designated as a **Service Manager**;

shall be admitted to any share or part of any contract, agreement or commission made pursuant to this Agreement or to any benefit arising therefrom, including, without limitation, any contract, agreement or commission arising from or related to the **Program**.

12.6 Time shall in all respects be of the essence in this Agreement, provided that the time for doing or completing any matter provided for under this Agreement may be extended or abridged by agreement in writing signed by the **Minister** and the **Proponent** or their respective solicitors on their behalf, who are hereby expressly appointed in this regard.

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- 12.7 Any tender of documents or money hereunder may be made by the **Minister** or the **Proponent** or their respective solicitors.
- 12.8 This Agreement is made pursuant to and shall be governed by and construed in accordance with the laws of the Province of Ontario. Any reference to a statute in this Agreement includes a reference to all regulations made pursuant to such statute, all amendments made to such statute and regulations in force from time to time and to any statute or regulation which may be passed and which has the effect of supplementing or superseding such statute or regulations.
- 12.9 The headings and subheadings contained in this Agreement are inserted for convenience and for reference only and in no way define, limit or describe the scope or intent of this Agreement or form part of this Agreement.
- 12.10 The parties agree that there are no representations, warranties, covenants, agreements, collateral agreements or conditions affecting the property or this Agreement other than as expressed in writing in this Agreement.
- 12.11 This Agreement shall be read with all changes of gender and number required by the context.
- 12.12 (a) The **Proponent** shall not transfer or convey its interest in all or any part of the **Project** without, subject to subsection 12.12(b), simultaneously assigning its interest in this Agreement to the transferee, which transferee shall enter into one or more agreements with the **Minister**, in a form satisfactory to the **Minister**, to assume all of the **Proponent's** obligations under this Agreement and to provide the **Minister** with **Security** in accordance with this Agreement.
- (b) The **Proponent** shall not assign its interest in this Agreement without the prior written consent of the **Minister**, which consent shall not be arbitrarily or unreasonably withheld.
- (c) For the purpose of this Agreement, a transfer of the beneficial interest in the shares of the **Proponent** shall be deemed to constitute an assignment if it results in a change in the party or parties who owns or

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own more than fifty per cent (50%) of the voting shares of the said corporation.

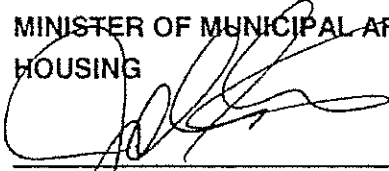
- 12.13 Each of the **Parties** shall, at any time and from time to time, upon not less than twenty (20) **Business Days** prior written notice by the other **Party**, execute and deliver to the other **Party** a statement in writing certifying that this Agreement is in good standing, unmodified and in full force and effect, or if there have been modifications that the same are in good standing and in full force and effect, as modified, and stating the modifications. Where applicable, the statement shall state the defaults, if any, known to the **Party** to whom such request has been made and the action taken or proposed to be taken by such requested **Party** with respect to same.
- 12.14 If more than one entity is a party to this Agreement as **Proponent**, all references to the **Proponent** shall include all of the said entities and this Agreement shall be binding on each jointly and severally.
- 12.15 This Agreement shall enure to the benefit of and be binding upon the **Parties** hereto and their respective successors and assigns, provided that this paragraph shall in no way derogate from the provisions of section 12.12 restricting the **Proponent's** ability to assign this Agreement.

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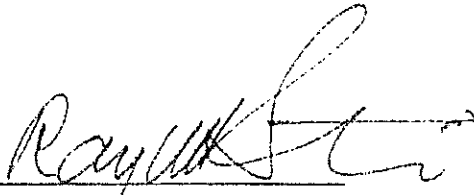
IN WITNESS WHEREOF this Agreement has been executed by the Parties.

**HER MAJESTY THE QUEEN IN RIGHT OF
ONTARIO AS REPRESENTED BY THE
MINISTER OF MUNICIPAL AFFAIRS AND
HOUSING**



The Honourable John Gerretsen
Minister of Municipal Affairs and Housing

Quex Property Corporation

Per: 

Mr. Raymond Stern
Chief Executive Officer

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SCHEDULE "B"

Schedule of Funding

[attach Schedule of Funding for the Project]

Schedule B

THE CITY OF OTTAWA
Strong Start Program
Rental and Supportive Housing Component
Schedule of Funding - New Construction

Project Name	# Units	Proponent Type	Provincial Funding (60%)	Federal Funding (40%)	Total Fed/Prov Funding Approved
Clarence View Strong Start Project (Quex Property Corporation)	30	Private	\$1,080,000	\$720,000	\$1,800,000

After signing Contribution Agreement

FEDERAL FUNDING

First Payment (Gross) – within 30 days of Confirmation by Service Manager of:

- 1) all Conditions having been met as set out in the Director's Letter dated December 13, 2005
- 2) notice of Contribution Agreement on title
- 3) confirmation of the Registration of Security/Alternate Security.

Less 10% holdback	\$360,000.00	50% of total federal funding approved As per Construction Lien Act
Net 1 st Payment	\$36,000.00	
	<u>\$324,000.00</u>	

Second Payment (Gross) - Structural Framing Certified Complete

Less 10% hold back	\$144,000.00	20% of total federal funding approved As per Construction Lien Act
Net 3rd Payment	\$14,400.00	
	<u>\$129,600.00</u>	

Third Payment (Gross) - Occupancy Certificate Received

Less 10% hold back	\$144,000.00	20% of total federal funding approved As per Construction Lien Act
Net 4th Payment	\$14,400.00	
	<u>\$129,600.00</u>	

Final Payment (Gross) – 45 Day Lien Period Ends

Plus previous holdbacks	\$72,000.00	Remaining balance of federal funds plus release of previous 10% hold backs
Actual Final Payment	\$64,800.00	
	<u>\$136,800.00</u>	

Total Federal Funding	<u>\$720,000.00</u>
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PROVINCIAL FUNDING

Provincial Capital Contribution (Before Interest)	\$1,080,000
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Monthly Affordability Payment (Advanced Monthly Over 20 Yrs)

\$7,429	SAMPLE for initial funding term for this project (based on 5.5% interest)
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ote: actual amount will be determined based on actual financing for the project, and will be amended from time to time as per Section 6.7 & 6.8 of the Provincial Contribution Agreement

SCHEDULE "C"

Rental Protocol

DEFINITIONS

- 1.1 In this Schedule "C", unless the context requires otherwise,
- "Affordability Period" means the (40) year period following the date of the first (1st) occupancy of a Unit in the Project;
 - "Agreement" means the Provincial Contribution Agreement to which this Schedule "C" is attached,
 - "Phase-out Period" means the last five (5) year period of the "Affordability Period", and when used in this Schedule "C", the term "rent" includes the amount of any consideration paid or given or required to be paid or given by or on behalf of a tenant to the Proponent or the Proponent's agent for the right to occupy a Unit and for any services and facilities and any privilege, accommodation or thing that the Proponent provides for the tenant in respect of the occupancy of the Unit, whether or not a separate charge is made for services and facilities or for the privilege, accommodation or thing.
 - "Proponent" means the "Housing Provider" in this agreement, Quex Property Corporation.
- 1.2 The definitions in this Agreement shall apply to this Schedule "C", in addition to the definitions contained in section 1.1 above.
- 1.3 All references to section numbers in this Schedule are references to sections of this Schedule and not to sections in this Agreement, unless otherwise explicitly stated.

2. AFFORDABLE RENT

- 2.1 Subject to Section 7 of this Schedule, during the Affordability Period, the Proponent shall not charge rent for a Unit in the Project in excess of the affordable rent permitted under this Schedule "C" nor increase any rent charged for a Unit except as permitted in this Schedule "C".

INITIAL RENTS

- 3.1 Subject to Section 7 of this Schedule, in Projects where the rent includes the cost of utilities directly attributable to the occupants of the Unit, the affordable rent for the first (1st) rental period for each Unit following completion of construction of the Project shall not exceed,
- (a) the average monthly market rent for Units of the same type, based on bedroom count, in the geographical area, as determined by the CMHC Annual Market Survey most recently preceding each of the said first (1st) rental periods, plus
 - (b) Any additional charge for the use of one (1) or more parking spaces as requested by the tenant of a Unit at a rate which is similar to the rate charged to residential tenants by landlords of similar buildings in the municipality.
- 3.2 Subject to Section 7 of this Schedule, in Projects where the rent does not include the cost of utilities directly attributable to the occupants of the Unit, the affordable rent for the first (1st) rental period for each Unit following completion of construction of the Project shall not exceed.
- (a) the average monthly market rent for Units of the same type, based on bedroom count, in the geographical area, as determined by the CMHC Annual Market Survey most recently preceding each of the said first (1st) rental periods, plus
 - (b) the cost of utilities directly attributable to the occupants of the Unit and any additional charge for the use of one (1) or more parking spaces as requested by the tenant of a Unit at a rate which is similar to the rate charged to residential tenants by landlords of similar buildings in the municipality, provided that the Project was constructed with energy efficiencies as part of the Project design.
- 3.3 Subject to Section 7 of this Schedule, the weighted average of all Units for which Program funds have been utilized shall not exceed 70% of CMHC Average Market Rents.
- 3.4 The Parties acknowledge that the actual amount of rent to be charged is set out in clause 20(1)(b) and Schedule "A" of the Municipal Housing Project Facilities Agreement between the City of Ottawa and Quex Property Corporation Housing Initiative, and these amounts will not exceed the maximum affordable rent permitted pursuant to sections 3.1, 3.2 and 3.3 of this Schedule "C".

RENT INCREASES

- 4.1 Subject to Section 7 of this Schedule, the Proponent may increase the rent charged under section 3.1 or 3.2 or 3.3 with respect to a Unit only if at least twelve (12) months have elapsed,
- (a) since the day of the last rent increase respecting the Unit, if there has been an increase; or
 - (b) since the day the Unit was first rented for the first (1st) rental period following the completion of the Development Activities in connection with the Project.

4.2 Subject to section 4.3, the Proponent shall not increase the rent pursuant to section 4.1 during the Affordability Period by more than the then prevailing rent increase guideline established for each calendar year pursuant to the Tenant Protection Act, 1997. The Proponent acknowledges that the rent increase guideline of the Tenant Protection Act, 1997, does not apply to the Project pursuant to that Act and its regulations and agrees that the rent increase guideline applies by virtue of the contractual terms of the Agreement and this Schedule "E".

4.3 From the beginning of the eleventh (11th) year of the Affordability Period until the end of the Affordability Period, in addition to the increase permitted by section 4.2, the Proponent may apply under the *Tenant Protection Act, 1997*, to increase the Unit rents to market rents.

5. PHASE-OUT PERIOD

5.1 During the Phase-out Period, the Proponent shall not increase the rent charged to *in-situ* tenants of Units by more than the rent guideline increase permitted under section 4.2 and the additional increase permitted under section 4.3.

5.2 Upon a Unit becoming vacant during the Phase-out Period, the Proponent may rent the Unit to a new tenant at any rent agreed to by the Proponent and the new tenant.

6. AFTER PHASE-OUT PERIOD

6.1 After the end of the Phase-out Period, the Proponent shall be permitted to rent Units in the Project to new tenants at rents agreed to by the Proponent and the new tenants.

7. INTERPRETATION

Notwithstanding the provisions in this Schedule, the parties acknowledge that the provisions of the Municipal Housing Project Facilities Agreement and Schedules A – E inclusive, attached

as Schedule 'I' to this Agreement (collectively referred to as "the MHPFA") meet or exceed the requirements of this Schedule. **In the event of a conflict or discrepancy between this Schedule and the provisions of the MHPFA, the provisions of the MHPFA shall prevail.**

SCHEDULE "D"
PERMITTED ENCUMBRANCES

1. *All mortgages and security collateral thereto totalling principal amounts which do not exceed the total costs of the Development Activities incurred in connection with the Project:* (a) a First (1st) Charge/Mortgage in the principal amount of \$6,200,000 together with a General Assignment of Rents and a General Security Interest in favour of First National and, (b) A second (2nd) Charge/Mortgage in the principal amount of \$1,080,000 (Provincial AHP portion) in favour of First National and (c) A third (3rd) Charge/Mortgage in the principle amount of \$1,845,278 in favour of Her Majesty the Queen in Right of Ontario as represented by the Minister of Municipal Affairs and Housing and in favour of the City of Ottawa, together with a General Assignment of Rents and a General Security Interest.
2. *Such easements and restrictive covenants as do not prevent the Project from being constructed or used as Affordable Housing:* The property is not subject to any easements or restrictive covenants as of the date of this agreement.
3. *Municipal agreements relating to the Development Activities in connection with the Project:* (a) A Site Plan Agreement between Quex Property Corporation and the City of Ottawa registered on title.

TAB 5

This is **Exhibit "5"** referred to in the
Affidavit of
CHRISTOPHER SEBBEN herein,
Sworn before me
this 19th day of September, 2017.



A Commissioner for Taking Affidavits

Aaliyah Madadi, a Commissioner, etc.,
Province of Ontario,
of the said Court at Law
Expires April 14, 2018

LRO # 4 Charge/Mortgage

Registered as OC654524 on 2006 10 27 at 09 26

The applicant(s) hereby applies to the Land Registrar

yyyy mm dd Page 1 of 8

Properties

PIN 04213 ~ 0056 LT Interest/Estate Fee Simple Redescription
 Description PT LTS 16, 17 & 18, PL 43586, N/S CLAREN CE ST, AS IN N737689 ;
 OTTAWA/NEPEAN, NOW CITY OF OTTAWA. SUBJECT TO AN EASEMENT IN FAVOUR
 OF ROGERS OTTAWA LIMIT ED/LIMITEE AS IN LT1301134.
 Address 00345 CLAREN CE ST
 OTTAWA

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 QUEX PROPERTY CORPORATION
 Address for Service 230 Daly Avenue,
 Ottawa ON
 K1N 6G2

I, Raymond William Stern, President, have the authority to bind the corporation
 This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name CITY OF OTTAWA
 Address for Service Director, Housing Branch
 100 Constellation Crescent
 8th Floor East
 Ottawa, Ontario
 K2G 6J8
 Name HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS
 REPRESENTED BY THE MINISTER OF MUNICIPAL
 AFFAIRS AND HOUSING
 Address for Service Director, Delivery Branch
 777 Bay Street
 2nd Floor
 Toronto, Ontario
 M5G 2E5

Statements

Schedule. See Schedules

Provisions

Principal \$1,805,004.00 Currency CDN
 Calculation Period See Schedule
 Balance Due Date On Demand
 Interest Rate See Schedule
 Payments
 Interest Adjustment Date
 Payment Date See Schedule
 First Payment Date
 Last Payment Date
 Standard Charge Terms 9320
 Insurance Amount full insurable value
 Guarantor

Signed By

Martin Diegel 166A Clemow Avenue acting for Chargor(s) Signed 2006 10 27
 Ottawa K1S 2B4

Tel 6135670235

LRO # 4 Charge/Mortgage

Registered as OC654524 on 2006 10 27 at 09 26

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

yyyy mm dd Page 2 of 8

Signed By

Fax 6135671264

Submitted By

MARTIN DIEGEL 166A Clemow Avenue 2006 10 27
Ottawa K1S 2B4

Tel 6135670235

Fax 6135671264

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Chargee Client File Number : L02 27 CLARENCE (CC/WH)

ADDITIONAL PROVISIONS: Continued from Page 2 - *Provisions*

1. Section 24 of the Standard Charge Terms filed as No. 9320 is deemed to be excluded.
2. This Charge/Mortgage is collateral security for a "Provincial Contribution Agreement respecting Community Rental Housing Funding under the Affordable Housing Program", to be made between the Chargor and Her Majesty the Queen in Right of Ontario, as represented by the Minister of Municipal Affairs and Housing (the "Minister") which agreement shall hereinafter be referred to as the "Provincial Contribution Agreement". Pursuant to the Provincial Contribution Agreement the Minister agrees to loan the sum of seven hundred and twenty thousand dollars (\$720,000.00) to the Chargor. This Charge/Mortgage is also collateral security for a Municipal Housing Project Facilities Agreement, made between the Chargor and the City of Ottawa, dated the 3rd day of March, 2006 as amended by Agreement dated October 16, 2006 (the "Service Manager Contribution Agreement") under which the City of Ottawa agrees to provide financial assistance in the amount of one million, eighty-five thousand and four dollars (\$1,085,004.00) to the Chargor. The Minister and the City of Ottawa shall hereinafter be collectively referred to as "the Chargees" and this Charge/Mortgage is in addition to and not in substitution for any other security held by the Chargees for all or any part of the monies secured under this Charge/Mortgage.
3. It is understood and agreed that the Chargees shall act collectively at all times, and may pursue their remedies under this Charge/Mortgage or under any other security, concurrently or successively, at their option. Each Chargee shall act reasonably and in good faith in jointly considering the course of action to be taken with respect to the pursuit of their remedies. In the event the Chargees cannot agree as to a course of action, the Chargees shall be bound by the decision of the Chargee who contributed the larger amount towards the Project. Any judgment or recovery hereunder or under any other security held by the Chargees for the monies secured under this Charge/Mortgage shall be shared pro rata by the Chargees, in proportion to the Chargees' respective contributions to the Principal Amount secured by this Charge/Mortgage, and shall not affect the right of the Chargees to realize upon this or any other security.
4. In the event of a breach of the terms of the Provincial Contribution Agreement, the Service Manager Contribution Agreement, the Assignment of Leases and Rents, or the Security Agreement (the Assignment of Leases and Rents and the Security Agreement are being given by the Chargor to the Chargees simultaneously with this Charge/Mortgage), the principal balance then outstanding, together with any other amounts payable pursuant to the terms of this Charge/Mortgage, shall forthwith become due and payable at the option of the Chargees and all powers conferred by this Charge/Mortgage shall become exercisable by the Chargees.
5. With respect to the principal amount of \$720,000.00 advanced by the Minister:
 - (a) Prior to the Interest Adjustment Date, interest shall accrue on the total of the amount or amounts advanced by the Minister to the Chargor under the Agreement at the rate of eight per cent (8%) per annum. The interest so calculated shall compound semi-annually, not in advance, until the Interest Adjustment Date.
 - (b) On the Interest Adjustment Date, the amount of interest accrued shall be forgiven, provided that the Chargor has satisfied all requirements as set out in section 2 of the Agreement.
 - (c) With effect from the Interest Adjustment Date, the interest rate shall be the higher of the current prime rate for a commercial first mortgage having a five (5) year term, plus two per cent (2%) or the interest rate applicable to the first mortgage registered against title to the property, plus two per cent (2%).
 - (d) On each anniversary date of the Interest Adjustment Date, the Chargor shall pay the Minister the amount of interest, as calculated according to the interest rate stipulated in paragraph 5(c), so accrued during the previous year; provided, however, if the

- Chargor has satisfied, as of such anniversary date, the requirements of the Program as set out in the Agreement, the amount of the interest so owing shall automatically be forgiven.
- (e) The Loan amount shall be fully forgiven on the last day of the month at the end of the term of the Loan, provided that the Chargor has fulfilled all the requirements of the Program as set out in the Agreement.
 - (f) In the event of default by the Chargor prior to the end of the term of the Loan, the Chargor shall repay to the Minister the amount advanced by the Minister, together with accrued interest thereon, calculated for the applicable period, and, by way of bonus, three (3) months interest on the amount advanced by the Minister.
6. With respect to the principal amount of \$1,085,004.00 advanced by the City of Ottawa:
- (a) the Chargor hereby warrants and covenants with the City of Ottawa that the within Charge does not contravene any of the provisions of Section 49 of the Planning Act and amendments thereto since it does not retain the fee or the equity of redemption in or a power of right to grant, assign or exercise a power of appointment with respect to any land abutting the Security described in this Charge;
 - (b) it is agreed that in the event of a sale of the Security or a conveyance of any interest therein by Deed, Instrument or operation of law or if the Chargor becomes bankrupt, then, and in any of the said events, the whole amount of the said principal hereby secured shall, at the option of the City of Ottawa, become due and payable;
 - (c) the Chargor shall pay all costs, fees, charges and expenses as between a solicitor and his own client which may be incurred in negotiating and/or affecting the renewal of this Charge or in taking, recovering and remedies under this Charge or in procuring payment of any collecting the monies hereby secured or in securing or retaining or realizing or attempting to realize upon any security collateral to this Charge or in any proceedings, judicial or otherwise to protect or to realize upon this Security; and
 - (d) the parties acknowledge that the City of Ottawa has conveyed financial assistance to the Chargor to facilitate the construction of affordable housing, as defined in the City of Ottawa By-Law Number 2006-01, as amended. Accordingly, the City of Ottawa requires satisfactory assurances and safeguards to ensure the construction and continued use of affordable housing units as described in the Service Manager Contribution Agreement (the said units shall hereinafter be referred to as the "Affordable Housing Units"). No payments will be required under this Charge so long as the Affordable Housing Units remain as such for **fifty (50) years** from the date of occupancy as described in section 1 of the Service Manager Contribution Agreement. Should the said housing units not remain Affordable Housing Units, then the principal amount of this Charge shall immediately become due and payable.
At the end of the **fifty (50) year** term herein and provided that housing units have remained Affordable Housing Units during that time, then the principal amount of \$1,085,004.00 shall be forgiven and the City of Ottawa shall execute a discharge of this Charge, as it relates to the principal amount of \$1,085,004.00, upon presentation of same to the City of Ottawa.
7. The Chargor covenants with the Chargees that upon request in writing from the Chargees, it will provide the Chargees, within thirty (30) days of receipt of such request, a schedule containing the names of all tenants in the building constructed on the Charged Premises, accompanied by a certificate of an officer of the Chargor confirming the terms of all existing leases, that the same are in full force and effect, that the Chargor has complied with all terms thereof, and that the Chargor will not amend, modify or cancel any lease or receive any prepayment of rent other than the current and last month's rent without the prior written consent of the Chargees, that there are no outstanding set-offs or equities disclosed or undisclosed as between the Chargor and the tenant, that no money other than a maximum of two (2) months rent has been prepaid by the tenant to the Chargor, and that the tenant is aware

of the assignment by the Chargor of all rents and leases affecting the Charged Premises.

8. The Chargor covenants with the Chargees that if the Chargees make any payment, in connection with the determination, establishment or preservation of their priority, whether such payment is made to a lien claimant or other person claiming an interest in the Charged Premises 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 Chargees by the Chargor and shall be a charge on the Charged Premises and shall be added to the debt hereby secured and shall bear interest at the said rate, and in default of payment, the power of sale and other remedies hereunder may be exercised. It is further agreed that the Chargees shall not become a mortgagee in possession by reason only of exercising any of the rights given to them under this paragraph or in making any payment to preserve, protect or secure the Charged Premises.
9. The Chargor covenants with the Chargees that in the event of the Chargor selling, conveying, transferring or entering into an agreement for the sale or transfer of title of the Charged Premises to a purchaser or transferee not approved in writing by the Chargees, which approval shall not unreasonably be withheld, all monies hereby secured with accrued interest thereon, at the option of the Chargees, shall forthwith become due and payable.
10. Subject to the renewals, replacements and consolidations permitted in paragraph 21 below, the Chargor shall not further mortgage or encumber the Charged Premises without the prior written approval of the Chargees.
- 11.(1)The Chargor shall take out and maintain throughout the term of the Charge the following insurance, all in a form and with insurers acceptable to the Chargees:
 - (a) all policies shall include thirty (30) days written notice to the Chargees of material alteration or cancellation and must be signed by the insurer(s) or their authorized representative(s). Brokers signing on behalf of the insurer(s) must provide the Chargees with a letter of authority from the insurer(s);
 - (b) the policies shall include the Chargees as loss payees, as their interest may appear, and shall contain the Insurance Bureau of Canada approved standard mortgage clause endorsement;
 - (c) all risks, including extended coverage and flood, to full one hundred per cent (100%) replacement cost, and boiler and pressure vessel and machinery insurance;
 - (d) comprehensive or commercial general liability insurance to a limit of not less than five million dollars (\$5,000,000.00) per occurrence;
 - (e) general liability coverage for non-owned automobile to a limit of not less than two million dollars (\$2,000,000.00); and
 - (f) co-insurance shall not be acceptable.
- (2) The insurance requirements set out in subsection (1) shall be in addition to the insurance requirements of the Service Manager Contribution Agreement.
- (3) If there is any conflict between the insurance requirements of subsection (1) and the insurance requirements of the Service Manager Contribution Agreement, the document which requires more insurance shall prevail.
- 12.(1)To the best of the Chargor's knowledge and belief, the Charged Premises contain no asbestos, urea formaldehyde insulation, polychlorinated biphenyls (PCB's), radioactive substances or other materials deemed to be hazardous under any applicable environmental legislation, there are no outstanding orders or notices and any required permits or licences are in good standing.
- (2) The Chargor, at its sole cost and expense, shall comply, or cause its tenants, agents, and invitees, at their sole cost and expense, to comply with all federal, provincial and municipal

laws, rules, regulations and orders, with respect to the discharge and removal of hazardous or toxic wastes, and with respect to the discharge of contaminants into the natural environment. The Chargor shall pay immediately when due the cost of removal of any such wastes and the cost of any improvements necessary to deal with such contaminants and keep the Charged Premises free and clear of any lien imposed pursuant to such laws, rules and regulations. In the event the Chargor fails to do so, after notice to the Chargor and the expiration of the earlier of (i) any applicable cure period under the Charge or (ii) the cure period under the applicable law, rule, regulation or order, the Chargees at their sole option may declare the Charge to be in default.

- (3) The Chargor shall indemnify and hold the Chargees harmless from and against all losses, costs, damages or expenses (including, without limitation, legal fees and costs incurred in the investigation, defence and settlement of any claims) relating to the presence of any hazardous waste or contaminant referred to herein.
13. The Chargees or their agents may, at any time, before and after default, and for any purpose deemed necessary by the Chargees, enter upon the Charged Premises to inspect the lands and buildings thereon. Without limiting the generality of the foregoing, the Chargees or their agents may enter upon the Charged Premises to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargees and the reasonable cost of such testing, assessment, investigation or study, as the case may be, shall be payable by the Chargor forthwith and shall be a charge upon the said Charged Premises. The exercise of any of the powers enumerated in this paragraph shall not deem the Chargees or their agents to be in possession, management or control of the said lands and buildings.
14. At any time after the security hereby constituted becomes enforceable, or the moneys hereby secured shall have become payable, the Chargees may appoint in writing a receiver or receiver-manager (the "Receiver") of the Charged Premises, with or without bond, and may from time to time remove the Receiver and appoint another in its stead, and any such Receiver appointed hereunder shall have the following powers:
 - (a) To take possession of the Charged Premises and to collect the rents and such property, undertaking and assets of the Chargor assigned and/or charged to the Chargees herein and for such purpose to enter into and upon any lands, buildings and premises and for such purpose to do any act and take any proceedings in the name of the Chargor or otherwise as it shall deem necessary, specifically including, but not limited to managing, operating, repairing, altering or extending the Charged Premises or any part thereof;
 - (b) To employ and discharge agents, workmen, accountants and others upon such terms and with such salaries, wages or remuneration as it shall think proper, to repair and keep in repair the Charged Premises and to do all necessary acts and things for the protection of the said Charged Premises;
 - (c) To sell or lease or concur in selling or leasing any or all of the Charged Premises, or any part thereof; and to carry any such sale or lease into effect by conveying in the name of or on behalf of the Chargor or otherwise; and any such sale may be made either at public auction or private sale as seen fit by the Receiver, and any such sale may be made from time to time as to the whole or any part or parts of the Charged Premises; and the Receiver may make any stipulations as to title or conveyance or commencement of title or otherwise which it shall deem proper; and it may buy or rescind or vary any contracts for the sale of any part of the Charged Premises and may resell the same; and it may sell any of the same on such terms as to credit or part cash and part credit or otherwise as shall appear in its sole opinion to be most advantageous and at such prices as can reasonably be obtained thereof; and in the event of a sale on credit, neither the Receiver nor the Chargees shall be accountable for or charged with any moneys until actually received;
 - (d) To make any arrangement or compromise which the Receiver may think expedient in the interest of the Chargees and to consent to any modification or change in or omission from the provisions of this Charge and to exchange any part or parts of the

Charged Premises for any other property suitable for the purposes of the Chargees and upon such terms as may seem expedient and either with or without payment or exchange of money or regard to the equality of the exchange or otherwise;

- (e) To borrow money to carry on the operations of the Chargor at the Charged Premises and to charge the whole or any part of the Charged Premises in such amounts as the Receiver may from time to time deem necessary, and in so doing the Receiver may issue certificates that may be payable when the Receiver thinks expedient and shall bear interest as stated therein and the amounts from time to time payable under such certificates shall constitute a Charge against the Charged Premises in priority to this Charge;
 - (f) To execute and prosecute all suits, proceedings and actions which the Receiver, in its opinion, considers necessary for the proper protection of the Charged Premises, and to defend all suits, proceedings and actions against the Chargor or the Receiver, to appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and to appeal any suit, proceeding or action;
 - (g) To execute and deliver to the purchaser of any part or parts of the Charged Premises, good and sufficient deeds for the same, the Receiver hereby being constituted the irrevocable attorney of the Chargor for the purpose of making such sale and executing such deed, and any such sale made as aforesaid shall be a perpetual bar both in law and equity against the Chargor, and all other persons claiming the said property or any part or parcels thereof by, from, through or under the Chargor, and the proceeds of any such sale shall be distributed in the manner hereinafter provided;
 - (h) The net profits of the operations of the Chargor at the Charged Premises and the net proceeds of any sale of the Charged Premises or part thereof shall be applied by the Receiver, subject to the claims of any creditor ranking in priority to this Charge:
 - (i) Firstly, in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by it of all or any of the powers aforesaid, including the reasonable remuneration of the Receiver and all amounts properly payable by it;
 - (ii) Secondly, in payment of all costs, charges and expenses payable hereunder;
 - (iii) Thirdly, in payment to the Chargees of the principal sum owing hereunder, pro rata, in proportion to the Chargees' respective contribution to the Principal sum;
 - (iv) Fourthly, in payment to the Chargees of all interest and arrears of interest, if any, and any other monies remaining unpaid hereunder, pro rata, in proportion to the Chargees' respective contribution to the Principal sum; and
 - (v) Fifthly, any surplus shall be paid to the Chargees, pro rata, in proportion to the Chargees' respective contribution to the Principal sum, provided that in the event any party claims a Charge against all or a portion of the surplus, the Receiver shall make such disposition of all or a portion of the surplus as the Receiver deems appropriate in the circumstances.
15. During any period wherein the Chargees or any receiver or receiver and manager appointed by it shall manage the Charged Premises or any part thereof, upon or after entry, as provided herein, the Chargees shall not, nor shall any receiver or receiver and manager, be responsible or liable for any debts contracted by it, for damages to any other property or person, or for salaries or non-fulfillment of any contract, save and except as to claims at law or in equity to an accounting; and the Chargees shall not be bound to do, observe, or perform or to see the observance or performance by the Chargor of any of the obligations herein imposed upon the Chargor nor in any other way supervise or interfere with the conduct of the Chargor's operations of the Charged Premises;

16. The Chargees shall not be liable to the Receiver for his remuneration, costs, charges or expenses, and the Receiver shall not be liable for any loss howsoever arising, unless the same shall be caused by his own gross negligence or willful default; and he shall, when so appointed, by notice in writing pursuant hereto, be deemed to be the agent of the Chargor, and the Chargor shall be solely responsible for his acts and defaults and for his remuneration;
17. Save as to claims for an accounting contained in this paragraph, the Chargor hereby releases and discharges any such Receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Chargor or any person claiming through or under it by reason or as a result of anything done by such Receiver, unless such claim be in direct and proximate result of dishonesty or fraud;
18. The Chargees may, at any time and from time to time, terminate any Receiver by notice in writing to the Chargor and to the Receiver;
19. The statutory declaration of an employee or agent of the Chargees as to default under the provisions of this Charge and as to the due appointment of the Receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with the Receiver through its ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual;
20. The rights and powers conferred herein in respect of the Receiver are supplemental to and not in substitution of any other rights and powers which the Chargees may have.
21. The Charge is hereby postponed to all mortgages registered against the Charged Premises as of the date of registration of this Charge and shall be continued to be postponed to any renewal or replacement or consolidation of such mortgages, with or without an increased rate of interest.

Properties

PIN 04213 - 0056 LT Redescription
 Description PT LTS 16, 17 & 18, PL 43586 , N/S CLARENCE ST, AS IN N737689 ;
 OTTAWA/NEPEAN, NOW CITY OF OTTAWA. SUBJECT TO AN EASEMENT IN FAVOUR
 OF ROGERS OTTAWA LIMIT ED/LIMITEE AS IN LT1301134.
 Address 00345 CLARENCE ST
 OTTAWA

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 QUEX PROPERTY CORPORATION
 Address for Service 230 Daly Avenue,
 Ottawa ON
 K1N 6G2

I, Raymond William Stern, President, have the authority to bind the corporation.

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

Party To(s)

Capacity

Share

Name CITY OF OTTAWA
 Address for Service Director, Housing Branch
 100 Constellation Crescent
 8th Floor East
 Ottawa, Ontario
 K2G 6J8

Name HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS
 REPRESENTED BY THE MINISTER OF MUNICIPAL
 AFFAIRS AND HOUSING
 Address for Service Director, Delivery Branch
 777 Bay Street
 2nd Floor
 Toronto, Ontario
 M5G 2E5

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, OC654524 registered on 2006/10/27 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Martin Diegel	166A Clemow Avenue Ottawa K1S 2B4	acting for Applicant(s)	Signed	2006 10 27
Tel 6135670235				
Fax 6135671264				
Steven Alexander Bannister	110 Laurier Av. W., 3rd floor Ottawa K1P 1J1	acting for Party To(s)	Signed	2006 10 27
Tel 6135802400				
Fax 6135601383				

Submitted By

MARTIN DIEGEL	166A Clemow Avenue Ottawa K1S 2B4			2006 10 27
Tel 6135670235				
Fax 6135671264				

LRO # 4 Notice Of Assignment Of Rents-General

Registered as OC654525 on 2006 10 27 at 09:26

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

yyyy mm dd Page 2 of 5

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

File Number

Party To Client File Number : L02 27 CLARENCE (CC/WH)

BETWEEN:**QUEX PROPERTY CORPORATION**

(hereinafter called the "Assignor")

- and -

**HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO
AS REPRESENTED BY
THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING****AND****CITY OF OTTAWA**

(hereinafter called the "Assignees")

WHEREAS:

1. The Assignor is the owner of the lands and premises municipally known as 345 Clarence Street, Ottawa (the "Premises"), subject to a Charge/Mortgage to the Assignees in the principal amount of \$1,805,004.00 (the "Charge");
2. The Assignor has leased or granted a right of use, occupation or licence with respect to parts of the Premises and will from time to time lease or grant a right of use, occupation or licence with respect to parts of the Premises.

NOW THEREFORE, the Assignor and the Assignees agree with each other as follows:

1. In consideration of Two Dollars (\$2.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Assignees, the Assignor hereby assigns, transfers and sets over unto the Assignees, their successors and assigns, as security for payment of the principal and interest and other moneys secured by the Charge and for performance of the obligations of the Assignor thereunder, all rents, charges and other moneys (the "Rents") now due and payable or hereafter to become due and payable,
 - (1) under every existing and future lease of and agreement to lease the whole or any portion of the Premises,
 - (2) under every existing and future tenancy, use, occupation or licence granted by the Assignor, its successors and assigns, in respect of the whole or any portion of the Premises, whether or not pursuant to a lease, agreement to lease or licence, and
 - (3) under every existing and future guarantee of all or any of the obligations of existing or future tenants, users, occupiers or licensees of the whole or any portion of the Premises,

including all rents and other moneys under every lease, agreement to lease, use, occupancy, licence and guarantee (the "Leases"), with full power and authority to demand, collect, sue for, recover, receive and give receipts for the Rents, and to enforce payment of the same in the name of the Assignor, its successors and assigns, or otherwise.

2. The Assignor shall be permitted to collect and receive the Rents as and when the same shall become due and payable according to the terms of the Leases, unless and until the Assignor is in default under any of the provisions of the Charge and thereafter, the Assignees shall give notice to the tenant, user, occupier, licensee or guarantor, requiring the same to pay the Rents

to the Assignees, which notice shall be binding upon the Assignor and may not be contested by it.

3. The Assignor represents, warrants, covenants and agrees that, subject to the provisions of paragraph 9,
 - (4) none of the Leases or the Assignor's rights thereunder, including the right to receive the Rents, have been or will be amended (except in the ordinary course of business), assigned, encumbered, discounted (save and except in connection with any settlement with a defaulting tenant in the ordinary course of business) or anticipated in priority to this Assignment, without the prior written consent of the Assignees;
 - (5) it has not and will not do or omit to do any act having the effect of terminating, canceling 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;
 - (6) none of the rights, remedies and obligations are or will be affected by any reduction, abatement, defence, set-off or counterclaim;
 - (7) none of the Rents under any of the Leases has been or will be paid in advance, except rent for the ensuing month and rent for the last month of the term of the lease;
 - (8) none of the Rents under any of the Leases has been paid prior to the due date for payment thereof;
 - (9) there has been no default under any of the Leases;
 - (10) there is no outstanding dispute under any of the Leases between the Assignor and any other party thereto;
 - (11) each of the Leases is valid, enforceable and in full force and effect;
 - (12) the Assignor shall observe and perform all of its obligations under the Leases.
4. Nothing herein contained shall have the effect of making the Assignees, their successors or assigns, responsible for the collection of the Rents or any of them or for the performance of any obligations or provisions under or in respect of the Leases or any of them to be observed and performed by the Assignor; and the Assignees shall not, by virtue of this Assignment or their receipt of the Rents or any of them, become or be deemed to be a mortgagee in possession; and the Assignees shall not be under any obligation to take any action or exercise any remedy in the collection or recovery of the Rents or any of them, or to see to or enforce the performance of the obligations and liabilities of any person under or in respect of the Leases or any of them or to see to or enforce the performance of the obligations and liabilities of any person under or in respect of the Leases or any of them; and the Assignees shall be liable to account only for such moneys as shall actually come into their hands, less proper collection charges and such moneys may be applied on account of any indebtedness of the Assignor to the Assignees.
5. In the event the Assignees shall have exercised their rights under paragraph 2 and shall have received any of the Rents and if the Assignor shall cure the default under the Charge which gave rise to such exercise and shall have resumed collection of the Rents, the Assignees shall provide the Assignor with details of all Rents received by them prior to such resumption.
6. The Assignor covenants and agrees to execute such further assurances as may be reasonably required by the Assignees from time to time to perfect this Assignment and without limiting the generality of the foregoing, upon the request of the Assignees made at any time, it shall assign, transfer and set over unto the Assignees the Leases or such of them so requested by a valid assignment thereof and shall give any other parties thereto a notice of such assignment and shall obtain from them acknowledgements of such notice, and the Assignor hereby irrevocably appoints the Assignees its attorney to effect and execute such assignment.

7. A full and complete Discharge of the Charge shall operate as a full and complete release and re-assignment of all of the Assignees' rights and interest hereunder, and after the Charge has been fully discharged, this instrument shall be void and of no further effect. In the event further documentation is required for such release and re-assignment, the Assignees shall execute the same promptly, upon request by the Assignor.
8. This Assignment is given in addition to and *not in substitution for any other security held by the Assignees for all or any part of the monies secured under the Charge.* It is understood and agreed that the Assignees may pursue their remedies under the Charge or hereunder or under any other security, concurrently or successively, at their option. Any judgment or recovery hereunder or under any other security held by the Assignees for the monies secured *under the Charge shall not affect the right of the Assignees to realize upon this or any other security.*
9. This Assignment is hereby postponed to the Assignment of Rents registered against the Premises as of the date of registration of this Assignment and any extension or renewal thereof and any specific assignment of Rents made thereunder from time to time.
10. This Assignment shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

LRO # 4 Notice Of Security Interest

Registered as OC654527 on 2006 10 27 at 09:31

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

yyyy mm dd Page 1 of 8

Properties

PIN 04213 - 0056 LT Redescription
 Description PT LTS 16, 17 & 18, PL 43586 , N/S CLARENCE ST. AS IN N737689 ;
 OTTAWA/NEPEAN, NOW CITY OF OTTAWA. SUBJECT TO AN EASEMENT IN FAVOUR
 OF ROGERS OTTAWA LIMIT ED/LIMITEE AS IN LT1301134.
 Address 00345 CLARENCE ST
 OTTAWA

Consideration

Consideration \$1.00

Applicant(s)

Name CITY OF OTTAWA
 Address for Service Director, Housing Branch
 100 Constellation Crescent
 8th Floor East
 Ottawa, Ontario
 K2G 6J8

Under a notice of security agreement made between Quex Property Corporation, 230 Daly Avenue, Ottawa, Ontario, K1N 6G2, the debtor and the applicant, the secured party a security interest has been created in the Charge registered as Instrument No. OC654524 on 27 October, 2006. The collateral is located or affixed or is to be affixed to the selected PIN

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

This document is being authorized by a municipal corporation Robert Chiarelli, Mayor and Elaine Fleury, Acting City Clerk.

Name HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING
 Address for Service Director, Delivery Branch
 777 Bay Street
 2nd Floor
 Toronto, Ontario
 M5G 2E5

Under a notice of security agreement made between Quex Property Corporation, 230 Daly Avenue, Ottawa, Ontario, K1N 6G2, the debtor and the applicant, the secured party a security interest has been created in the Charge registered as Instrument No. OC654524 on 27 October, 2006.. The collateral is located or affixed or is to be affixed to the selected PIN

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

This document is being authorized by a representative of the Crown.

Statements

Schedule: See Schedules

Signed By

Steven Alexander Bannister 110 Laurier Av. W., 3rd floor acting for Applicant(s) Signed 2006 10 27
 Ottawa K1P 1J1
 Tel 6135802400
 Fax 6135601383

Submitted By

CITY OF OTTAWA 110 Laurier Av. W., 3rd floor 2006 11 14
 Ottawa K1P 1J1
 Tel 6135802400
 Fax 6135601383

LRO # 4 Notice Of Security Interest

Registered as OC654527 on 2006 10 27 at 09:31

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

yyyy mm dd Page 2 of 8

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

File Number

Applicant Client File Number : L02 27 CLARENCE (CC/WH)

BETWEEN:

QUEX PROPERTY CORPORATION

(hereinafter called the "Assignor")

- and -

**HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO
AS REPRESENTED BY
THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING**

AND

THE CITY OF OTTAWA

(hereinafter called the "Assignees")

1. SECURITY INTEREST

- 1.1 **IN CONSIDERATION** of Two Dollars (\$2.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Assignees, the Assignor hereby grants, bargains, assigns and transfers to the Assignees a fixed and specific mortgage and charge, as and by way of a continuing security interest (the "Security Interest") in the following property now or hereafter owned or acquired by or on behalf of the Assignor:

Equipment - All tools, machinery, equipment, furniture, plants, fixtures, and other tangible personal property, fixed goods, chattels or assets of the kind, nature or description of the property particularly described in Schedule "B" hereto (the "Collateral").

- 1.2 The Security Interest is given for the payment of all obligations, indebtedness and liabilities, direct and indirect, of the Assignor to the Assignees, pursuant to the Charge/Mortgage in the principal amount of **\$1,805,004.00** (the "Mortgage") given by the Assignor to the Assignees including extensions or renewals thereof (the "Obligations").

2. LOCATION OF PROPERTY

- 2.1 The Assignor confirms and warrants that the Collateral shall be kept at the municipal housing project facility located at **345 Clarence Street**, in the City of Ottawa, more particularly described in Schedule "A" hereto, and that the Assignor shall not remove any of the Collateral from said location, without the prior written consent of the Assignees.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

- 3.1 The Assignor hereby represents, warrants and covenants to or with the Assignees, as the case may be, that:

- (1) the Assignor shall reimburse the Assignees for all costs and expenses, (including legal fees on a solicitor and his own client basis), incurred by them in the filing of this Agreement and the taking, recovering or possessing the Collateral, and in any other proceedings taken for the purpose of protecting or enforcing the remedies provided herein, or otherwise in relation to the Collateral or by reason of non-payment of the Obligations, and all such costs and expenses shall be payable on demand;

- (2) at the time of execution and delivery of this Security Agreement, the Assignor is and

stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title to the Collateral, free of any mortgage, lien, charge, security interest or encumbrance, except for any held by the currently registered first mortgagee of the lands and premises described in Schedule "A";

- (a) the Assignor shall not remove any of the Collateral from the lands and premises described in paragraph 2, without the Assignees' prior written consent, unless such Collateral is worn out or obsolete and provided that prior to such removal such Collateral is replaced with other Collateral of comparable quality, which shall be free of any mortgage, lien, charge, security interest or encumbrance, except for any held by any registered first mortgagee, from time to time, of the said lands and premises;
- (d) the Assignor shall care for, protect and preserve the Collateral and shall not permit its value to be impaired, and shall not sell, transfer, assign, mortgage, charge, pledge, hypothecate or deliver or otherwise dispose of any such property or any interest therein, except to any registered first mortgagee, from time to time, of the lands and premises described in Schedule A, without the prior written consent of the Assignees;
- (e) the Assignor shall keep the Collateral insured under the policies provided for in the Mortgage;
- (f) the Assignees shall be entitled, from time to time and at any time, to inspect the Collateral wherever located and to make enquiries and tests concerning the Collateral, and the Assignor shall defray all expenses in connection therewith; and
- (g) this Agreement has been properly authorized and constitutes a legally valid and binding obligation of the Assignor in accordance with its terms.

4. USE OF SPECIFICALLY CHARGED PROPERTY

- 4.1 Until the occurrence of an event of default, as hereinafter provided, the Assignor may use the Collateral specifically charged in any lawful manner not inconsistent with this Agreement.

5. EVENTS OF DEFAULT

- 5.1 Obligations not payable on demand shall immediately become payable upon the occurrence of one (1) or more of the following events of default:

- (1) the Assignor fails to pay when due any of the Obligations, or to perform or rectify a breach of any of the representations, warranties or covenants of this Agreement or of the Mortgage;
- (2) the Assignor ceases or threatens to cease to carry on business, becomes insolvent or the subject of bankruptcy or insolvency proceedings;
- (3) an encumbrancer takes possession of any of the Collateral or any process of execution is levied or enforced upon or against any of the Collateral;
- (4) indebtedness or liability of the Assignor, other than to the Assignees, becomes due and payable, or capable of being declared due and payable, before the stated maturity thereof, or any such indebtedness or liability shall not be paid at the maturity thereof or upon the expiration of any stated applicable grace period thereof, or any guarantee given by the Assignor is not honoured when due and called upon;

and the Assignees shall have all rights and remedies under the applicable laws, as well as any other rights and remedies provided by this Agreement.

6. ADDITIONAL POWERS UPON DEFAULT

- 6.1 In addition to the rights and powers provided in paragraphs 5 and 8 and under the *Personal Property Security Act*, the Assignees and the Receiver, as defined in paragraph 8, shall have the

following rights and powers, if the security hereby constituted becomes enforceable:

to dispose of any of the Collateral in the condition in which it was at the date possession of it was taken, or after any commercially reasonable repair, processing or preparation thereof for disposition; and the Assignor shall from time to time forthwith on the Assignees' request, execute, do and make all such agreements, statements, further assignments, acts, matters and things which may, from time to time, in the opinion of the Assignees, be necessary or expedient for the purpose of carrying into effect any of the provisions hereof and of perfecting the title of the Assignees in the collateral; and the Assignees and any of its managers or acting managers are by the Assignor hereby irrevocably constituted and appointed the true and lawful attorney of the Assignor, with full power of substitution for the Assignees, at their option, whenever and wherever it may deem necessary or expedient to do, make and execute all such statements, assignments, documents, acts, matters or things, with the right to use the name of the Assignor.

7. WAIVER BY THE ASSIGNEES

- 7.1 Any breach by the Assignor of any of the provisions contained in this Agreement or any default by the Assignor in the observance or performance of any covenant or condition required to be observed or performed by the Assignor hereunder may only be waived by the Assignees in writing, provided that no such waiver by the Assignees shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

8. APPOINTMENT OF RECEIVER AND MANAGER

- 8.1 The Assignees may appoint in writing any person, whether an employee or employees of the Assignees or not, to be a receiver or a receiver and manager (the "Receiver") of the Collateral or any part of parts thereof.
- 8.2 A receiver so appointed shall have power:
- (9) to take possession of, collect and get in the Collateral or any part thereof, and for that purpose to take any proceedings in the name of the Assignor or otherwise; and
 - (10) to sell or concur in selling any of the Collateral.
- 8.3 Any Receiver so appointed shall be deemed to be the agent of the Assignor. The Assignor shall be solely responsible for the Receiver's acts or defaults and for the Receiver's remuneration and expenses. The Assignees shall not, in any way, be responsible for any misconduct or negligence on the part of the Receiver.
- 8.4 All moneys received by the Receiver after providing for payment of all costs, charges and expenses of or incidental to the exercise of any of the powers of the Receiver shall be applied in or towards satisfaction of the Security Interest.
- 8.5 The rights and powers conferred by this paragraph are in supplement of and not in substitution for any rights the Assignees may have from time to time.

9. NOTICE

- 9.1 The Assignor shall be entitled to not less than fifteen (15) days notice in writing of the date, time and place of any intended disposition of the Collateral, such notice to be sent by registered mail to the last known post office address of the Assignor.

10. APPROPRIATION

- 10.1 The Assignees shall have the right, at any time, to appropriate any payment made to any portion of the Obligations and to revoke or alter any such appropriation.

11. TERM

- 11.1 This Agreement shall be a continuing agreement, in every respect, for the payment of the Obligations and it shall remain in full force until all of the Obligations shall be paid in full. In the event any provisions of this Agreement shall be deemed invalid or void by any court of competent jurisdiction, the remaining terms and provisions of this Agreement shall remain in full force and effect.

12. NON-SUBSTITUTION

- 12.1 The Security Interest is in addition to and not in substitution for any other security now or hereafter held by the Assignees.

13. ACKNOWLEDGEMENT

- 13.1 The Assignor acknowledges receipt of a copy of this Agreement.

SCHEDULE "A"**Location of the Collateral**


345 Clarence Street, Ottawa and legally described as P.I.N.: 04213-0056 (LT); Part of Lots 16, 17 & 18, Plan 43586, north side of Clarence Street, as in N737689; City of Ottawa.

SCHEDULE "B"**Property Comprising the Collateral**

All refrigerators, stoves, washers, dryers and all other items of personal property owned by the Assignor and located on or used in connection with the operation of the lands and premises described in Schedule "A".

TAB 6

This is **Exhibit "6"** referred to in the
Affidavit of
CHRISTOPHER SEBEN herein,
Sworn before me
this 19th day of September, 2017.



A Commissioner for Taking Affidavits

Allyson Macdonald, Commissioner, etc.,
Province of Ontario
Windsor, Ontario, Canada
Expiry: 2014-2017

FIRST NATIONAL
FINANCIAL LP



March 2, 2007

Quex Property Corp.
230 Daly Avenue
The Attic
Ottawa, Ontario K1N 8G2

Attention: **Raymond Stern**

Dear Sirs:

Mortgage Loan Application on 345 Clarence Street, Ottawa

This letter will confirm that your application for a Canada Mortgage and Housing Corporation ("CMHC") insured first mortgage loan has been approved subject to the following terms and conditions:

Borrower

Quex Property Corp. (the "Borrower" or the "Chargor")

Guarantors

Raymond Stern and Natalie Stern, (the "Guarantors").

Lender(s)

First National Financial LP and/or any other Lender to be designated before or after funding. (the "Lender" or the "Chargee")

Loan Servicer

First National Financial LP. (the "Servicer")

Loan Amount

\$4,882,240

(base loan \$4,872,000 + CMHC premium \$198,240 + CMHC application fee \$12,000)

Purpose

Provide long-term first mortgage financing on an 80-unit residential rental apartment building demised as 13-bachelor, 53-1 bedroom suites and 14-2 bedroom suites and municipally known as 345 Clarence Street, Ottawa. The use of funds is to pay out First National Financial LP's existing first mortgage of \$3,500,000

100 University Avenue • Suite 700, North Tower • Toronto, Ontario Canada M5J 1V6

T: 416.591.1100 F: 416.591.1900 Toll Free T: 1.800.465.0839 Toll Free F: 1.800.163.9584 • www.firstnational.ca

VANCOUVER • CALGARY • TORONTO • MONTREAL • HALIFAX

Page: - 2 -

approximately with the remainder of the funds to be used in the construction of the affordable housing project located at 347 Clarence Street, Ottawa, Ontario.

1. Mortgage Details - Loan Facilities

Loan Amount	\$4,882,240.
Term	20 years.
Amortization	40 years.
Interest Rate	The sum of the bid yield to maturity for the Lender's Interpolation of Benchmark 20-Year Government of Canada Bonds plus 90 Basis Points.

The rate can be fixed *fifteen (15) days prior to funding* upon the Lender receiving the duly executed Borrower's acceptance of the Mortgage Loan Commitment along with the Commitment Fee and Request to Fix Rate.

For example only: Based on a hypothetical yield (as at February 19 2007) of 4.18% for the Lender's Interpolation of Benchmark 20-Year Government of Canada Bonds, the rate if fixed today, would be 5.09%.

2. Repayment

The loan will be repayable by monthly instalments to include principal and interest, said interest to be calculated and compounded half-yearly not in advance. Payments are to be made on the 15th day of each month using the Servicer's pre-authorized cheque system.

3. Taxes

The mortgage document will provide for monthly instalments with respect to Realty taxes to be made in an amount sufficient to pay the annual realty taxes in instalments as they become due and payable.

4. Mortgage Insurance

The loan is to contain mortgage insurance, said insurance to be placed with Canada Mortgage and Housing Corporation. This commitment is subject to the loan insurer issuing its undertaking to insure to the Lender.

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5. Security

It is understood and agreed that the security offered in connection with this loan will be:

- a) registered first charge/mortgage;
- b) registered general assignment of leases and rents;
- c) general security agreement;

6. Title

Title to the property will be registered in the name of Quix Property Corp., which company will execute mortgage and other documents required by the Lender.

7. Title Documents

Title to the property and all legal matters in connection with this loan are to be acceptable to the Lender and its solicitors and all documentation deemed to be necessary by the Lender and its solicitors in connection with this loan are to be in form and content entirely satisfactory to the Lender and its solicitors.

8. Legal Description

A full legal description of the land to be mortgaged, sufficient for preparation of mortgage documents, shall be forwarded by you to the lenders solicitors.

9. Payment of Existing Charges

It is understood that all existing encumbrances will be discharged to provide the Lender with a first charge on title.

10. Additional Charges

There are to be no subsequent encumbrances registered against the subject property without the prior approval of the Lender. Such approval is not to be unreasonably withheld.

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11. Authorization

The Borrower shall authorize all Governmental and other authorities and agencies having jurisdiction with respect to the Subject Property, to disclose to the Lender, all information in their possession and to undertake any inspections requested by the Lender.

12. Fire Insurance

The Borrower shall maintain, throughout the currency of this loan, insurance on the mortgaged premises and its operations in accordance with the insurance requirements of the Lender as set forth on Appendix I hereto and in the standard charge terms. The Lender shall be entitled to retain an insurance consultant at the Borrower's expense to review the insurance coverage to ascertain whether or not the same satisfy the Lender's requirements, as aforesaid, and if changes are required, the Borrower undertakes to have the policy varied in accordance with the recommendations of the consultant.

13. Survey

The Borrower shall provide an acceptable survey prepared by an Ontario Land Surveyor, showing the building on the land and the relationship of the building to the lot lines, and identifying all encroachments, easements and rights of way. The survey will be submitted to the municipality for confirmation that the building is in compliance with sideyard and other municipal requirements.

14. Zoning

The Borrower shall provide evidence that the property and its present (or prospective use) meets all the zoning requirements of the municipality and any other governmental regulations applicable thereto, satisfies all applicable by-laws, that all required building permits have been issued and that all other restrictions affecting the land and building have been complied with, including an occupancy or like certificate, if applicable.

15. General Security Agreement

The Borrower shall provide a general security agreement encompassing all fixtures, equipment and chattels located in the project including but not limited to stoves, refrigerators, washers, dryers, furniture, fittings and all other chattels.

16. Guarantees

It is a condition of the loan that the under noted provide their respective unlimited guarantees and unconditional postponement of claims in the Lender's prescribed form until any and all

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indebtedness related to this loan is repaid in full:

Raymond Stern and Natalie Stern for the amount of \$2,440,120.

17. Leases

It is a provision of this commitment that standard residence agreements will be entered into between the Borrower and the residents. Such agreements must be in a form acceptable to the Lender and its solicitors, not to be unreasonably withheld or delayed.

18. Assignment of Leases and Rents

As further security for this loan the Borrower shall provide a general assignment of all leases and rentals (both present and future).

The Lender will require a specific assignment of lease and rent of the following:

Not applicable.

19. Subsequent Purchaser Approval

It will be a condition of the mortgage that beneficial title to the property remains with the Borrower. In the event that the Borrower 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 Borrower by the sale, transfer of shares or otherwise, without the prior written consent of the Lender, such consent not to be unreasonably withheld, then the loan, at the option of the Lender, may become due and payable together with compensation for lost interest as reasonably calculated by the Lender.

20. Engineer's Certificate

In response to information received, or in the absence of an acceptable response, as the case may be, to due diligence enquiries made by the Lender or its solicitors, the Lender may require an independent engineer's certificate, to be obtained at the Borrower's expense, which is to confirm the structural and mechanical integrity of the building.

21. Financial Statements

As a condition of the loan the Borrower will provide a statement of income and expenses respecting the property to be mortgaged; as well financial statements for the Borrower and Guarantors will be provided annually or upon request, and same will be prepared in accordance with generally accepted accounting principles. In the event of default the Lender may require

the financial statements be certified by a chartered accountant.

22. Hazardous Waste

The Borrower and any additional covenants each represent and warrant that none of them, nor to the best of their knowledge, any other person has ever caused or permitted any Hazardous Substance (as defined in the standard charge terms) to be placed, held, located or disposed of on, under or at the Property and the Borrower's business and assets are operated in compliance with applicable laws (including, without limitation laws respecting the transportation, storage, disposal or emission of any Hazardous Substance) and that no enforcement actions in respect thereof are threatened or pending. The Borrower covenants to continue to operate such business and assets in compliance with applicable laws, and to permit the Lender to conduct inspections, investigations and appraisals of all or any of the Borrower's records, business and assets at any time and from time to time to ensure such compliance.

The Borrower and any additional covenants jointly and severally agree to indemnify the Lender, its officers, directors, employees, agents and its shareholders and agree to hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever as more particularly set forth in the standard charge terms.

23. Environment

The Borrower and any additional covenants agree 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 Borrower, and to allow the Lender access at all times to the business premises of the Borrower to monitor and inspect all property and business activities and to conduct, in the Lender's sole discretion, environmental remedial actions at the expense of the Borrower. The Borrower shall notify the Lender from time to time of any business activity conducted by the Borrower which involves the use or handling of hazardous materials or wastes or which increases the environmental liability of the Borrower in any material manner, and provide the Lender with immediate written notice of any environmental problem and any hazardous materials or substances which have an adverse effect on the property, equipment, or business activities of the Borrower and with any other environmental information requested by the lender from time to time.

If the Borrower notifies the Lender of any specified activity or change or provides the Lender with any information, or if the Lender receives any environmental information from other sources, and determines, in its sole discretion, that an adverse change in the environmental condition of the property has occurred, the Lender shall notify the Borrower of such decision and the Borrower shall either, at the option of the Lender undertake such remediation as is required to ensure compliance with applicable environmental or other regulations, or effect such

Page: - 7 -

remediation, in which event the Borrower shall indemnify the Lender in respect to such expense. In addition, where a material and adverse change in the environmental condition of the property has occurred, the Lender may demand repayment of the Loan.

24. Construction Advances

Not applicable.

25. Loan Advances

Loan advances will be made available to you, subject to compliance with the advance conditions noted, upon completion and registration of the required legal documents.

26. Advance Condition

- a) Full compliance with CMHC's Certificate of Insurance No. 90 342 668.
- b) Satisfactory site visit by the Lender.
- c) Receipt of a satisfactory Phase 1 Environmental Site Assessment report on the subject property and a Letter of Transmittal from the engineer authorizing the Lender's and CMHC's use of and reliance on said report.
- d) Receipt of complete and director signed chartered accountant prepared financial statements for fiscal year ends December 31 2004 and December 31 2005 on Quex Property Corp.
- e) Receipt of current mortgage statement from Nars Holdings.
- f) All required documentation has been completed by the solicitors acting on behalf of the Lender.

It is understood that all advances made will be in compliance with applicable Federal and Provincial legislation. The date by which the loan advances *must* be made is detailed elsewhere in this commitment letter and the Lender must be given three clear business days' notice for requisition of funds.

27. Commitment Fee

In consideration for the issuance of our first mortgage loan approval, we require a commitment fee in the amount of \$25,000 to be made with us at the time of your requesting to fix the interest rate within a 15-day funding period.

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The commitment fee is to be retained by the Lender without interest to ensure payment of damages in the event of non-performance by the Borrower of any terms or conditions in this commitment letter.

28. It is understood and agreed in respect of such deposit, that the Lender will pay to the mortgagor an amount equal to the commitment fee when the mortgage has been duly registered and the monies secured thereby fully advanced.

or

29. If for any reason other than the default of the Lender funds have not been fully advanced by April 18 2007 or completion and registration as required of the mortgage and other documentation has not taken place by April 18 2007 or the Borrower has entered into a commitment with another lender respecting the same project or the proceeds of this loan are not advanced when we make them available, then and in such event the said commitment fee will be retained by us as liquidation damages, in whole or in part, and our commitment cancelled.

Notwithstanding such retention, you will remain liable to reimburse us for any valuation charges, interest rate reservation charges and legal expense whether or not the loan is proceeded with.

30. Costs

All loan costs, including the legal fees and disbursement of the solicitors acting for the Lender, are to be paid by the Borrower and shall be deducted from the proceeds of the loan.

31. Solicitors

The solicitors acting for the Lender in this matter will be:

Brian Karam, 180 MacLaren Street, Suite 1110, Ottawa K2P 0L3
Tel: 613 232 9911 Fax: 613 232 5979

32. Representation

The Borrower represents that it is or will be the registered and beneficial owner of the land to be mortgaged.

If at any time before the mortgage funds are fully advanced there is or has been any material discrepancy or inaccuracy in any written information statements or representations heretofore or hereafter made or furnished to the Lender by you or on your behalf concerning the building, or your financial condition and responsibility, then the Lender shall, if such material discrepancy or

Page: - 9 -

inaccuracy cannot be rectified or nullified by you within thirty days of written notification thereof to you from the Lender, be entitled forthwith to withdraw or decline to advance the funds, as the case may be, and to declare any monies theretofore advanced, with interest, to be forthwith due and payable.

33. Processing Fee

The processing fee payable by the Borrower is \$7,500. This fee shall be deducted by the Lender from the first disbursement of the Loan Amount.

34. Prepayment Privilege

Provided that there has been no default under the mortgage and only in the event of a bona fide "arms" length sale of the subject property, the Borrower shall have the privilege to prepay the mortgage, in whole, together with compensation for lost interest, "Yield Maintenance", as reasonably calculated by the Lender. In the event of such prepayment in whole, the compensation will be the greater of the yield maintenance amount or three (3) months' interest.

"Yield Maintenance" means the amount in dollars, if any, by which the present value of all remaining payments of principal and interest due under the mortgage, plus the present value of the principal balance secured by the mortgage that would have been due on the maturity date hereof, when discounted at the Lender's interpolation, based on duration of the mortgage, of "Government of Canada Bond Yields", as hereinafter defined, exceeds the principal balance of the mortgage which is outstanding on the date of such payment.

Government of Canada Bond Yield" means the bid yield to maturity, as determined and interpolated by the Lender, and expressed as an annual rate of interest, calculated semi-annually not in advance, of non-callable Government of Canada Bonds payable in Canadian dollars, having a notional durations closest to the maturity date of the Loan, if purchased at that time.

This approval is subject to cancellation at the option of the Lender if your signed acceptance, as provided below, has not been received by the Lender by March 6 2007.

Yours truly,

FIRST NATIONAL FINANCIAL LP by it's General Partner
FIRST NATIONAL GP CORPORATION


Moray Tawse

Vice-President, Mortgage Investments

We hereby agree to accept the loan on the terms and conditions stated herein.

Quex Property Corp., Borrower

Raymond Stern
I/We have the authority to bind the corporation

Mar 05/2007
Date

Raymond Stern, Guarantor

Raymond Stern

Mar 05/2007
Date

Natalie Stern, Guarantor

Natalie Stern

March 5-2007
Date

FIRST NATIONAL
FINANCIAL LP



March 5, 2007

Quex Property Corp.
230 Daly Avenue
The Attic
Ottawa, Ontario K1N 6G2

Attention: **Raymond Stern**

Dear Sirs:

Mortgage Loan Application on 347 Clarence Street, Ottawa, Ontario

This letter will confirm that your application for a Canada Mortgage and Housing Corporation ("CMHC") insured first mortgage loan has been approved subject to the following terms and conditions:

Borrower

Quex Property Corporation

Quex Bédaric Ltd. (the "Borrower" or the "Chargor")

Guarantor

and Natalie Stern

Raymond Stern. (the "Guarantor").

Lender(s)

First National Financial LP and/or any other Lender to be designated before or after funding. (the "Lender" or the "Chargee")

Loan Servicer

First National Financial LP (the "Servicer")

Loan Amount

\$2,684,000, in aggregate.

(base loan \$2,688,000 + CMHC application fee \$6,000)

Purpose

Provide long-term first mortgage financing on a 30-unit residential rental apartment building demised as 30-1 bedroom suites and municipally known as 347 Clarence Street, Ottawa. The Loan Amount shall consist of two components known as the Operational Loan (1) and the Provincial Contribution (2). The use of funds is to

100 University Avenue • Suite 700, North Tower • Toronto, Ontario Canada M5J 1V6
T: 416.593.1100 F: 416.593.1900 Toll Free T: 1.800.465.0039 Toll Free F: 1.800.463.9584 • www.firstnational.ca

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pay out the First National Financial LP's construction mortgage of \$2,664,000 on the subject property.

1. Mortgage Details - Loan Facilities

Loan Amount	(1) \$1,584,000.	(2) \$1,080,000.
Term	(1) 20 years.	(2) 20 years.
Amortization	(1) 40 years.	2) 20 years.
Interest Rate	The sum of the bid yield to maturity for the Lender's Interpolation of Benchmark 20-Year Government of Canada Bonds plus 90 Basis Points.	

The rate can be fixed *thirty (30) days prior to funding* upon the Manager receiving the duly executed Borrower's acceptance of the Mortgage Loan Commitment along with the Commitment Fee and Request to Fix Rate.

For example only: Based on a hypothetical yield (as at February 19 2007) of 4.19% for the Lender's Interpolation of Benchmark 20-Year Government of Canada Bonds, the rate if fixed today, would be 5.09%.

Forward Fix Option: The interest rate can be fixed earlier than thirty (30) days prior to funding with a "hedge" cost expressed in Basis Points, as determined by the Lender's Treasury Department, being added to the above noted spread. This "hedge" cost can fluctuate according to market conditions on a daily basis and can be determined only on the day that the interest rate is to be fixed. The "hedge" cost (as at February 19 2007) for a 12-month forward fix is 11 Basis Points.

2. Repayment

The loan will be repayable by monthly instalments to include principal and interest, said interest to be calculated and compounded half-yearly not in advance. Payments are to be made on the 15th day of each month using the Servicer's pre-authorized cheque system.

3. Taxes

The mortgage document will provide for monthly instalments with respect to Realty taxes to be

made in an amount sufficient to pay the annual realty taxes in instalments as they become due and payable.

4. Mortgage Insurance

The loan is to contain mortgage insurance, said insurance to be placed with Canada Mortgage and Housing Corporation. This commitment is subject to the loan insurer issuing its undertaking to insure to the Lender.

5. Security

It is understood and agreed that the security offered in connection with this loan will be:

- a) registered pari passu first charges/mortgages;
- b) registered general assignment of leases and rents;
- c) general security agreement;

6. Title

Title to the property will be registered in the name of Quex Beausoleil Ltd., which company will execute mortgage and other documents required by the Lender.

7. Title Documents

Title to the property and all legal matters in connection with this loan are to be acceptable to the Lender and its solicitors and all documentation deemed to be necessary by the Lender and its solicitors in connection with this loan are to be in form and content entirely satisfactory to the Lender and its solicitors.

8. Legal Description

A full legal description of the land to be mortgaged, sufficient for preparation of mortgage documents, shall be forwarded by you to the lenders solicitors.

9. Payment of Existing Charges

It is understood that all existing encumbrances will be discharged to provide the Lender with a first charge on title.

10. Additional Charges

There are to be no subsequent encumbrances registered against the subject property without the prior approval of the Lender. Such approval is not to be unreasonably withheld.

11. Authorization

The Borrower shall authorize all Governmental and other authorities and agencies having jurisdiction with respect to the Subject Property, to disclose to the Lender, all information in their possession and to undertake any inspections requested by the Lender.

12. Fire Insurance

The Borrower shall maintain, throughout the currency of this loan, insurance on the mortgaged premises and its operations in accordance with the insurance requirements of the Lender as set forth on Appendix I hereto and in the standard charge terms. The Lender shall be entitled to retain an insurance consultant at the Borrower's expense to review the insurance coverage to ascertain whether or not the same satisfy the Lender's requirements, as aforesaid, and if changes are required, the Borrower undertakes to have the policy varied in accordance with the recommendations of the consultant.

13. Survey

The Borrower shall provide an acceptable survey prepared by an Ontario Land Surveyor, showing the building on the land and the relationship of the building to the lot lines, and identifying all encroachments, easements and rights of way. The survey will be submitted to the municipality for confirmation that the building is in compliance with sideyard and other municipal requirements.

14. Zoning

The Borrower shall provide evidence that the property and its present (or prospective use) meets all the zoning requirements of the municipality and any other governmental regulations applicable thereto, satisfies all applicable by-laws, that all required building permits have been issued and that all other restrictions affecting the land and building have been complied with, including an occupancy or like certificate, if applicable.

15. General Security Agreement

The Borrower shall provide a general security agreement encompassing all fixtures, equipment and chattels located in the project including but not limited to stoves, refrigerators, washers, dryers, furniture, fittings and all other chattels.

16. Guarantees

It is a condition of the loan that the under noted provide their respective unlimited guarantee and

unconditional postponement of claim in the Lender's prescribed form:

Raymond Stern for the amount of \$2,131,200 for a minimum period of five (5) years and thereafter at the discretion of the Lender.

17. Leases

It is a provision of this commitment that standard residence agreements will be entered into between the Borrower and the residents. Such agreements must be in a form acceptable to the Lender and its solicitors, not to be unreasonably withheld or delayed.

18. Assignment of Leases and Rents

As further security for this loan the Borrower shall provide a general assignment of all leases and rentals (both present and future).

The Lender will require a specific assignment of lease and rent of the following:

Not applicable.

19. Subsequent Purchaser Approval

It will be a condition of the mortgage that beneficial title to the property remains with the Borrower. In the event that the Borrower 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 Borrower by the sale, transfer of shares or otherwise, without the prior written consent of the Lender, such consent not to be unreasonably withheld, then the loan, at the option of the Lender, may become due and payable together with compensation for lost interest as reasonably calculated by the Lender.

20. Engineer's Certificate

In response to information received, or in the absence of an acceptable response, as the case may be, to due diligence enquiries made by the Lender or its solicitors, the Lender may require an independent engineer's certificate, to be obtained at the Borrower's expense, which is to confirm the structural and mechanical integrity of the building.

21. Financial Statements

As a condition of the loan the Borrower will provide a statement of income and expenses respecting the property to be mortgaged; as well financial statements for the Borrower and Guarantors will be provided annually or upon request, and same will be prepared in accordance

with generally accepted accounting principles. In the event of default the Lender may require the financial statements be certified by a chartered accountant.

22. Hazardous Waste

The Borrower and any additional covenants each represent and warrant that none of them, nor to the best of their knowledge, any other person has ever caused or permitted any Hazardous Substance (as defined in the standard charge terms) to be placed, held, located or disposed of on, under or at the Property and the Borrower's business and assets are operated in compliance with applicable laws (including, without limitation laws respecting the transportation, storage, disposal or emission or any Hazardous Substance) and that no enforcement actions in respect thereof are threatened or pending. The Borrower covenants to continue to operate such business and assets in compliance with applicable laws, and to permit the Lender to conduct inspections, investigations and appraisals of all or any of the Borrower's records, business and assets at any time and from time to time to ensure such compliance.

The Borrower and any additional covenants jointly and severally agree to indemnify the Lender, its officers, directors, employees, agents and its shareholders and agree to hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever as more particularly set forth in the standard charge terms.

23. Environment

The Borrower and any additional covenants agree 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 Borrower, and to allow the Lender access at all times to the business premises of the Borrower to monitor and inspect all property and business activities and to conduct, in the Lender's sole discretion, environmental remedial actions at the expense of the Borrower. The Borrower shall notify the Lender from time to time of any business activity conducted by the Borrower which involves the use or handling of hazardous materials or wastes or which increases the environmental liability of the Borrower in any material manner, and provide the Lender with immediate written notice of any environmental problem and any hazardous materials or substances which have an adverse effect on the property, equipment, or business activities of the Borrower and with any other environmental information requested by the lender from time to time.

If the Borrower notifies the Lender of any specified activity or change or provides the Lender with any information, or if the Lender receives any environmental information from other sources, and determines, in its sole discretion, that an adverse change in the environmental condition of the property has occurred, the Lender shall notify the Borrower of such decision and the Borrower shall either, at the option of the Lender undertake such remediation as is required

to ensure compliance with applicable environmental or other regulations, or effect such remediation, in which event the Borrower shall indemnify the Lender in respect to such expense. In addition, where a material and adverse change in the environmental condition of the property has occurred, the Lender may demand repayment of the Loan.

24. Construction Advances

Not applicable.

25. Loan Advances

Loan advances will be made available to you, subject to compliance with the advance conditions noted, upon completion and registration of the required legal documents.

26. Advance Condition

- a) Full compliance with CMHC's Certificate of Insurance No. 90 342 676.
- b) Satisfactory site visit by the Lender.
- c) Receipt of a satisfactory Phase 1 Environmental Site Assessment report on the subject property and a Letter of Transmittal from the engineer authorising the Lender's and CMHC's use of and reliance on said report.
- d) Receipt of complete and director signed chartered accountant prepared financial statements for fiscal year ends December 31 2005 and December 31 2006 on Quex Property Corp.
- e) Receipt of Project Monitor's Final Report with Architect's Certificate and any other applicable certifications confirming that the subject property has been constructed in accordance with all governmental codes, is basically substantially complete and ready for occupancy.
- f) All required documentation has been completed by the solicitors acting on behalf of the Lender.

It is understood that all advances made will be in compliance with applicable Federal and Provincial legislation. The date by which the loan advance must be made is detailed elsewhere in this commitment letter and the Lender must be given three clear business days' notice for requisition of funds.

27. Commitment Fee

In consideration for the issuance of our first mortgage loan approval, we require a commitment

fee in the amount of \$53,000 to be made with us at the time of your requesting to fix the interest rate within a 30-day funding period. Should you elect to forward fix the interest rate for a longer period of time, e.g. 12 months, then we require an additional commitment fee in the amount of \$53,000 for a total commitment deposit of \$106,000.

The commitment fee is to be retained by the Lender without interest to ensure payment of damages in the event of non-performance by the Borrower of any terms or conditions in this commitment letter.

26. It is understood and agreed in respect of such deposit, that the Lender will pay to the mortgagor an amount equal to the commitment fee when the mortgage has been duly registered and the monies secured thereby fully advanced.

or

29. If for any reason other than the default of the Lender funds have not been fully advanced by February 29 2008 or completion and registration as required of the mortgage and other documentation has not taken place by February 29 2008 or the Borrower has entered into a commitment with another lender respecting the same project or the proceeds of this loan are not advanced when we make them available, then and in such event the said commitment fee will be retained by us as liquidation damages, in whole or in part, and our commitment cancelled.

Notwithstanding such retention, you will remain liable to reimburse us for any valuation charges, interest rate reservation charges and legal expense whether or not the loan is proceeded with.

30. Costs

All loan costs, including the legal fees and disbursement of the solicitors acting for the Lender, are to be paid by the Borrower and shall be deducted from the proceeds of the loan.

31. Solicitors

The solicitors acting for the Lender in this matter will be:

Brian Karam, 180 MacLaren Street, Suite 1110, Ottawa K2P 0L3
Tel: 613 232 9911 Fax: 613 232 5979

32. Representation

The Borrower represents that it is or will be the registered and beneficial owner of the land to be mortgaged.

If at any time before the mortgage funds are fully advanced there is or has been any material discrepancy or inaccuracy in any written information statements or representations heretofore or hereafter made or furnished to the Lender by you or on your behalf concerning the building, or your financial condition and responsibility, then the Lender shall, if such material discrepancy or inaccuracy cannot be rectified or nullified by you within thirty days of written notification thereof to you from the Lender, be entitled forthwith to withdraw or decline to advance the funds, as the case may be, and to declare any monies theretofore advanced, with interest, to be forthwith due and payable.

33. Prepayment Privilege

Provided that there has been no default under the mortgage and only in the event of a bona fide "arms" length sale of the subject property, the Borrower shall have the privilege to prepay the mortgage, in whole, together with compensation for lost interest, "Yield Maintenance", as reasonably calculated by the Lender. In the event of such prepayment in whole, the compensation will be the greater of the yield maintenance amount or three (3) months' interest.

"Yield Maintenance" means the amount in dollars, if any, by which the present value of all remaining payments of principal and interest due under the mortgage, plus the present value of the principal balance secured by the mortgage that would have been due on the maturity date hereof, when discounted at the Lender's interpolation, based on duration of the mortgage, of "Government of Canada Bond Yields", as hereinafter defined, exceeds the principal balance of the mortgage which is outstanding on the date of such payment.

Government of Canada Bond Yield" means the bid yield to maturity, as determined and interpolated by the Lender, and expressed as an annual rate of interest, calculated semi-annually not in advance, of non-callable Government of Canada Bonds payable in Canadian dollars, having a notional durations closest to the maturity date of the Loan, if purchased at that time.

This approval is subject to cancellation at the option of the Lender if your signed acceptance, as provided below, has not been received by the Lender by March 8 2007.

Yours truly,

**FIRST NATIONAL FINANCIAL LP by its General Partner
FIRST NATIONAL FINANCIAL GP CORPORATION**


Moray Rowe

Vice-President, Mortgage Investments

We hereby agree to accept the loan on the terms and conditions stated herein.

Quex Beausoleil Ltd., Borrower

Raymond Stern
I/We have the authority to bind the corporation

Mar 05/2007
Date

Raymond Stern, Guarantor

Raymond Stern

Mar 05/07.
Date

QUEX PROPERTY CORPORATION (Borrower)

Per: Raymond Stern
Raymond Stern, President

I have authority to bind the Corporation

3 AP 08
Date

Witness
Witness

Natalie Stern
Natalie Stern, Guarantor

3 AP 08
Date

FIRST NATIONAL
FINANCIAL LP

APPENDIX II

REQUEST TO FIX RATE

To: First National Financial LP
100 University Avenue
Suite 700, North Tower
Toronto, Ontario, Canada M5J 1V6
Fax: 416 593 1900

Re: 347 Clarence Street, Ottawa.

Pursuant to the Loan Commitment dated March 7 2007, we requested that you fix the interest rate on July 9 2007 for Loan Facility (1) \$1,584,000 for a term of twenty (20) years with an amortisation of forty (40) years and for Loan Facility (2) \$1,080,000 for a term of twenty (20) years with an amortisation of twenty (20) years.

We hereby confirm that all conditions precedent to the disbursement of the Loans have been (or that we are confident that they will at such closing be) met, and we acknowledge that if for any reason whatsoever (other than a cause attributable to the Lender) the Loans are not disbursed, the commitment deposit of \$75,000 will be retained by the Lender as liquidated damages, and not as penalty, without prejudice to the right of the Lender to claim such further and other damages associated with reserving the interest rate for the terms of the loans.

DATED the 18 day of July 2007.

(21)

PROPERTY CORPORATION
Quex ~~Real Estate~~ Ltd., (Borrower)

Raymond Stern
I/We have the authority to bind the company

Raymond Stern (Guarantor)

Raymond Stern
Natalie Stern (Guarantor)
Natalie Stern

CONFIRMATION

Pursuant to the request, the rate of interest has been fixed at 5.69% with blended principal and interest monthly payments being: Loan Facility (1) \$8,303.54 and Loan Facility (2) \$7,504.84.

FIRST NATIONAL FINANCIAL LP

[Signature]

AS

MORTGAGE INTEREST RATE RESERVATION AGREEMENT
PROPERTY CORPORATION

Quex ~~Business Ltd.~~ (the "Borrower"), herein represented by its duly authorized representative, for the property located at 347 Clarence Street, Ottawa reserves with First National Financial LP ("the Lender"), the mortgage interest rate of 5.69% per annum (the "Reserved Rate"), for a disbursement period up to and including March 31 2008, beginning July 9 2007 (the "Date of Rate Fixing"), with respect to a mortgage loan in the amount of: Loan Facility (1) \$1,584,000 for a term of twenty (20) years with an amortisation of forty (40) years and for Loan Facility (2) \$1,080,000 for a term of twenty (20) years with an amortisation of twenty (20) years (the "Loan") the whole on the terms and conditions hereinafter set forth. The disbursement date is expected by no later than March 31 2008. In consideration of the reservation of the Reserved Rate, with this agreement the Borrower, deposits with the Lender a deposit for reservation of a mortgage rate in the amount of \$75,000 (the "Deposit") to be held by the Lender without payment of interest.

Terms and Conditions

The Borrower acknowledges that the Reserved Rate is a fixed annual mortgage interest rate for the Disbursement Period, as established above.

In consideration of the granting of a reserved rate instead of a rate fixed at the time of the disbursement of the Loan, upon acceptance of the present Agreement, the Borrower deposits with the Lender the Deposit, representing a deposit required by the Lender in order to reserve the interest rate for the duration of the Disbursement Period. The amount of the Deposit has been negotiated and agreed to between the parties, the whole based on the Loan amount, the duration of the term, the amortization period and the Disbursement Period.

In the event that the Loan cannot be disbursed for any reason whatsoever, the Lender will retain the Deposit as compensation and, in addition, the Lender reserves the right to require the Borrower to reimburse, upon demand, as liquidated damages, any and all costs incurred by the Lender as a result of the termination of the transaction not covered by the Deposit. This amount will be based on the difference between the present value of the Loan calculated as at the time of cancellation and the present value of the Loan calculated as at the Date of Rate Fixing; the values being calculated by discounting future cash flows at the rate for the reference Canada bonds with a term equal to the term of the Loan, on the date as of which the calculation is made. If the value as at the time of cancellation exceeds the value as at the Date of Rate Fixing plus the Deposit, this difference will be claimed.

Upon disbursement of the Loan and subject to all the terms and conditions hereof having been met within the prescribed delays, and if the rate of interest for the Loan corresponds to the Reserved Rate, the Lender will return the Deposit to the Borrower, concurrently with the disbursement of the Loan.

If at the expiration of the Disbursement Period, the Loan has not been disbursed the Lender may, in its sole discretion, at the Borrower's request, agree to an extension of the time for the disbursement of the loan, at the same rate or at a different reserved rate, subject to the Borrower providing the Lender with an additional deposit for such extension.

The Borrower acknowledges having been free to negotiate the terms and conditions of the present Agreement declares having taken note of the conditions and obligations contained herein and undertakes to respect same.

SIGNED AT OTTAWA AND TORONTO, ONTARIO

Raymond Stern
(Duly authorized for the Borrower)

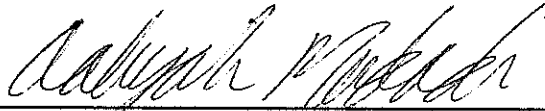
(Duly authorized for the Lender)

July 18/2007
(Date)

(Date)

TAB 7

This is **Exhibit "7"** referred to in the
Affidavit of
CHRISTOPHER SEBBEN herein,
Sworn before me
this 19th day of September, 2017.



A Commissioner for Taking Affidavits

State of Alaska, Department of Law,
Division of Administration,
1000 North Steese Avenue,
Juneau, Alaska 99801

LRO # 4 **Charge/Mortgage**

Registered as OC702787 on 2007 04 02 at 11:11

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

yyyy mm dd Page 1 of 13

Properties

Pin 04213 - 0056 LT **Interest/Estate** Fee Simple
Description PT LTS 16, 17 & 18, PL 43586, N/S CLARENCE ST, AS IN N737689
 , OTTAWA/NEPEAN, SUBJECT TO AN EASEMENT IN FAVOUR OF ROGERS OTTAWA
 LIMITED/LIMITEE AS IN LT1301134.
Address 00345 CLARENCE ST
 OTTAWA

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 QUEX PROPERTY CORPORATION
Address for Service 230 Daly Avenue
 The Attic
 Ottawa, ON
 K2N 6G2

I, Raymond Stern (President), have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Chargee(s)**Capacity****Share**

Name FIRST NATIONAL FINANCIAL GP CORPORATION
Address for Service c/o First National Financial LP
 100 University Ave., Suite 700, North Tower,
 Toronto, Ontario, M5J 1V6

Statements

Schedule: See Schedules

Provisions

Principal \$4,882,240.00 **Currency** CDN
Calculation Period half-yearly, not in advance
Balance Due Date 2027/04/15
Interest Rate 5.11%
Payments \$23,724.77
Interest Adjustment Date 2007 04 15
Payment Date 15th day of each month
First Payment Date 2007 05 15
Last Payment Date 2027 04 15
Standard Charge Terms 8616
Insurance Amount Full insurable value
Guarantor Raymond Stern and Natalie Stern

Signed By

Margaret Mary Tapp 180 MacLaren Street, Suite 1110 acting for Chargor Signed 2007 04 02
 Ottawa (s)
 K2P 2L3
Tel 6132329911
Fax 6132325979

Submitted By

BRIAN WM. KARAM, BARRISTER & SOLICITOR 180 MacLaren Street, Suite 1110 2007 04 02
 Ottawa
 K2P 2L3
Tel 6132329911

LRO # 4 Charge/Mortgage

Registered as OC702787 on 2007 04 02 at 11:11

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

yyyy mm dd Page 2 of 13

Submitted By

Fax 6132325979

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

SCHEDULE

ADDITIONAL PROVISIONS

Definitions:

"Interest Rate" means the annual rate of interest of 5.11% **per annum calculated half-yearly, not in advance**, which rate is sometimes referred to herein as the "applicable rate".

"Interest Adjustment Date" unless otherwise agreed means the **15th day of April, 2007**:

"Property" means the lands which are the subject of this charge and any and all buildings, fixtures and improvements now or hereafter brought or erected thereon.

Payments:

- I. PROVIDED this Charge to be void on payment to the Chargee at its head office or such other place as the Chargee may designate, in lawful money of Canada, of the principal money advanced as aforesaid, with interest thereon at the applicable rate, payable as follows:

Interest at the applicable rate, as well after as before maturity and both before and after default, on the amounts advanced from time to time computed from the respective dates of such advances up to the Interest Adjustment Date, shall become due and be paid within one month from the date of the first advance on the date the Chargee determines, and at monthly intervals thereafter, and in addition, at the option of the Chargee, may be deducted from each subsequent advance, and the balance, if any, of the aforesaid interest on advances shall become due and be paid on the Interest Adjustment Date; AND THEREAFTER the aforesaid principal sum together with interest at the applicable rate as well after as before maturity and both before and after default, computed from the Interest Adjustment Date shall become due and payable by monthly instalments of **\$23,724.77** each (which include principal and interest) on the **15th** day of each and every month in each and every year from and including the **15th** day of the first month next following the Interest Adjustment Date to every month in each and every year from and including the **15th** day of the first month next following the Interest Adjustment Date to and including the **Twenty (20)** year Anniversary of the Interest Adjustment Date, and the balance, if any, of the said principal sum and interest thereon shall be due and payable on the date last mentioned. (Maturity Date).

All payments received hereunder by the Chargee are to be applied firstly on account of interest on principal, secondly on account of interest on unpaid interest and thirdly on account of principal.

Additional Covenants:

2. Whereas **Raymond Stern and Natalie Stern** (hereinafter referred to as "Additional Covenantors and/or Guarantors"), **limited notwithstanding anything hereinafter contained to the contrary to TWO MILLION, FOUR HUNDRED AND FORTY THOUSAND, ONE HUNDRED AND TWENTY DOLLARS (\$2,440,120.)** have agreed to be liable for the payment of the money secured hereby. AND WHEREAS the Additional Covenantors have also agreed to be liable for the performance of all obligations of the Chargor hereunder. In consideration of the premises and the sum of Five Dollars (**\$5.00**) paid by the Chargee to each of the Additional Covenantors (the receipt and sufficiency of which is hereby acknowledged), each of the Additional Covenantors for themselves and their respective heirs, executors and administrators, successors and assigns hereby jointly and severally covenant and agree with the Chargee, and its successors and assigns, that throughout the term of this Charge and any extension or extensions of the term or any renewals of this Charge and until all amounts owing to the Chargee hereunder are repaid in full, the Chargor will duly perform and carry out the covenants and stipulations herein contained and will duly pay the principal sum and interest hereby secured on the days and times herein mentioned and, if default be made in payment of any principal money or interest or any other payments required to be made according to the terms hereof, the Additional Covenantors shall forthwith thereafter upon

demand pay to the Chargee the sum in default together with interest at the applicable rate. Each of the Additional Covenantors agree that they shall be primarily liable to the Chargee as principal debtor and not as surety and their liability under this covenant shall not be impaired or discharged by reason of any variation in or departure from the provisions of this Charge or by reason of any time or other indulgence granted to the Chargor or to its successors or assigns or to any other person or persons liable to pay the mortgage debt or by the Chargee taking further or other security for the payment of the money due or to become due to it or releasing such other security or by any extension or renewal of this Charge or by any other thing either of a like nature to the foregoing or otherwise whereby as surety only the Additional Covenantors or any of them would or might be released and that they shall be released only by a release in writing. The Chargee shall not be bound to exhaust its recourse against the Chargor or against any other person or persons before enforcing its rights against the Additional Covenantors or any of them. If this Charge is assigned by the Chargee, the benefits of these covenants may be assigned with it. Each of the Additional Covenantors attorn to the jurisdiction of the courts of the Province of Ontario and agree that any action that may be brought against them or any of them pursuant to this covenant may be brought in the Province of Ontario.

Other:

3. Provided that the terms of the commitment letter (Commitment Letter) dated as of **March 2, 2007** as it may be amended from time to time, relating to this loan shall form part of this Charge and default under any of the terms or conditions of the Commitment Letter shall constitute a default hereunder and in the event of conflict between the terms of this Charge and the terms of the Commitment Letter the Chargee in its sole discretion shall decide which terms shall prevail, except as to prepayment in which case the Commitment Letter shall prevail.
4. As further security for 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 (or any) leases or resident contracts of premises in the building on the lands comprising the security of the Charge.
5. 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 Canada Mortgage and Housing Corporation ("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:

- (i) Fire and extended coverage and malicious damage, including leakage from fire protection equipment on a stated amount replacement cost basis (as per IBC wording) with a by-law loss endorsement and debris endorsement on an all perils basis including in particular flood and earthquake without deduction for footings and foundations with loss payable to the Chargee by way of an IBC approved mortgage clause, including coverage on equipment and other chattels used in the operation of the Property. 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.
- (ii) Comprehensive broad form boiler insurance including unfired pressure vessels insurance and air-conditioning equipment, if any, including repair and replacement and including Use and Occupancy 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.

- (iii) Comprehensive general liability insurance for bodily injury and/or death and damage to property of others for a minimum amount of **Five Million Dollars** (\$5,000,000.00) per occurrence, written on an all inclusive basis.
- (iv) Rental insurance coverage sufficient to cover one hundred percentage (100%) of the gross annual rentals from the charged premises for a period of twelve (12) months, based on the greater of actual and projected rentals.

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 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.

6. The Chargor acknowledges that this Charge is entered into pursuant to the Commitment Letter duly accepted by the Chargor, and pursuant to a Certificate of Insurance issued by CMHC dated **January 9, 2007** as amended in writing from time to time (UTI). The Chargor hereby acknowledges that it is bound by and will adhere to and respect the terms of the UTI. Notwithstanding the registration of this Charge and the advance of funds, the terms and conditions of the Commitment Letter and UTI shall remain binding on the parties hereto and shall not merge in this Charge nor in any document executed and/or delivered on closing, and the terms of the UTI are incorporated herein by reference. In the event of any conflict, discrepancy, difference or ambiguity in or between the terms of the UTI and/or this Charge, the Chargee, in its sole discretion, shall decide which terms shall prevail.
7. The Chargor and the Additional Covenantors will at all times until the loan secured hereby has been repaid, provide independent professional property management for the Property which has demonstrated experience in the management of similar real estate projects acceptable to the Chargee both as to the identity of the manager and the terms and conditions of the management agreement. Any major changes, additions, and/or alterations contemplated to the Property including major changes in the use of the Property, prior to the commencement of such major change thereof must receive the Chargee's prior written consent, such consent not to be unreasonably withheld. If the Chargor changes and/or alters the Property including any use thereof, without the prior written consent of the Chargee being obtained, then the Chargee may, at its sole option, declare forthwith due and payable the entire balance of the unpaid principal hereunder together with all interest thereon until the Maturity Date. The Chargor will provide reasonable notice to the Chargee of any anticipated or impending transaction which would require the consent of the Chargee as aforesaid, together with such reasonable information as the Chargee may require in order to determine whether or not to grant its consent thereto.
8. It shall constitute a default hereunder if the Chargor shall become insolvent or be subject to any bankruptcy, arrangement with creditors, proposal, or liquidation, winding-up or dissolution.
9. Paragraph 34 of CMHC Standard Charge Terms No. 8616 incorporated herein by reference shall be amended as follows:
 - (a) the first sentence thereof shall be amended by inserting the words "and without any objection or obstruction on the part of the Chargor" after the words "notwithstanding anything herein contained".
 - (b) paragraph 34(d) shall be amended by deleting the words "deemed" and "and in any event, the agent of the Chargee" from the first line thereof.
10. Section 26 of CMHC Standard Charge Terms No. 8616 incorporated herein by reference shall be 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 hereby charged or of any of the shares of the Chargor, if the Chargor is a corporation, to a purchaser or transferee not approved, in writing, by the Chargee, which approval shall not be unreasonably withheld, all monies hereby secured together with all interest thereon until the Maturity Date and any amount payable and due as a result of prepayment shall at the option of the Chargee, forthwith become due and payable."

The decision to accelerate payment of all such monies and interest hereby secured shall be at the sole option of the Chargee. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to any future transaction. The Borrower will provide reasonable notice to the Chargee of any anticipated or impending transaction which would require the consent of the Chargee together with such reasonable information as the Chargee may require to determine whether or not to grant its consent thereto. Where the Chargor is a corporation, the Chargor agrees to complete and effect all necessary actions to continue and maintain its corporate existence. If the Chargor is a corporation any change in the ownership of the shares of the Chargor shall be deemed to be a sale for purposes of this Charge. If the Chargor is a corporation and amalgamates or merges, same shall be deemed to be a sale for purposes of this Charge.

11. In these provisions the following words shall have the following meanings:

Applicable Laws means, in respect of any person, property, transaction or event, all applicable Federal, Provincial and/or Municipal laws, statutes, regulations, rules, by-laws, policies, guidelines, orders, permits, licences, authorizations, approvals and all applicable common law or equitable principles in force and effect during the currency of this Charge.

Hazardous Substance means any substance or material that is prohibited, controlled, or otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated by-phenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products and/or hazardous wastes.

Environmental Laws means all present and future Applicable Laws, standards and requirements relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation and clean-up or any other aspect of a Hazardous Substance.

Environmental Proceeding means any investigation, action, proceeding, conviction, fine, judgement, notice, order, claim, directive, permit, license, approval, agreement or lien of any nature or kind arising under or relating to Environmental Laws.

- (a) **Representations Regarding Environmental Matters**
The Chargor represents that the Property and all businesses and operations conducted thereon comply with all Environmental Laws. The Property has not been used for or designated as a waste disposal site and, except as disclosed in the environmental audit (Environmental Audit), obtained by the Chargee prior to the advance of funds under this Charge contains no Hazardous Substance and there is no existing or threatened Environmental Proceeding against or affecting the Property. Copies of all existing environmental assessments, audits, tests and reports relating to the Property have been delivered to the Chargee. To the best of the Chargor's knowledge and belief, there are no pending or proposed changes to Environmental Laws or to any Environmental Proceeding which would render illegal or materially restrict or require the change of the present use and operation of the Property. Except as disclosed in the Environmental Audit, neither the Chargor, nor, to the best of the Chargor's knowledge and belief after due inquiry and investigation, any other person or organization: (i) has used or permitted the use of the Property to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process any Hazardous Substance; (ii) has been subject to any Environmental Proceeding related to the Property; (iii) has caused or permitted the release or discharge of any Hazardous Substance on or in the

vicinity of the Property; (iv) has received or otherwise has knowledge of any Environmental Proceeding or of any facts which could give rise to any Environmental Proceeding related to the Property; (v) has undertaken any remediation or clean-up of any Hazardous Substance on, or in the vicinity of the Property; or (vi) has defaulted in reporting any occurrence or circumstance to any governmental authority in relation to the Property, which is or was required to be reported pursuant to any Environmental Laws.

(b) Covenants Regarding Environmental Matters

The Chargor shall: (i) ensure that the Property and the Chargor comply with all Environmental Laws at all times; (ii) not permit any Hazardous Substance to be located, manufactured, stored, spilled, discharged or disposed of at, on or under the Property (except in the ordinary course of business of the Chargor or any tenant and in compliance with all Environmental Laws) nor permit any other activity on or in respect of the Property that might result in any Environmental Proceeding affecting the Property, Chargor or Chargee; (iii) notify the Chargee promptly of any threatened or actual Environmental Proceeding; (iv) remediate and cure in a timely manner any non-compliance by the Property or the Chargor with Environmental Laws, including removal of any Hazardous Substance from the Property; (v) maintain all environmental and operating documents and records including all permits, licenses, certificates, approvals, orders and agreements relating to the Property as required by Environmental Laws; (vi) provide the Chargee promptly upon request with such information, documents, records, permits, licences, certificates, approvals, orders, agreements, environmental audits, reports, assessments and inspections and take such other steps (all at the Chargor's expense) as may be required by the Chargee to confirm and/or ensure compliance of the Property and the Chargor with Environmental Laws, and (vii) execute all consents, authorizations and directions necessary to permit any inspection of the Property by any governmental authority and to permit the release to the Chargee or its representatives, of any information relating to the Property and the Chargor.

(c) Environmental Indemnity

Without limiting any other provision of this Charge or any document collateral hereto, the Chargor shall indemnify and pay, protect, defend and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs, expenses, including legal fees and disbursements, on a solicitor and his own client basis, (collectively Environmental Claims), imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not disclosed by the Environmental Audit and whether or not caused by the Chargor or within its control, (i) any actual or alleged breach of Environmental Laws relating to or affecting the Property, (ii) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including any personal injury or property damage arising therefrom, (iii) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof, (iv) any assessment, investigation, containment, monitoring, remediation and/or removal of any Hazardous Substance from all or part of the Property or surrounding areas or otherwise complying with Environmental Laws, or (v) any breach by the Chargor of any covenant hereunder or under any document collateral hereto or under Applicable Law relating to environmental matters. In consideration of the advance of funds by the Chargee, the Chargor and the Additional Covenantor(s) hereby agree that, in addition to any liability imposed on the Chargor and Additional Covenantor(s) under any instrument evidencing or securing the loan indebtedness the Chargor and Additional Covenantor(s) shall be jointly and severally liable for any and all of the costs, expenses, damages or liabilities of the Chargee, its directors and officers, 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 Substance and such liability shall survive the repayment of the indebtedness secured hereby

and any foreclosure of the security for the loan and any other extinguishment of the obligations of the Chargor and/or Additional Covenantor(s) to the Chargee, in respect of the loan and any other exercise by the Chargee of any remedies available to it, for any default under the loan.

(d) Inspection and Testing

The Chargee or any agent of the Chargee or any agent of 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 said 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, 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 or CMHC or their respective agents or monitors to be in possession, management or control of the Property and buildings.

12. If the Chargee identifies continuing deterioration in payment of operating expenses relating to the Property or in the financial capability of the Chargor to pay such operating expenses, then the General Assignment of Rents is to take effect immediately and automatically and control over the stand alone bank account shall be placed with a monitor or the Chargee who shall have the ability to make appropriate disbursements therefrom.
13. The Chargee shall be entitled to inspect the Property periodically and/or to appoint a monitor to conduct such inspections which monitor shall have full power to report to the Chargee and/or CMHC. 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;
 - (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;
 - (c) require that an appropriate repair and maintenance program be established and funded by the Chargor including the cost of the monitor;
 - (d) if a deficiency is identified to require the establishment of repair and maintenance reserves funded by the Chargor;

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

14. The Chargor covenants and agrees with the Chargee to maintain at all times proper and stand alone records and stand alone books of account with respect to the Property and in particular a stand alone bank account in relation to the Property into which all revenue from the Property is deposited and all expenses from the Property are paid and to furnish to the Chargee within 120 days after the end of each fiscal year of the Chargor, or more often if requested by the Chargee, detailed review engagement financial statements of the Property, an updated rent roll containing relevant lease terms for the Property and detailed review engagement financial statements of the Chargor including separate and specific income and expense statements and an operating statement, relating to the Property and the business of the Chargor pertaining thereto, all prepared in accordance with generally accepted accounting principles, prepared and reported by a Chartered Accountant authorized to practice in the Province of Ontario acceptable to the Chargee and accompanied by detailed balance sheets, profit and loss statements and all supporting schedules for the fiscal year and any other information concerning the Chargor which has been made available by the Chargor to the public during the fiscal year, all of which shall

be in form and content satisfactory to the Chargee. The Chargor and Additional Covenantors further covenant and agree to provide the Chargee with such further financial information as required by the Chargee acting reasonably.

15. In the event that the Chargor's computer system is required by the Chargee to access any information which the Chargee is entitled to access, the Chargor will allow the Chargee the use of its computer system for such purpose and will provide the Chargor full co-operation and assistance in relation to its operation. If for any reason such information cannot be accessed at the Chargor's premises the Chargee may remove the computer equipment in which such information is stored from the Chargor's premises to any other place that will provide the Chargee the ability to access such information and within a reasonable time thereafter return such computer equipment to the Chargor's premises. The Chargee is authorized by the Chargor to reproduce and retain a copy of any such information which it accesses.
16. Section 6 of CMHC Standard Charge Terms No. 8616 is deemed to be excluded from this Charge. Section 16 of the said Standard Charge Terms is amended by inserting at the end thereof the words "or as a hotel".
17. The Chargor and the Additional Covenantor(s) shall deliver to the Chargee each year during the term of this Charge within one hundred and twenty (120) days after the last day of each fiscal year applicable to the operations upon the Property that occurs during the continuance of this Charge, commencing with the fiscal year end falling within the calendar year in which the Charge is dated, (or more often if requested by the Chargee) prepared and reported by a Chartered Accountant authorized to practice in the Province of Ontario acceptable to the Chargee:
 - (a) Review engagement financial statements of the Borrower(s) and of any corporate Additional Covenantor(s), including a Balance Sheet and supporting schedules, a detailed Statement of Income and Expenditures and supporting schedules, and a Statement of Change in Cash Flow and in the case of individual Borrower(s) or Additional Covenantor(s) a net worth statement;
 - (b) Review engagement financial statements in respect of the Property, including a Balance Sheet and supporting schedules and a detailed Statement of Income and Expenditures and supporting schedules;
 - (c) A current rent roll for the Property containing such detail as may be required by the Lender; and
 - (d) a budget for the Property for the next fiscal year, forecasting both operating income and expenses and capital expenditures.

Each Borrower and Additional Covenantor hereby authorizes the Chargee to obtain such financial information from third parties respecting it or him as the Lender may require and covenants to deliver any further financial information requested by the Chargee.

18. The Chargor covenants with the Chargee to properly manage, operate, furnish and maintain all of the Chargor's chattels, heating and air-conditioning equipment, furniture, appliances and other equipment, mechanical or otherwise, on, in, or used in connection with the Property and any business operated on the Property by the Chargor or any company related to the Chargor as a prudent owner would do.
19. As further security for this Charge, the Chargor shall grant a general security agreement, in form and content satisfactory to the Chargee, in favour of the Chargee, which general security agreement shall be a **first** charge of and security interest in all chattels now or hereafter located, or to be located in, on or about the Property which shall be granted as soon as the said chattels have been acquired by the Chargor, and which general security agreement shall be a **first** charge on the book debts and receivables and other tangible and intangible assets of the Chargor relating directly or indirectly to the Property. The Chargor agrees to pay on demand to the Chargee the legal costs and other expenses, if any, incurred by the Chargee to obtain periodic renewal of such general security agreement from time to time.

20. As further security for this Charge, the Chargor shall grant an assignment of rentals in favour of the Chargee, in form and content satisfactory to the Chargee, which shall be a **first** charge on all rents and income and profits from the Property and, upon thirty days prior notice in writing, a specific assignment of all of the leases and resident contracts now or hereafter affecting the whole or any part of the Property as may be selected from time to time by the Chargee.
21. The Chargor agrees that on the failure by the Chargor to execute or to cause to be executed and delivered the general security agreement described in paragraph 19 hereof or any assignment described in paragraph 20 hereof or on the breach of the terms of the said general security agreement or assignment of rents by the Chargor, the principal balance then outstanding, together with accrued interest thereon and any other amounts payable pursuant to the terms of this Charge, shall forthwith become due and payable at the option of the Chargee and all powers conferred by this Charge shall become exercisable by the Chargee.
22. 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. 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.
23. Without prejudice to any rights of the Chargee against the Chargor or any other persons liable for payment of the money hereby secured including the Additional Covenants, this Charge may be renewed by an agreement in writing at or before maturity for any further term not exceeding in the aggregate **twenty-five (25)** years from the Interest Adjustment Date all as may be determined by the Chargee in agreement with the Chargor, with or without an increased rate of interest, notwithstanding that there may be subsequent encumbrancers. And it shall not be necessary to register any such agreement in order to retain priority of this Charge so altered over any instrument registered subsequently to this Charge. Provided further that nothing herein contained shall be taken or interpreted as obligating the Chargee to renew this Charge but same shall always remain at the option of the Chargee.
24. If default should occur under any covenant or agreement supplemental hereto including those given by the Additional Covenants or under any other security (including that security given by the Additional Covenants) with respect to the loan secured by this Charge now or hereafter granted to the Chargee by the Chargor or under any condition contained in any agreement supplemental or collateral hereto on its part to be observed or performed, then in any such event, such default or failure shall at the option of the Chargee be deemed to constitute a default under this Charge.
25. Should a tribunal or court of competent jurisdiction hold that the Property is subject to the Tenant Protection Act, 1997 of Ontario **or any successor legislation**, the Chargor covenants that the rents charged with respect to the Property will comply in all respects with the requirements of such Act as same may be amended from time to time and with the requirements of any successor legislation thereto or replacement therefor. The Chargor will indemnify and hold the Chargee harmless from any and all costs, expenses, claims and liabilities incurred by the Chargee by reason of any breach of the aforesaid covenants and all such amounts shall be added to the principal amount hereof and secured hereby.

26. **The Chargor shall not, without the prior written approval of the Chargee and CMHC further charge or otherwise encumber the Property or any part thereof or any interest therein.**
27. Failure by the Chargor to pay operating expenses in a timely manner in relation to the Property shall constitute default under this Charge.
28. **The Chargee shall have the first right of refusal with respect to any mortgage loan offer that the Chargor is prepared to accept with respect to the replacement of this mortgage upon its maturity. The Chargor shall provide the Chargee with a copy of any such mortgage offer, 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 mortgage offer, to provide the financing offered therein on the same terms and conditions as therein set out. Any loan offer which the Chargor accepts with respect to the replacement of this Mortgage on the Property shall be conditional for three (3) business days following delivery of such mortgage loan offer to the Chargee in order to allow the Chargee to exercise this first right of refusal.**
29. The Chargor must provide written confirmation to the Chargee on a quarterly basis that no arrears exist with respect to any employee pensions and/or other benefits including but not limited to Worker's Compensation Board Premiums, Employer Health Tax Premiums, Canada Pension Plan Contributions, Unemployment Insurance Commission Premiums and all statutory remittances including but not limited to Income Tax, Goods and Services Tax and Provincial Retail Sales Tax and any arrears of the Chargor with respect to the foregoing shall at the discretion of the Chargee constitute default hereunder. The Chargor hereby represents and warrants that up to and including the date of the mortgage advance, all of the foregoing obligations of the Chargor are up to date and have been paid in full. The Chargor hereby authorizes any such taxing authority to release any information concerning the foregoing obligations of the Chargor to the Chargee.
30. The Chargor acknowledges that during the term of this Charge, the Chargor shall also pay to the Chargee, on the fifteenth day of each month, an amount stipulated by the Chargee as sufficient to provide a fund to pay, in full, the annual realty taxes at the time that the first instalment of the regular realty tax bill for such realty taxes become due and payable. Until there is a default under this Charge, the Chargee shall, from time to time make payments to the realty tax 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 by the Chargor to the Chargee and shall be secured by this Charge and be deemed to be added to the principal balance of this Charge and bear interest at the interest rate and on the terms set out in this Charge. After default, the Chargee may, at its option, pay realty taxes with respect to the Property and any such payments will be added to the principal balance of this Charge. The Chargee reserves the right to adjust, from time to time, the estimated monthly realty tax payments, based on realty taxes actually levied or anticipated to be levied against the Property. The Chargor hereby irrevocably authorizes the relevant realty tax authority to release any information concerning realty taxes to the Chargee.
31. At the option of the Chargee, it shall constitute a default hereunder if the relevant portion of the Property ceases to be occupied by persons utilizing the Property as a family housing unit as contemplated in the National Housing Act, R.S.C., c. N-10.
32. At the option of the Chargee, it shall constitute a default hereunder if any of the site plan(s) and/or drainage plan(s) and/or survey plan(s) and/or building plan(s) is altered without the prior written approval of the Chargee and CMHC.
33. It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with provisions of, any applicable statute, regulation thereto or other applicable law or by reason of the provisions of any such statute, regulation thereto, or other applicable law the Chargee would be rendered unable to collect any part of the loan secured by the Charge which it would otherwise be able to collect but for such provision and the terms of such statute, regulation thereto or other applicable law then, such provision shall not apply and shall be deemed to not form part of the Charge to the

extent that as a result of such illegality, invalidity or inconsistency, such provision would so render the Chargee unable to collect that part of the loan secured by such Charge.

34. The Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of delivery for registration of the Charge. The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and any other party to the Charge, in particular any Additional Covenantor or Guarantor, agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority to do so, on the part of the person delivering the Charge for registration by direct electronic transfer.
35. Conditional upon acceptance thereof by the Chargee and conditional upon any default by the Chargor, the Chargor does hereby assign and transfer to the Chargee on and following the date of any such default, the right to operate any business operated by the Chargor on the Property and the Chargor does hereby irrevocably assign and transfer to the Chargee any and all licences or agreements related thereto and the Chargor hereby irrevocably grants to the Chargee a power of attorney for any and all purpose in any way relating to completing any such assignment and transfer and for the purpose of making any necessary application for any consent which is required as a condition of the effectiveness of any such assignment and transfer. In particular and without limiting the generality of the foregoing, the Chargor does hereby irrevocably direct any government agency, in particular Canada Customs and Revenue Agency, and any Provincial Retail Sales Tax Branch to release any relevant information concerning the Chargor to the Chargee at any time without the necessity of further authorization from the Chargor.
36. The Chargor acknowledges that the Chargee has the right to limit any advance of funds hereunder, should there occur in the Chargee's opinion a material and adverse change in the beneficial ownership and/or financial position of the Chargor and/or of any Guarantor.
37. The Chargor shall not declare, set apart for payment or pay any dividends or redeem, reduce, purchase or retire any of its shares, at any time outstanding, or otherwise distribute to the persons entitled through the Chargor to any payment or amount, of any nature, or in any other way, at any time, permit payment to the shareholders, partners or participants in the Chargor, or otherwise reduce its issued or paid-up capital, or its net worth, or equity, or repay any loans from its shareholders without the prior written consent of the Chargee.
35. **For any and all purposes, default under the charge to be granted in accordance with CMHC reference #90-342-676 in relation to the property known municipally as 347 Clarence Street (formerly 86 Beausoleil Drive) Ottawa (which said 347 Clarence Street is to be severed from 345 Clarence Street, Ottawa) shall for any and all purposes also be deemed as default under this Charge and default under this Charge shall for any and all purposes also be deemed as default under the charge of the said 347 Clarence Street, Ottawa granted in accordance with CMHC reference #90-342-676.**
36. The Chargor hereby irrevocably transfers and assigns unto the Chargee as security for the obligations of the Chargor to the Chargee, any and all of its right, title and interest in the following:

Agreement(s) to lease any portion of the Property and deposits and payments in relation thereto

Letter(s) of Credit and/or Security deposit(s)

Conditional and Final Building Permit(s)

Site Plan(s)

Site Plan Agreement(s) and Site Plan Approval(s) and related Plan(s)

Subdivision Agreement(s)

Cost Sharing Agreement(s)

Front Ending Agreement(s)

Building(s) / Floor Plan(s)

Site Survey

Grading Plan(s)

Landscaping Plan(s)

Servicing Plan(s)

Servicing and/or Construction and/or Labour and/or Material Supply Contract(s)

Performance and/or Labour and /or Material and/or Performance Bonds it being agreed that First National Financial Corporation shall be named as a Co-obligee in relation to same.

all of which relate to the Property and the Chargor hereby agrees to provide to the Chargee appropriate transmission letters (concurrent with this Charge being advanced or concurrent with the preparation of any of the foregoing whichever is later) and hereby irrevocably authorizes any party involved in any of the foregoing (and in particular any relevant Municipal and/or Provincial and/or Federal Authority) to provide any relevant information and/or documentation (computerized or otherwise) to the Chargee in relation to any of the foregoing and the Property and hereby irrevocably designates the Chargee its attorney for any and all purposes relating to any dealings whatsoever with any of the foregoing.

**LAND REGISTRATION REFORM ACT, 1984
SET OF STANDARD CHARGE TERMS**

CMHC 1007 4/86
Ontario Charge

Filed by CANADA MORTGAGE AND HOUSING CORPORATION

Filing No. 8616

Filing Date: April 1, 1986

The following set of Standard Charge Terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act, 1984.

1. CHARGE

The chargor or chargors (herein called the "Chargor") named in any charge of which this set of Standard Charge Terms forms a part by reference to its filing number in such charge (herein called the "Charge") charges the lands described in the Charge (herein called the "Charged Premises") with the payment to the Chargee of the principal and interest and all other monies secured by the Charge upon the terms as set out in the Charge including this set of Standard Charge Terms and whenever reference is made in this set of Standard Charge Terms to the Charge it shall include this set of Standard Charge Terms.

2. DEFEASANCE

- (a) The provisions relating to defeasance contained in subsection 6(2) of the Land Registration Reform Act, 1984, shall be and are hereby expressly excluded from the terms of the Charge.
- (b) The following proviso shall apply if and only if a specific proviso for defeasance is not included in a schedule to the Charge: Provided that this Charge shall be void upon the Chargor, his heirs, executors, administrators, successors or assigns or any of them paying or causing to be paid to the Chargee, its successors or assigns the principal sum set forth in the Charge and interest thereon as well after as before maturity and default and judgement at the rate set forth in the Charge at the days and times and in the manner set forth in the Charge and all other amounts payable by the Chargor hereunder and paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions herein contained.

3. APPLICATION OF PAYMENTS

Provided that if the Charge is repayable by blended instalments of principal and interest the instalments payable under the Charge are to be applied firstly to interest calculated as provided in the Charge on the principal monies from time to time outstanding and the balance of the said instalments shall be applied on account of principal, except however in the case of default by the Chargor, the Chargee may then apply any payments received during the period of default in whatever order it may elect as between principal, taxes, interest, repairs, insurance premiums or other advances made on behalf of the Chargor.

4. COMPOUND INTEREST

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

5. TAXES

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

- (a) The Chargee may deduct from the final advance of the monies secured by the Charge an amount sufficient to pay the taxes which have become or will become due and payable at the Interest Adjustment Date referred to in the Charge and are unpaid at the date of such final advance.
- (b) After the Interest Adjustment Date the Chargor shall pay to the Chargee in monthly instalments on the dates on which instalments of principal and interest are payable hereunder, sums sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof.
- (c) Where the period between the Interest Adjustment Date and the next following annual due date or first instalment date is less than one year the Chargor shall pay to the Chargee in equal monthly instalments, during such period and during the next succeeding 12 months period, an amount estimated by the Chargee to be sufficient to pay, on or before the expiration of the said 12 months period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said 12 months period expires; and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the actual taxes exceed such estimated amount.
- (d) Except as provided in the last preceding clause, the Chargor shall, in each and every month, pay to the Chargee one-twelfth of the amount (as estimated by the Chargee) of the taxes next becoming due and payable; and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the actual taxes exceed such estimated amount.
- (e) The Chargee shall allow the Chargor interest at not less than the prevailing rate allowed by the chartered banks on personal savings deposits with chequing privileges on the minimum monthly balances standing in the mortgage account from time to time to the credit of the Chargor for payment of taxes, such interest to be credited to the mortgage account not less frequently than once each year; and the Chargor shall be charged interest at the mortgage rate, on the debit balance, if any, of taxes in the mortgage account outstanding after payment of taxes by the Chargee, until such debit balance is fully repaid.

The Chargee agrees to apply such deduction and payments on the taxes chargeable against the said lands so long as the Chargor is not in default under any covenant, proviso or agreement contained herein, but nothing herein contained shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment of principal or interest as herein provided, the Chargee may apply such sum or sums in or towards payment of the principal and/or interest in default. The Chargor further covenants and agrees to transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by him.

Notwithstanding the provisions of clause 5, the Chargee may, with the approval of Canada Mortgage and Housing Corporation, request the Chargor to pay the taxes as and when such taxes become due and to submit to the Chargee tax receipts evidencing the payment of the said taxes within 30 days after they become due, and in such case, the aforesaid monthly instalment, where applicable, will be adjusted accordingly.

6. PREPAYMENTS

(a) PROVIDED that the Chargor when not in default hereunder shall have the privilege of paying an additional amount of principal, not in excess of 10% of the original amount of this Charge, on the first anniversary of the interest adjustment date, and a similar amount of principal on the second anniversary of the said date, upon payment, by way of bonus of three months interest on the amount of any such additional payment, it being agreed that such privilege shall not be cumulative.

(b) PROVIDED that on the third anniversary of the interest adjustment date and on any monthly instalment date thereafter, the Chargor, when not in default hereunder, shall have the privilege of paying the whole amount owing hereunder, or any part thereof, upon payment by way of bonus of three months interest on the principal amount of any such additional payment.

(c) PROVIDED, however, that if this mortgage covers a rental housing project, as defined in the National Housing Act, the foregoing additional payment privileges shall not apply, but the Chargor when not in default hereunder, shall have the privilege of paying, on the fifth anniversary of the interest adjustment date or on any monthly instalment date thereafter, the whole amount owing hereunder, upon payment by way of bonus, of an additional three months interest on the principal amount then outstanding.

(d) PROVIDED that when any partial additional payments are made the amount thereof shall be equal to the sum of the principal portions of a number of consecutive monthly instalments which would otherwise become due hereunder next following the date upon which such additional payment is made, and the payment dates of all remaining instalments and of the balance owing hereunder shall be accelerated so that the Chargor shall pay the aforesaid monthly instalment in each and every month, commencing with the month immediately following the month in which the additional payment is made and continuing until all monies owing hereunder shall have been fully repaid.

7. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a Charge by subsection 7(1) of the Land Registration Reform Act, 1984 shall be and are hereby expressly excluded from the terms of the Charge.

8. COVENANTS IN LIEU OF STATUTORY COVENANTS

The Chargor doth hereby, for himself, his heirs, executors, administrators and successors covenant, promise and agree to and with the Chargee, its successors and assigns, as follows:

(a) To Pay and Observe Covenants

That the Chargor, his heirs, executors, administrators and successors or some or one of them shall pay or cause to be paid to the Chargee, its successors or assigns without deduction or abatement the principal money secured by the Charge with interest as set out in the Charge at the times and in the manner therein limited for payment thereof, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and, without limitation, shall pay any taxes, rates, levies, charges or assessments upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or have been rendered liable to pay and shall also pay all other sums as the Chargee may be entitled to under the Charge.

(b) For Good Title

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

(c) Right to Charge

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

(d) Quiet Possession on Default

That from and after default in the payment of the principal money mentioned in the Charge, or the interest thereof, or any part thereof, or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee, its successors and assigns, peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the lands and premises described in the Charge or intended so to be, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor, his heirs, executors, administrators, successors or assigns or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances and of any other charges or encumbrances whatsoever.

(e) Further Assurances

That from and after default shall happen to be made of or in the payment of the principal amount, or the interest thereon, or any part of the principal or interest, as set forth in the Charge or of or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning hereof, then and in every such case the Chargor, his heirs, executors, administrators and assigns and all every person or persons whatsoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Charged Premises by, from, under or in trust for him, shall and will, from time to time, and at all times thereafter, at the proper costs and charges of the Chargee, its successors and assigns make, do, suffer and execute or cause or procure to be made, done, suffered and executed, all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances, and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the Charged Premises unto the Chargee, its successors and assigns, as by the Chargee, its successors and assigns, or its or their solicitor shall or may be lawfully and reasonably devised, advised, or required.

(f) Insurance

- (i) And that the Chargor (which in this section includes his heirs, executors, administrators, successors or assigns) will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee (which in this section includes its successors or assigns) against loss or damage by fire, and, as the Chargee may require, insure against loss or damage by tempest, tornado, cyclone, lightning and other risks or hazards, each and every building on the Charged Premises and which may hereafter be erected thereon, both during erection and thereafter, for the full insurable value thereof in lawful money of Canada in a company duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Chargee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Chargee and the Chargor will forthwith assign, transfer and deliver over unto the Chargee the policy of insurance and receipts thereto appertaining; and if the Chargor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Chargee shall pay any premiums or sums of money for insurance for the premises or any part thereof the amount of such payment shall be added to the debt secured by the Charge and shall bear interest at the same rate applicable to principal as set out in the Charge from the time of such payments and shall be payable at the time appointed for the next ensuing paying of interest on the said debt; and the Chargor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of the Charge shall be sufficient authority for the said insurance company to pay any such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee; and any insurance monies received may, at the option of the Chargee, be applied in

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

- (ii) If the Charged Premises are part of a condominium the insurance provisions set out in paragraph (i) above will not apply and the following will apply to the Charge:

And that the Chargor (which in this section includes his heirs, executors, administrators, successors or assigns) or the Condominium Corporation or both of them will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee (which in this section includes its successors or assigns) against loss or damage by fire and, as the Chargee may require, insure against loss or damage by tempest, tornado, cyclone, lightning and other risks or hazards, each and every building on the Charged Premises and which may hereafter be erected thereon, both during erection and thereafter, for the full insurable value thereof in lawful money of Canada in a company approved by the Chargee; and the Chargor or the Condominium Corporation or both of them will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policy or policies, and receipts or produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies, of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on him by the Condominium Act and by the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

9. RELEASE

And the Chargor hath released, remised and forever quitted claim, and by these presents doth release, remise, and forever quit claim unto the Chargee, its successors and assigns, all right, title, interest, claim and demand whatsoever, of, unto and out of the said lands and premises hereby charged or intended so to be, and every part and parcel thereof, so as that neither the Chargor, his heirs, executors, administrators, successors or assigns, shall or may at any time hereafter have, claim, pretend to, challenge or demand the said Charged Premises or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

10. ENTRY AFTER DEFAULT AND POWER OF SALE

Provided that the Chargee (which in this section includes its successors or assigns) on default by the Chargor (which in this section includes his heirs, executors, administrators, successors or assigns) of payment of the principal and interest or any part thereof as herein and by the Charge required or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor provided in the Charge may enter into possession of the lands and premises hereby charged or intended so to be and take the rents, issues and profits and whether in or out of possession make such lease or leases as he or they shall think fit, and also on fifteen days' default as aforesaid and after giving at least thirty-five days' written notice to the persons and in the manner and form prescribed by Part III of the Mortgages Act, R.S.O. 1980, c. 296 as it may be amended from time to time may sell the lands and premises charged by the Charge or intended so to be or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser or purchasers thereof, his or their heirs, successors or assigns, or as he or they shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its or their willful neglect or default. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with an adult person on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in the county or district in which the Charged Premises are situate, and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. And it is hereby further agreed that the proceeds of sale hereunder may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured hereby or otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given, but any person damnified by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only; and the above powers may be exercised by the successors and assigns of the Chargee and against the heirs, executors, administrators, successors and assigns of the Chargor. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the lands, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing in this section contained shall prejudice or diminish any other rights and remedies and powers of the Chargee hereunder or in the Charge contained or existing at law by virtue thereof.

And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the said Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, or leases, secondly all costs, charges, damages and expense of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the principal money secured by the Charge, fifthly in payment of the subsequent encumbrancers according to their priorities and the residue shall be paid to the Chargor as he may direct and shall also, in such event, at the request, costs and charges of the Chargor transfer, release and assure unto the Chargor or to such person or persons as he shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to these presents, that notwithstanding the power of sale and the other powers and provisions contained in the Charge the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the lands hereby charged as fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been herein contained.

11. DISTRESS

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

12. PRINCIPAL DUE ON DEFAULT

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

13. CHARGOR'S QUIET POSSESSION UNTIL DEFAULT

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

14. CONSTRUCTION

The Chargor covenants and agrees with the Chargee to construct a building or buildings and other improvements on the said land in accordance with plans and specifications which have been or are hereafter approved by Canada Mortgage and Housing Corporation and by the Chargee and to carry on diligently to completion the construction of the said building, buildings and other improvements.

15. WASTE

The Chargor covenants and agrees with the Chargee that he will not permit waste to be committed or suffered on the Charged Premises and will maintain the buildings and other improvements on the said premises in good order and repair to the satisfaction of the Chargee.

16. ALTERATIONS

The Chargor covenants and agrees with the Chargee that he will not make or permit to be made any alterations or additions to the Charged Premises without the consent of the Chargee and will not use the said premises or permit them to be used for the purpose of any business, trade or manufacture of any description.

17. INSPECTION

The Chargee or agent of the Chargee or agent of Canada Mortgage and Housing Corporation, may, at any time, enter upon the said lands to inspect the lands and buildings thereon.

18. ADVANCES

It is the intention of the parties hereto that the building now erected, being erected or to be erected on the Charged Premises forms part of the security for the full amount of the monies secured by this mortgage and that all advances on this mortgage are to be made from time to time in the future in accordance with the progress of such buildings and/or upon its completion and occupation or sale; and the Chargor agrees that neither the execution nor registration of this mortgage nor the advance of part of the said monies shall bind the Chargee to advance the said monies or any unadvanced part thereof, and that the advance of the said monies or any part thereof from time to time shall be in the sole discretion of the Chargee.

19. FIXTURES

It is hereby mutually covenanted and agreed by and between the parties hereto that all erections and improvements fixed or otherwise now or hereafter put upon the Charged Premises, including but without limiting the generality of the foregoing, all fences, heating, piping, plumbing, aeriels, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the realty and shall be a portion of the security for the indebtedness herein mentioned.

20. PARTIAL RELEASE

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

21. CHARGE NOT BOUND TO ADVANCE

The Chargor agrees that neither execution nor registration of the Charge nor the advancement in part of the monies shall bind the Chargee to advance the monies or any unadvanced part thereof, but that the advance of the monies or any part thereof from time to time shall be in the sole discretion of the Chargee, but nevertheless the expenses of the examination of the title and of the Charge and valuation are to be secured by the Charge, the same to be charged hereby upon the Charged Premises and shall be without demand thereof, payable forthwith with interest at the rate provided in the Charge, and in default the Chargee's power of sale and all other remedies under the Charge shall be exercisable.

22. LIENS AND CONSTRUCTION

Provided also that upon the registration of any lien against the Charged Premises, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the principal and interest hereby secured shall, at the option of the Chargee, forthwith become due and payable.

23. NON-MERGER

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

24. RIGHTS ON DEFAULT

And the Chargor covenants and agrees with the Chargee that in the event of default in the payment of any instalment of principal, interest or taxes hereby secured or any other monies payable hereunder by the Chargor or on breach of any covenant, proviso or agreement herein contained after all or any part of the monies hereby secured have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the said lands and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the said lands, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the property hereby secured as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes shall be forthwith payable to the Chargee, and shall be a charge upon the said lands and shall bear interest at the rate aforesaid until paid.

25. OBLIGATIONS SURVIVE SALE

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

26. DUE ON SALE

Provided that in event of

- (a) The Chargor selling, conveying, transferring, or entering into any agreement of sale or transfer of the title of the lands hereby charged to a purchaser, grantee or transferee not approved in writing by the Chargee; or
- (b) If such a purchaser, grantee or transferee should fail to (i) apply for and receive the Chargee's written approval as aforesaid, (ii) personally assume all the obligations of the Chargor under this Charge, and (iii) execute an Assumption Agreement in the form required by the Chargee,

then at the option of the Chargee all monies hereby secured with accrued interest thereon shall forthwith become due and payable.

27. PRIOR ENCUMBRANCES

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

28. EXTENSIONS

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

29. DISCHARGE

The Chargee shall have a reasonable time after payment in full of the monies secured by the Charge within which to prepare and execute a discharge of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Chargor.

30. SPOUSE'S CONSENT

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

31. FAMILY LAW ACT, 1986

The Chargor covenants and agrees that

- (a) he or the owner from time to time of the Charged Premises will advise and keep advised the Chargee as to whether he (i.e. the Chargor or the owner from time to time) is a spouse as defined by Section 1(1) of the Family Law Act, 1986 (the Act), and, if so, the name of his spouse, and of any change in his spousal status or in the status of the Charged Premises as a matrimonial home within the meaning of the Act, and
- (b) forthwith on request he will furnish the Chargee with such evidence in connection with any of the matters referred to in clause (a) above as the Chargee may from time to time require, including, without limitation, his and his spouse's name, address and birth date and his and his spouse's authorization to the Registrar under the Vital Statistics Act of Ontario to provide the Chargee from time to time on request all information in his possession relative to any marriage, divorce or death of the Chargor or his spouse,

and on default the principal money, interest and all other monies hereby secured shall, at the option of the Chargee, forthwith become due and payable.

32. SEVERABILITY OF ANY INVALID PROVISIONS

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

33. CONDOMINIUMS

If the Charged Premises is a condominium unit, the following provisions shall apply:

- (a) The Charge is made in pursuance of the Condominium Act.
- (b) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on him by the Condominium Act and by the Declaration and the By-laws, as amended from time to time, of the Condominium Corporation, by virtue of his ownership of the said lands. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.
- (c) Without limiting the generality of the foregoing, the Chargor covenants and agrees that he will pay promptly when due any contributions to common expenses required of him as an Owner of the Charged Premises and in the event of his default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the same rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.
- (d) The Chargee is hereby irrevocably authorized and empowered to exercise the right of the Chargor as an Owner of the Charged Premises vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that,
 - (i) The Chargee may at any time or from time to time give notice in writing to the Chargor and the said Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.
 - (ii) The Chargee shall not be virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor.
 - (iii) The exercise of the right to vote or consent shall not constitute the Chargee a Chargee in possession.

34. RECEIVERSHIP

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

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

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

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

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Charged Premises and shall bear interest from the date of demand at the same rate as applies to the principal hereby secured.

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

35. COMPLIANCE WITH LAW

The Chargor covenants and agrees to promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directions, ordinances and regulations of every governmental authority and agency concerning the Charged Premises and will at its own expense make any and all improvements thereon or alterations thereto, structural or otherwise, which may be required at any time by any such present or future law, rule, requirement, order, direction, ordinance or regulation. The Chargee, whenever it deems necessary, may by its surveyor or agent enter upon and inspect the Charged Premises and make such improvements and alterations as the Chargee deems necessary to render the Charged Premises in compliance with such laws, rules, requirements, orders, directions, ordinances or regulations and the reasonable cost of such inspection, improvements and alterations with interest at the rate set forth in the Charge shall be payable forthwith and be a charge upon the Charged Premises.

36. CHARGE EXPENSES

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to this Charge, and to any and all other documents required in connection therewith, and any amendment or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring or the payment of any monies payable hereunder including, without limiting the generality of the foregoing, all solicitor's fees, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Chargee thereon and all costs and expenses valuing the Charged Premises in connection with the foregoing. The Chargor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the rate provided for in the Charge and shall be a charge on the Charged Premises.

37. INTERPRETATION

And it is hereby agreed and declared that the expression "the Chargor" used in these presents shall include the heirs, executors, administrators, successors and assigns of the Chargor and the expression "the Chargee" shall include the successors and assigns of the Chargee and (if the Charge affects the Condominium) the expression "the Condominium Corporation" shall mean the Condominium Corporation referred to in the description and the expression "Declaration" shall mean the declaration registered in connection with the Condominium Corporation, and words in the singular include the plural, and words in the plural include the singular, and words importing the masculine gender include the feminine and neuter genders where to context so requires, and that all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor shall be equally binding upon his, her or their respective heirs, executors, administrators, successors and assigns and that all such covenants, liabilities and obligations shall be joint and several, and that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargee shall be equally secured to and exercisable by its successors and assigns.

38. PARAGRAPH HEADINGS

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

39. DATE OF CHARGE

This Charge, unless otherwise specifically provided, shall be deemed to be dated as of the earliest date of signature by a Chargor.

40. NATIONAL HOUSING ACT

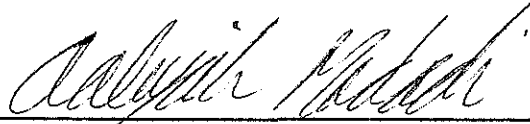
The Charge is made in pursuance of the National Housing Act.

41. TRUE COPY

The Chargor acknowledges receipt of a true copy of the within Charge.

TAB 8

This is **Exhibit "8"** referred to in the
Affidavit of
CHRISTOPHER SEBBEN herein,
Sworn before me
this 19th day of September, 2017.



A Commissioner for Taking Affidavits

Adyash Patel, a Commissioner, etc.
Practising since 2011
with a Student License
Expires April 9, 2019

LRO # 4 Notice Of Assignment Of Rents-General

Registered as OC702788 on 2007 04 02 at 11:11

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

yyyy mm dd Page 1 of 7

Properties

PIN 04213 - 0056 LT
Description PT LTS 16, 17 & 18, PL 43586, N/S CLARENCE ST, AS IN N737689;
 OTTAWA/NEPEAN, SUBJECT TO AN EASEMENT IN FAVOUR OF ROGERS OTTAWA
 LIMITED/LIMITÉE AS IN LT1301134.
Address 00345 CLARENCE ST
 OTTAWA

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 QUEX PROPERTY CORPORATION
Address for Service 230 Daly Avenue
 The Attic
 Ottawa, ON
 K2N 6G2

I, Raymond Stern (President), have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Party To(s)*Capacity**Share*

Name FIRST NATIONAL FINANCIAL GP CORPORATION
Address for Service c/o First National Financial LP
 100 University Ave., Suite 700, North Tower,
 Toronto, Ontario, M5J 1V6

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, OC702787 registered on 2007/04/02 to which this notice relates is deleted.

Schedule: See Schedules

Signed By

Margaret Mary Tapp	180 MacLaren Street, Suite 1110 Ottawa K2P 2L3	acting for Applicant(s)	Signed	2007 04 02
Tel: 6132329911				
Fax: 6132325979				
Margaret Mary Tapp	180 MacLaren Street, Suite 1110 Ottawa K2P 2L3	acting for Party To (s)	Signed	2007 04 02
Tel: 6132329911				
Fax: 6132325979				

Submitted By

BRIAN WM KARAM, BARRISTER & SOLICITOR	180 MacLaren Street, Suite 1110 Ottawa K2P 2L3			2007 04 02
Tel: 6132329911				
Fax: 6132325979				

Fees/Taxes/Payment

<i>Statutory Registration Fee</i>	\$60.00
<i>Total Paid</i>	\$60.00

ASSIGNMENT OF RENTS

THIS ASSIGNMENT OF RENTS made this 12 day of March, 2007.

BETWEEN:

Quax Property Corporation

(hereinafter called the "Assignor")

OF THE FIRST PART

- and -

First National Financial GP Corporation

(hereinafter called the "Assignee")

OF THE SECOND PART

WHEREAS:

A. The Assignor is the present registered owner of the property described as being the whole of PIN 04213-0056 and being municipally known as 345 Clarence St, Ottawa, Ontario (hereinafter called the "Property");

B. The Assignee is the owner and holder of a **first** charge contained in a charge/mortgage of land hereinbefore described covering the Property and registered in the Land Registry Office for the Land Titles Division of Ottawa-Carleton (No.4) (hereinafter referred to as the "Charge");

C. It was agreed as a condition of advancing the sums secured by the Charge that the Assignor should assign to the Assignee, its successors and assigns: (i) all leases, subleases, licenses, agreements to lease, options to lease, rights of renewal, rental contracts or other agreements by which the Assignor granted or will grant the right to use or occupy all or part of the Property (whether presently existing or which may exist in the future), and includes agreements collateral thereto (hereinafter collectively called the "Leases"); (ii) all rents, additional rent and other monies payable as or on account thereof, issues and profits now due or to become due under and derived from the Leases and/or the Property (hereinafter collectively referred to as the "Rents"); and (iii) the benefit of all covenants and obligations of tenants/licensees/occupants contained in any Leases, including without limitation, all rights and benefits of any guarantees thereof, the right to demand, sue for, collect and receive all rent, to enforce the Assignor's rights under any Lease, and generally any collateral advantage or benefit to be derived from the Leases or any of them (hereinafter collectively called the "Lease Benefits"); as additional security for the payment of the moneys secured by the Charge (the "Indebtedness") and for the performance of the covenants and provisos therein contained (the "Obligations"). The Leases, the Rents and the Lease Benefits are hereinafter collectively referred to as the "Assigned Rights and Benefits".

NOW THEREFORE, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration paid to the Assignor by the Assignee, (the receipt and sufficiency of which is hereby acknowledged), the parties hereto covenant and agree as follows:

1. As continuing additional security for the payment of the Indebtedness and performance of the Obligations, the Assignor does hereby sell, assign, transfer and set over unto the Assignee, all of the Assignor's right, title and interest, both at law and in equity, in and to the Assigned Rights and Benefits, to hold and receive the same unto the Assignee with full power and authority to demand, collect, sue for, recover and receive and give receipts for Rents and to enforce payment of the same and enforce performance of the same in accordance with and subject to the terms of this Assignment.

2. The Assignor will from time to time and at all times hereafter observe, perform and keep all covenants and agreements contained in the Leases on its part to be observed, performed or kept and will cause the lessees under such Leases to observe and perform their covenants, obligations and undertakings thereunder. It is expressly acknowledged and agreed that nothing herein contained shall obligate the Assignee to assume or perform any obligation of the Assignor to any third party in respect of or arising out of the Assigned Rights and Benefits or any of them. The Assignee may, however, only after Default (as hereinafter defined), and while Default continues, at its option, assume or perform any such obligations as the Assignee considers necessary or desirable to obtain the benefit of the Assigned Rights and Benefits free of any set off, deduction, or abatement and any money expended by the Assignee in this

regard shall form part of and shall be deemed to form part of the Indebtedness and bear interest at the rate stipulated in the Charge.

3. The Assignee by virtue of this Agreement or the exercise by the Assignee of its rights under this Assignment or the assumption after Default of certain obligations of the Assignor as referred to in Section 2 above, shall not be taken to be a mortgagee in possession; care, control and management of the Property shall remain and shall be deemed to be with the Assignor, in the absence of clear and unequivocal action by the Assignee depriving the Assignor of such care, control and management and the assumption thereof by the Assignee.

4. The Assignee may, at any time and whether or not Default has occurred, without further request or agreement by the Assignor, reassign to the Assignor, its successors and assigns, the Assigned Rights and Benefits or any part or parts thereof, by an instrument of reassignment in writing executed by the Assignee delivered to the Assignor, its successors and assigns, at the address for notice hereinunder provided. Such instrument upon delivery shall constitute a good and sufficient reassignment of all of the Assignee's right, title and interest in and benefit of the Assigned Rights and Benefits to which it pertains and a good and valid release and termination of obligations (if any) of the Assignee with respect thereto. Such reassignment shall not expressly or impliedly constitute any representation or warranty to the Assignor as to the Assigned Rights and Benefits or anything related thereto.

5. A statement or recital referring to this Assignment in the discharge of the Charge shall operate as a good and sufficient reassignment to the Assignor, its successors and assigns, of the Assignee's right, title and interest in and to the Assigned Rights and Benefits without further instrument or agreement by the parties and on payment of the Indebtedness upon the request and at the cost and expense of the Assignor, the Assignee covenants to execute and deliver to the Assignor instruments in registrable form effective to evidence the termination of this Assignment and/or the reassignment to the Assignor of the Assigned Rights and Benefits.

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

- (a) the Assignor has good right, full power and absolute authority to assign the Assigned Rights and Benefits as a ~~first~~ assignment thereof and a ~~first~~ claim thereto and each of them in the manner herein provided;
- (b) other than Permitted Encumbrances referred to in the Charge, there is no outstanding assignment, mortgage, pledge, hypothecation or other disposition or encumbrance affecting the Assigned Rights and Benefits;
- (c) notwithstanding any act of the Assignor, the Leases which have been entered into as of the date hereof are valid, subsisting and enforceable leases;
- (d) there is no right of set-off or abatement with respect to any rent or other moneys owing or to become owing by each lessee under the Leases;
- (e) there has been no release of the obligations of the lessees' under the Leases, save as has been disclosed to the Assignee in the Rent Roll attached as a schedule to the Declaration of Possession of an officer of the Assignor and delivered to the Assignee;
- (f) all the Leases are in good standing, save as has been disclosed to the Assignee in the Rent Roll attached as a schedule to the Declaration of Possession of an officer of the Assignor and delivered to the Assignee;

7. The Assignor covenants with the Assignee:

- (a) that except when prevented from doing so because of the actions of the Assignee, to at all times perform or cause to be performed all of the covenants and obligations on the part of lessor contained in the Leases (except to the extent that the same have been expressly waived by the other parties to such Leases);
- (b) to maintain or cause to be maintained the Assigned Rights and Benefits in good standing and not to do or permit to be done anything to impair and not to omit to do anything that would impair the enforceability of the Leases;
- (c) to cause the Property to be maintained and managed at all times to a standard of quality consistent with the management of other projects in the City of **Ottawa** which are of a size, location and type comparable to the Property;

(d) not to execute any other assignment of the Assignor's interest in the Assigned Rights and Benefits unless it is expressly subordinate to the Charge and this Assignment;

(e) save for deposits for the first and last month rentals, the Assignor will not accept Rents more than one (1) month in advance of the dates when such Rents fall due and will not cause payment to be made in advance on its direction;

(f) all offers to lease and all tenancy agreements, leases or subleases entered into with lessees of the Property shall be on the standard forms previously approved by the Assignee to be used in connection with the Property, amended as deemed appropriate in the circumstances by the Assignor acting reasonably to give effect to the arrangements made with each lessee;

(g) not to permit termination of Leases, alter or amend Leases, waive rights or remedies or otherwise take action with respect to the Leases which in the aggregate will create a reduction in Rents, from those payable as of the date hereof, without the prior written approval of the Assignee except in accordance with good business practice.

(h) to furnish to the Assignee all credit reports and financial statements relating to the Assigned Rights and Benefits which are obtained by or may be in the possession or control of the Assignor, when reasonably required by the Assignee;

(i) after Default, upon request of the Assignee to facilitate in all ways the Assignee's exercise of its rights thereunder, including without limitation upon request of the Assignee (i) delivery to the Assignee of up to date rent rolls and true copies of all then outstanding Leases; (ii) access during regular business hours to records pertaining to the Property, wherever held; and (iii) execution by the Assignor of written notices to the lessees directing them to make Rent payments to the Assignee;

8. Subject to the terms of this Assignment, the Assignor shall have the full right, while not in Default: (i) to continue to collect Rents provided that same shall immediately upon any default as defined in paragraph 9 be deemed to be trust monies held by the Assignor for the Assignee; and (ii) to take all actions or cause all actions to be taken it deems necessary with respect to the Assigned Rights and Benefits, acting as a reasonable and prudent lessor, including without limitation the right to alter, modify, amend or change the terms of the Assigned Rights and Benefits or give any consent, concession or waiver or exercise any option of the Assignor permitted by such terms, or cancel or terminate the Assigned Rights and Benefits or accept the surrender thereof or consent to any assignment of or subletting under the Leases.

9. "Default" for the purposes of this Assignment means: default has occurred under the terms of the Charge (and such default is not remedied within the time period provided in the Charge, if any); or default has occurred under this Assignment; or any representation or warranty by the Assignor herein shall prove to be incorrect at any time in any material respect. Notwithstanding any other provisions hereof the provisions of the Charge which are incorporated herein by this reference and made a part hereof as if set forth in full, shall also apply to this Assignment with necessary modifications. Upon Default, the Assignee shall have, in addition to any remedy in respect of the Assigned Rights and Benefits as it has under any other agreement, (including foreclosure or sale under the Charge), all remedies available at common law or in equity, including, without obligation, any one or more of the following rights:

(a) to collect the Rents or any part thereof and in the name of the Assignor to take from time to time any proceeding which is, in the opinion of the Assignee or its counsel, expedient for the purpose of collecting Rents or for securing the payment thereof or for enforcing any of the Assignor's rights under the Leases, also to demand and receive the same and to give acquaintances therefor; also to compound, compromise or submit to arbitration any dispute which has arisen or may arise in respect to the amount; and any settlement arrived at shall be binding upon the Assignor;

(b) to receive, enjoy or otherwise avail itself of the Lease Benefits;

(c) to manage the Property, including without limitation, the making of repairs or replacements to maintain the building or buildings on the Property;

(d) to appoint and dismiss such agent or employees as shall be necessary or desirable for exercise of the Assignee's rights thereunder;

(e) to alter, modify, amend or change the terms of Leases; to enter into new Leases; to give consents, concessions or waivers of any rights or provisions of Leases; to accept surrenders of Leases; to give consents to assignment of or subletting under Leases;

- (f) to enter upon the Property by its officers, agents or employees for the purpose of demanding, suing for, recovering, receiving and collecting the Rents and managing, operating and maintaining its interest in the Property;
- (g) to send or employ any inspector or agent to inspect and report upon the value, state and condition of the Property and may employ a solicitor to examine and report upon title to the same and the lease documentation pertaining to same;
- (h) by private instrument to appoint a receiver and manager in accordance with the receivership provisions of the Charge which are incorporated by reference into this Assignment;
- (i) to generally perform all such acts as may in the reasonable opinion of the Assignee be necessary or desirable for the proper operation and maintenance of the Property, which acts may be performed in the name of the Assignor, or in the name of the Assignee.

For the above purpose and the purposes of the Personal Property Security Act, (Ontario), this Assignment shall be deemed a security agreement covering both real and personal property. In addition, the Assignee shall have the other remedies provided in the Personal Property Security Act, (Ontario). For purposes of such Act, the Assignee shall have a security interest in the Assigned Rights and Benefits and this shall constitute a security agreement.

10. The Assignee's obligations as to any Rents or other amounts actually collected shall be discharged by application of such Rents or other amounts against the Indebtedness and for any of the other purposes described in this Assignment. The Assignee shall not be liable for uncollected Rents or other uncollected amounts. The Assignee shall not be liable to any lessee for the return of any security deposit made under any Lease of any portion of the Property unless the Assignee shall have received such security deposit. The Assignee shall not by reason of this Assignment or the exercise of any right granted herein be responsible for any act committed by the Assignor, or any breach or failure to perform by the Assignor with respect to any of the Assigned Rights and Benefits. No credit shall be given by the Assignee for any sum or sums received from the Rents, until the money collected is actually received by the Assignee at the address provided herein, and no credits shall be given for any uncollected Rents or other uncollected amounts or bills, nor shall credit on the Indebtedness be given for any Rents, after the Assignee shall obtain ownership of the Property under order of court or by operation of law.

11. The Assignor hereby agrees that all receipts given by the Assignee to any lessee under the Leases on account of any Rents paid to the Assignee in accordance with the terms of this Assignment shall constitute a good and valid discharge therefor to each such lessee.

12. (a) The Assignee may at any time after Default, with respect to any and all Assigned Rights and Benefits, give to any lessee or other person from whom the Assignor would have been entitled to receive or claim any benefit under the Assigned Right and Benefits in question (herein called the "Other Parties" or "Other Party") express notice in writing of this Assignment and thereafter the Assignee shall be entitled to the benefit of subsection 53(1) of the Conveyancing and Law of Property Act (Ontario). Without limiting the foregoing the Assignee may, after giving such notice, deal with the Other Party or Other Parties in respect of the Assigned Rights and Benefits without reference to or consent of the Assignor, as if the Assignee were the absolute owner of the Assigned Rights and Benefits.

(b) The Assignor will at the reasonable request of the Assignee attempt to obtain from Other Parties, acknowledgements of good standing of the Assigned Rights and Benefits and/or acknowledgements of notice of this Assignment, in form reasonably satisfactory to the Assignee.

(c) The Assignor acknowledges and agrees that this Assignment constitutes an irrevocable direction and authorization of the Assignor to any Other Party to pay Rents to the Assignee and otherwise, honour the rights of the Assignee under this Assignment. The Assignor agrees that any Other Party may rely upon any notice given by the Assignee or on its behalf. The Assignor hereby waives as against any Other Party any claims it might otherwise have by reason of the Other Party acting on such notice.

(d) In the event all Defaults are subsequently cured, the Assignee shall upon request of the Assignor, and at the Assignor's expense, execute and deliver to the Assignor directions and authorizations to any Other Party who received notice of this Assignment in connection with the Default now cured as aforesaid, authorizing and directing such Other Party(ies) to resume payment of Rents to the Assignor until such time as a further written notice is delivered by the Assignee pursuant to the terms of this Assignment.

13. If the Assignee elects to invoke any of its rights hereunder and thereafter, for any reason, relinquishes to the Assignor such rights, this Assignment shall in no respect be terminated but instead remain in full force and effect until the indebtedness is paid in full, it being the intent of the parties that the Assignee shall, from time to time upon the occurrence of any Default under this Agreement, have all the rights granted hereby.

14. No delay or omission on the part of the Assignee in the exercise of any remedy for a Default shall operate as a waiver thereof. The remedies available to the Assignee under this Assignment shall be in addition to, and exercisable in any combination with, any and all remedies available by operation of law and under the Charge. The said remedies shall be cumulative and concurrent and not alternative, may be pursued separately, successively or together against the Assignor, against the Property or any or all of them at the sole discretion of the Assignee and may be exercised as often as occasion therefor shall arise.

15. The Assignor acknowledges and agrees that if and to the extent the Assignor's right, title and interest in any Assigned Right and Benefit is not acquired until after the delivery of this Assignment, this Assignment shall nonetheless apply thereto and the security interest of the Assignee hereby created shall attach to any such Assigned Right and Benefit at the same time as the Assignor acquires rights therein, without the necessity of any further assignment or other assurances. The Assignor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered every further act, deed, document or further assurance as may be required to give effect to this Agreement.

16. This Assignment shall enure to the benefit of and be binding upon the successors and assigns of the Assignor and the Assignee.

17. In any action, suit or proceedings for enforcing this Assignment or to recover payment of the monies hereby secured, service of any notice, writ or a summons, originating summons, statement of claim, order of court or a judge, or of any legal or other proceedings by the Assignee, or by or pursuant to any statute, ordinance, rule, order or practice required to be given or served, and every notice and/or demand or request permitted or required to be served hereunder, shall be deemed to be properly and effectively served if delivery by hand to one or more of the respective officers or directors of the Assignor and Assignee, or mailed by depositing the same in any post office or letter box, in Canada enclosed in a postage pre-paid envelope, registered, addressed as set out below, or telecopied or telexed or telegraphed by facsimile transmission, or other similar form of communication (collectively "Electronic Communication") to the intended recipient at:

(i) If to the Assignor:
345 Clarence St
Ottawa, Ontario

(ii) If to the Assignee:
100 University Ave., Suite 700
North Tower
Toronto, Ontario
M5J 1V6

The Assignor and the Assignee may change their respective addresses for service by giving the other party hereto written notice thereof, in the manner aforesaid. Notice shall be deemed to have been received on the date of delivery, where applicable, or, where mailed in Canada, five (5) business days after the date of registration of the postage pre-paid envelope, containing a notice, demand, request or document except in the event of mail strike or reasonably anticipated or actual disruption of postal service which would prevent or substantially delay receipt of anything mailed in the manner aforesaid, in which case notice, for the duration of such mail strike or reasonably anticipated or actual disruption of postal service, shall be effected by personal delivery, or, when sent by Electronic Communication, on the business day next following the day on which it was sent.

18. This Assignment shall be governed by and construed in accordance with the laws of the Province of Ontario.

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

20. Time shall be of the essence in this Assignment in all respects.

21. The Assignor shall forthwith on demand enter into, execute and deliver to the Assignee, at the Assignor's expense, such further instruments and assurances in respect to this Assignment as the Assignee may reasonably require.

22. Any provision in this Assignment which is prohibited or unenforceable in any applicable jurisdiction will be ineffective to the extent of such prohibition or unenforceability without invalidating any remaining provisions hereof. To the extent permitted by law, the parties hereto hereby waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

23. The Assignor agrees to pay all legal and other costs of the Assignee in connection with renewing this Assignment from time to time and realizing upon, enforcing and attempting to enforce the terms of this Assignment or the security granted hereby; all such other costs when incurred shall be secured hereby and failure to pay the same within thirty (30) days after demand shall constitute a default hereunder. The Assignor shall indemnify and save the Assignee harmless from all actions, suits, costs, losses, charges, demands and expenses now or hereafter incurred or arising as a result of the default by the Assignor hereunder or as lessor in any of the Leases.

24. This Assignment and the rights and remedies contained herein shall be assignable by the Assignee in its sole discretion, and shall be successively assignable by such assignee in its sole discretion without the consent of the Assignor and without prior notice of such assignment by the Assignee to the Assignor provided that such assignment shall only be made in conjunction with an assignment of the Charge and other security granted as collateral security to the obligations of the Assignor thereunder and shall not be an assignment of this Assignment only. If so assigned, the Assignee shall have and be entitled to exercise any and all discretion, rights and powers of the Assignee hereunder and all references herein to the Assignee shall include such assignee.

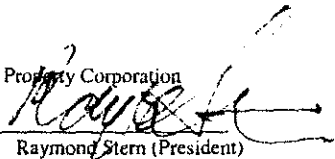
25. The Assignor acknowledges and agrees that there is no agreement between the Assignor and Assignee to postpone attachment of the security interest created hereby.

26. All Rents charged with respect to the Property or any part thereof will be lawful rents and in accordance with all applicable legislation and regulations in effect from time to time.

27. Upon registration of a discharge of the Charge, this Assignment of Rents and Leases shall thereupon become and be of no further force and effect.


28. The Assignor will not lease or agree to lease any part of the Property except at a rent and on terms and conditions, and to tenants which are not less favourable than those which a prudent landlord would expect to receive for the premises to be leased.

IN WITNESS WHEREOF the Assignor has duly executed this General Assignment of Rents and Leases.

Quex Property Corporation
Per: 
Raymond Stern (President)
I have authority to bind the Corporation

TAB 9

This is **Exhibit “9”** referred to in the
Affidavit of
CHRISTOPHER SEBBEN herein,
Sworn before me
this 19th day of September, 2017.



A Commissioner for Taking Affidavits

Allyson M. Adams, Commissioner
Notary Public
State of Maryland
Expires April 2, 2018

LRO # 4 Charge/Mortgage

Registered as OC839857 on 2008 04 09 at 09:37

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

yyyy mm dd Page 1 of 13

Properties

PIN 04213 - 0302 LT *Interest/Estate* Fee Simple

Description PART OF LOT 18 PLAN 43586 N/S CLARENCE STREET BEING PART 1 ON 4R21669; OTTAWA. T/W RIGHT-OF-WAY AND EASEMENT OVER PART LOTS 16,17 & 18 PLAN 43586 PT 3 PLAN 4R21669 AS IN OC699531. T/W EASEMENT OVER PART LOTS 16,17 & 18 PLAN 43586 PART 4 ON 4R21669 AS IN OC699531. T/W RIGHT-OF-WAY OVER PART LOTS 16, 17 & 18 PLAN 43586 PART 2 ON 4R21669 AS IN OC699531. S/T RIGHT-OF-WAY AND EASEMENT OVER PART 1 ON 4R21669 IN FAV OUR OF PART LOTS 16, 17 & 18 PLAN 43586 PARTS 2,3 & 4 ON 4R21669 AS IN OC699531.

Address 347 CLARENCE STREET
OTTAWA

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 QUEX PROPERTY CORPORATION

Address for Service 230 Daly Avenue, The Attic, Ottawa,
Ontario, K1N 6G2

I, Raymond Stern, President, have the authority to bind the corporation.

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

Chargee(s)*Capacity**Share*

Name FIRST NATIONAL FINANCIAL GP CORPORATION

Address for Service 100 University Ave., Suite 700, North Tower, Toronto, Ontario,
M5J 1V6

Statements

Schedule: See Schedules

Provisions

Principal \$1,584,000.00 *Currency* CDN

Calculation Period half-yearly, not in advance

Balance Due Date 2028/04/15

Interest Rate 5.69% per annum

Payments \$8,303.54

Interest Adjustment Date 2008 04 15

Payment Date 15th day of each month

First Payment Date 2008 05 15

Last Payment Date 2028 04 15

Standard Charge Terms 8616

Insurance Amount See standard charge terms

Guarantor Raymond Stern and Natalie Stern

Signed By

Margaret Mary Tapp 180 MacLaren Street, Suite 1110 acting for Chargor Signed 2008 04 09
Ottawa (s)
K2P 2L3

Tel 6132329911

Fax 6132325979

Submitted By

BRIAN WM. KARAM, BARRISTER & SOLICITOR 180 MacLaren Street, Suite 1110 2008 04 09
Ottawa
K2P 2L3

LRO # 4 Charge/Mortgage

Registered as OC8398 57 on 2008 04 09 at 09:37

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

yyyy mm dd Page 2 of 13

Submitted By

Tel 6132329911

Fax 6132325979

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

SCHEDULE

ADDITIONAL PROVISIONS

Definitions:

"Interest Rate" means the annual rate of interest of **5.69% per annum calculated half-yearly, not in advance**, which rate is sometimes referred to herein as the "applicable rate".

"Interest Adjustment Date" unless otherwise agreed means the **fifteenth** day of the calendar month next following the earlier of:

- (i) the date on which the first advance under this Charge has been disbursed;
- (ii) the date on which the commitment letter as hereinafter defined between the Chargor and Chargee or between the Chargor and **First National Financial LP** relating to this loan and assigned to the Chargee is cancelled;
- (iii) the Close Out Date which means **March 31, 2008** if the entire Principal Amount has not by then been advanced to the Chargor.

"Property" means the lands which are the subject of this charge and any and all buildings, fixtures and improvements now or hereafter brought or erected thereon.

Payments:

1. PROVIDED this Charge to be void on payment to the Chargee at its head office or such other place as the Chargee may designate, in lawful money of Canada, of the principal money advanced as aforesaid, with interest thereon at the applicable rate, payable as follows:

Interest at the applicable rate, as well after as before maturity and both before and after default, on the amounts advanced from time to time computed from the respective dates of such advances up to the Interest Adjustment Date, shall become due and be paid within one month from the date of the first advance on the date the Chargee determines, and at monthly intervals thereafter, and in addition, at the option of the Chargee, may be deducted from each subsequent advance, and the balance, if any, of the aforesaid interest on advances shall become due and be paid on the Interest Adjustment Date; AND THEREAFTER the aforesaid principal sum together with interest at the applicable rate as well after as before maturity and both before and after default, computed from the Interest Adjustment Date shall become due and payable by monthly instalments of **\$8,303.54** each (which include principal and interest) on the **fifteenth** day of each and every month in each and every year from and including the **fifteenth** day of the first month next following the Interest Adjustment Date to and including the **Twenty (20)** year Anniversary of the Interest Adjustment Date, and the balance, if any, of the said principal sum and interest thereon shall be due and payable on the date last mentioned. (Maturity Date).

All payments received hereunder by the Chargee are to be applied firstly on account of interest on principal, secondly on account of interest on unpaid interest and thirdly on account of principal.

Additional Covenants:

2. Whereas **Raymond Stern and Natalie Stern** (hereinafter referred to as "Additional Covenantors and/or Guarantors") have agreed to be liable for the payment of the money secured hereby, AND WHEREAS the Additional Covenantors have also agreed to be liable for the performance of all obligations of the Chargor hereunder. In consideration of the premises and the sum of Five Dollars (\$5.00) paid by the Chargee to each of the Additional Covenantors (the receipt and sufficiency of which is hereby acknowledged), each of the Additional Covenantors for themselves and their respective heirs, executors and administrators, successors and assigns hereby jointly and severally covenant and agree with the Chargee, and its successors and assigns, that throughout the term of this Charge and any extension or extensions of the term or any renewals of this Charge and

until all amounts owing to the Chargee hereunder are repaid in full, the Chargor will duly perform and carry out the covenants and stipulations herein contained and will duly pay the principal sum and interest hereby secured on the days and times herein mentioned and, if default be made in payment of any principal money or interest or any other payments required to be made according to the terms hereof, the Additional Covenantors shall forthwith thereafter upon demand pay to the Chargee the sum in default together with interest at the applicable rate. Each of the Additional Covenantors agree that they shall be primarily liable to the Chargee as principal debtor and not as surety and their liability under this covenant shall not be impaired or discharged by reason of any variation in or departure from the provisions of this Charge or by reason of any time or other indulgence granted to the Chargor or to its successors or assigns or to any other person or persons liable to pay the mortgage debt or by the Chargee taking further or other security for the payment of the money due or to become due to it or releasing such other security or by any extension or renewal of this Charge or by any other thing either of a like nature to the foregoing or otherwise whereby as surety only the Additional Covenantors or any of them would or might be released and that they shall be released only by a release in writing. The Chargee shall not be bound to exhaust its recourse against the Chargor or against any other person or persons before enforcing its rights against the Additional Covenantors or any of them. If this Charge is assigned by the Chargee, the benefits of these covenants may be assigned with it. Each of the Additional Covenantors attorn to the jurisdiction of the courts of the Province of Ontario and agree that any action that may be brought against them or any of them pursuant to this covenant may be brought in the Province of Ontario.

Other:

3. Provided that the terms of the commitment letter (Commitment Letter) dated as of **March 5, 2007 as amended March 30, 2007** as it may be amended from time to time, relating to this loan shall form part of this Charge and default under any of the terms or conditions of the Commitment Letter shall constitute a default hereunder and in the event of conflict between the terms of this Charge and the terms of the Commitment Letter the Chargee in its sole discretion shall decide which terms shall prevail except as to prepayment in which case the Commitment Letter shall prevail.
4. As further security for 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 (or any) leases or resident contracts of premises in the building on the lands comprising the security of the Charge.
5. 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 Canada Mortgage and Housing Corporation ("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:

- (i) Fire and extended coverage and malicious damage, including leakage from fire protection equipment on a stated amount replacement cost basis (as per IBC wording) with a by-law loss endorsement and debris endorsement on an all perils basis including in particular flood and earthquake without deduction for footings and foundations with loss payable to the Chargee by way of an IBC approved mortgage clause, including coverage on equipment and other chattels used in the operation of the Property. 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.

- (ii) Comprehensive broad form boiler insurance including unfired pressure vessels insurance and air-conditioning equipment, if any, including repair and replacement and including Use and Occupancy 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.
- (iii) Comprehensive general liability insurance for bodily injury and/or death and damage to property of others for a minimum amount of **Five Million Dollars** (\$5,000,000.00) per occurrence, written on an all inclusive basis.
- (iv) Rental insurance coverage sufficient to cover one hundred percentage (100%) of the gross annual rentals from the charged premises for a period of twelve (12) months, based on the greater of actual and projected rentals.

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 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.

6. The Chargor acknowledges that this Charge is entered into pursuant to the Commitment Letter duly accepted by the Chargor, and pursuant to a Certificate of Insurance issued by CMHC dated **March 5, 2007** as amended in writing from time to time (UTI). The Chargor hereby acknowledges that it is bound by and will adhere to and respect the terms of the UTI. Notwithstanding the registration of this Charge and the advance of funds, the terms and conditions of the Commitment Letter and UTI shall remain binding on the parties hereto and shall not merge in this Charge nor in any document executed and/or delivered on closing, and the terms of the UTI are incorporated herein by reference. In the event of any conflict, discrepancy, difference or ambiguity in or between the terms of the UTI and/or this Charge, the Chargee, in its sole discretion, shall decide which terms shall prevail.
7. The Chargor and the Additional Covenantors will at all times until the loan secured hereby has been repaid, provide independent professional property management for the Property which has demonstrated experience in the management of similar real estate projects acceptable to the Chargee both as to the identity of the manager and the terms and conditions of the management agreement. Any major changes, additions, and/or alterations contemplated to the Property including major changes in the use of the Property, prior to the commencement of such major change thereof must receive the Chargee's prior written consent, such consent not to be unreasonably withheld. If the Chargor changes and/or alters the Property including any use thereof, without the prior written consent of the Chargee being obtained, then the Chargee may, at its sole option, declare forthwith due and payable the entire balance of the unpaid principal hereunder together with all interest thereon until the Maturity Date. The Chargor will provide reasonable notice to the Chargee of any anticipated or impending transaction which would require the consent of the Chargee as aforesaid, together with such reasonable information as the Chargee may require in order to determine whether or not to grant its consent thereto.
8. It shall constitute a default hereunder if the Chargor shall become insolvent or be subject to any bankruptcy, arrangement with creditors, proposal, or liquidation, winding-up or dissolution.
9. Paragraph 34 of CMHC Standard Charge Terms No. 8616 incorporated herein by reference shall be amended as follows:
 - (a) the first sentence thereof shall be amended by inserting the words "and without any objection or obstruction on the part of the Chargor" after the words "notwithstanding anything herein contained".
 - (b) paragraph 34(d) shall be amended by deleting the words "deemed" and "and in any event, the agent of the Chargee" from the first line thereof.

10. Section 26 of CMHC Standard Charge Terms No. 8616 incorporated herein by reference shall be 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 hereby charged or of any of the shares of the Chargor, if the Chargor is a corporation, to a purchaser or transferee not approved, in writing, by the Chargee, which approval shall not be unreasonably withheld, all monies hereby secured together with all interest thereon until the Maturity Date and any amount payable and due as a result of prepayment shall at the option of the Chargee, forthwith become due and payable."

The decision to accelerate payment of all such monies and interest hereby secured shall be at the sole option of the Chargee. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to any future transaction. The Borrower will provide reasonable notice to the Chargee of any anticipated or impending transaction which would require the consent of the Chargee together with such reasonable information as the Chargee may require to determine whether or not to grant its consent thereto. Where the Chargor is a corporation, the Chargor agrees to complete and effect all necessary actions to continue and maintain its corporate existence. If the Chargor is a corporation any change in the ownership of the shares of the Chargor shall be deemed to be a sale for purposes of this Charge. If the Chargor is a corporation and amalgamates or merges, same shall be deemed to be a sale for purposes of this Charge.

11. In these provisions the following words shall have the following meanings:

Applicable Laws means, in respect of any person, property, transaction or event, all applicable Federal, Provincial and/or Municipal laws, statutes, regulations, rules, by-laws, policies, guidelines, orders, permits, licences, authorizations, approvals and all applicable common law or equitable principles in force and effect during the currency of this Charge.

Hazardous Substance means any substance or material that is prohibited, controlled, or otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated by-phenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products and/or hazardous wastes.

Environmental Laws means all present and future Applicable Laws, standards and requirements relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation and clean-up or any other aspect of a Hazardous Substance.

Environmental Proceeding means any investigation, action, proceeding, conviction, fine, judgement, notice, order, claim, directive, permit, license, approval, agreement or lien of any nature or kind arising under or relating to Environmental Laws.

(a) Representations Regarding Environmental Matters

The Chargor represents that the Property and all businesses and operations conducted thereon comply with all Environmental Laws. The Property has not been used for or designated as a waste disposal site and, except as disclosed in the environmental audit (Environmental Audit), obtained by the Chargee prior to the advance of funds under this Charge contains no Hazardous Substance and there is no existing or threatened Environmental Proceeding against or affecting the Property. Copies of all existing environmental assessments, audits, tests and reports relating to the Property have been delivered to the Chargee. To the best of the Chargor's knowledge and belief, there are no pending or proposed changes to Environmental Laws or to any Environmental Proceeding which would render illegal or materially restrict or require the change of the present use and operation of the Property. Except as disclosed in the Environmental Audit, neither the Chargor, nor, to the best of the Chargor's knowledge and belief after due inquiry

and investigation, any other person or organization: (i) has used or permitted the use of the Property to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process any Hazardous Substance; (ii) has been subject to any Environmental Proceeding related to the Property; (iii) has caused or permitted the release or discharge of any Hazardous Substance on or in the vicinity of the Property; (iv) has received or otherwise has knowledge of any Environmental Proceeding or of any facts which could give rise to any Environmental Proceeding related to the Property; (v) has undertaken any remediation or clean-up of any Hazardous Substance on, or in the vicinity of the Property; or (vi) has defaulted in reporting any occurrence or circumstance to any governmental authority in relation to the Property, which is or was required to be reported pursuant to any Environmental Laws.

(b) Covenants Regarding Environmental Matters

The Chargor shall: (i) ensure that the Property and the Chargor comply with all Environmental Laws at all times; (ii) not permit any Hazardous Substance to be located, manufactured, stored, spilled, discharged or disposed of at, on or under the Property (except in the ordinary course of business of the Chargor or any tenant and in compliance with all Environmental Laws) nor permit any other activity on or in respect of the Property that might result in any Environmental Proceeding affecting the Property, Chargor or Chargee; (iii) notify the Chargee promptly of any threatened or actual Environmental Proceeding; (iv) remediate and cure in a timely manner any non-compliance by the Property or the Chargor with Environmental Laws, including removal of any Hazardous Substance from the Property; (v) maintain all environmental and operating documents and records including all permits, licenses, certificates, approvals, orders and agreements relating to the Property as required by Environmental Laws; (vi) provide the Chargee promptly upon request with such information, documents, records, permits, licences, certificates, approvals, orders, agreements, environmental audits, reports, assessments and inspections and take such other steps (all at the Chargor's expense) as may be required by the Chargee to confirm and/or ensure compliance of the Property and the Chargor with Environmental Laws, and (vii) execute all consents, authorizations and directions necessary to permit any inspection of the Property by any governmental authority and to permit the release to the Chargee or its representatives, of any information relating to the Property and the Chargor.

(c) Environmental Indemnity

Without limiting any other provision of this Charge or any document collateral hereto, the Chargor shall indemnify and pay, protect, defend and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs, expenses, including legal fees and disbursements, on a solicitor and his own client basis, (collectively Environmental Claims), imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not disclosed by the Environmental Audit and whether or not caused by the Chargor or within its control, (i) any actual or alleged breach of Environmental Laws relating to or affecting the Property, (ii) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including any personal injury or property damage arising therefrom, (iii) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof, (iv) any assessment, investigation, containment, monitoring, remediation and/or removal of any Hazardous Substance from all or part of the Property or surrounding areas or otherwise complying with Environmental Laws, or (v) any breach by the Chargor of any covenant hereunder or under any document collateral hereto or under Applicable Law relating to environmental matters. In consideration of the advance of funds by the Chargee, the Chargor and the Additional Covenantor(s) hereby agree that, in addition to any liability imposed on the Chargor and Additional Covenantor(s) under any instrument evidencing or securing the loan indebtedness the Chargor and Additional Covenantor(s) shall be jointly and

severally liable for any and all of the costs, expenses, damages or liabilities of the Chargee, its directors and officers, 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 Substance and such liability shall survive the repayment of the indebtedness secured hereby and any foreclosure of the security for the loan and any other extinguishment of the obligations of the Chargor and/or Additional Covenantor(s) to the Chargee, in respect of the loan and any other exercise by the Chargee of any remedies available to it, for any default under the loan.

(d) Inspection and Testing

The Chargee or any agent of the Chargee or any agent of 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 said 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, 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 or CMHC or their respective agents or monitors to be in possession, management or control of the Property and buildings.

12. If the Chargee identifies continuing deterioration in payment of operating expenses relating to the Property or in the financial capability of the Chargor to pay such operating expenses, then the General Assignment of Rents is to take effect immediately and automatically and control over the stand alone bank account shall be placed with a monitor or the Chargee who shall have the ability to make appropriate disbursements therefrom.
13. The Chargee shall be entitled to inspect the Property periodically and/or to appoint a monitor to conduct such inspections which monitor shall have full power to report to the Chargee and/or CMHC. 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;
 - (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;
 - (c) require that an appropriate repair and maintenance program be established and funded by the Chargor including the cost of the monitor;
 - (d) if a deficiency is identified to require the establishment of repair and maintenance reserves funded by the Chargor;

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

14. The Chargor covenants and agrees with the Chargee to maintain at all times proper and stand alone records and stand alone books of account with respect to the Property and in particular a stand alone bank account in relation to the Property into which all revenue from the Property is deposited and all expenses from the Property are paid and to furnish to the Chargee within 120 days after the end of each fiscal year of the Chargor, or more often if requested by the Chargee, detailed review engagement financial statements of the Property, an updated rent roll containing relevant lease terms for the Property and detailed review engagement financial statements of the Chargor including separate and specific income and expense statements and an operating statement, relating to the Property and the business of the Chargor pertaining thereto, all prepared in accordance

with generally accepted accounting principles, prepared and reported by a Chartered Accountant authorized to practice in the Province of Ontario acceptable to the Chargee and accompanied by detailed balance sheets, profit and loss statements and all supporting schedules for the fiscal year and any other information concerning the Chargor which has been made available by the Chargor to the public during the fiscal year, all of which shall be in form and content satisfactory to the Chargee. The Chargor and Additional Covenantors further covenant and agree to provide the Chargee with such further financial information as required by the Chargee acting reasonably.

15. In the event that the Chargor's computer system is required by the Chargee to access any information which the Chargee is entitled to access, the Chargor will allow the Chargee the use of its computer system for such purpose and will provide the Chargor full co-operation and assistance in relation to its operation. If for any reason such information cannot be accessed at the Chargor's premises the Chargee may remove the computer equipment in which such information is stored from the Chargor's premises to any other place that will provide the Chargee the ability to access such information and within a reasonable time thereafter return such computer equipment to the Chargor's premises. The Chargee is authorized by the Chargor to reproduce and retain a copy of any such information which it accesses.
16. Section 6 of CMHC Standard Charge Terms No. 8616 is deemed to be excluded from this Charge. **The Chargor shall have no privilege of prepaying the whole or any part of this Charge prior to maturity.** Section 16 of the said Standard Charge Terms is amended by inserting at the end thereof the words "or as a hotel".
17. The Chargor and the Additional Covenantor(s) shall deliver to the Chargee each year during the term of this Charge within one hundred and twenty (120) days after the last day of each fiscal year applicable to the operations upon the Property that occurs during the continuance of this Charge, commencing with the fiscal year end falling within the calendar year in which the Charge is dated, (or more often if requested by the Chargee) prepared and reported by a Chartered Accountant authorized to practice in the Province of Ontario acceptable to the Chargee:
 - (a) Review engagement financial statements of the Borrower(s) and of any corporate Additional Covenantor(s), including a Balance Sheet and supporting schedules, a detailed Statement of Income and Expenditures and supporting schedules, and a Statement of Change in Cash Flow and in the case of individual Borrower(s) or Additional Covenantor(s) a net worth statement;
 - (b) Review engagement financial statements in respect of the Property, including a Balance Sheet and supporting schedules and a detailed Statement of Income and Expenditures and supporting schedules;
 - (c) A current rent roll for the Property containing such detail as may be required by the Lender; and
 - (d) a budget for the Property for the next fiscal year, forecasting both operating income and expenses and capital expenditures.

Each Borrower and Additional Covenantor hereby authorizes the Chargee to obtain such financial information from third parties respecting it or him as the Lender may require and covenants to deliver any further financial information requested by the Chargee.

18. The Chargor covenants with the Chargee to properly manage, operate, furnish and maintain all of the Chargor's chattels, heating and air-conditioning equipment, furniture, appliances and other equipment, mechanical or otherwise, on, in, or used in connection with the Property and any business operated on the Property by the Chargor or any company related to the Chargor as a prudent owner would do.
19. As further security for this Charge, the Chargor shall grant a general security agreement, in form and content satisfactory to the Chargee, in favour of the Chargee, which general security agreement shall be a **first** charge of and security interest in all chattels now or hereafter located, or to be located in, on or about the Property which shall be granted as

soon as the said chattels have been acquired by the Chargor, and which general security agreement shall be a **first** charge on the book debts and receivables and other tangible and intangible assets of the Chargor relating directly or indirectly to the Property. The Chargor agrees to pay on demand to the Chargee the legal costs and other expenses, if any, incurred by the Chargee to obtain periodic renewal of such general security agreement from time to time.

20. As further security for this Charge, the Chargor shall grant an assignment of rentals in favour of the Chargee, in form and content satisfactory to the Chargee, which shall be a **first** charge on all rents and income and profits from the Property and, upon thirty days prior notice in writing, a specific assignment of all of the leases and resident contracts now or hereafter affecting the whole or any part of the Property as may be selected from time to time by the Chargee.
21. The Chargor agrees that on the failure by the Chargor to execute or to cause to be executed and delivered the general security agreement described in paragraph 19 hereof or any assignment described in paragraph 20 hereof or on the breach of the terms of the said general security agreement or assignment of rents by the Chargor, the principal balance then outstanding, together with accrued interest thereon and any other amounts payable pursuant to the terms of this Charge, shall forthwith become due and payable at the option of the Chargee and all powers conferred by this Charge shall become exercisable by the Chargee.
22. 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. 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.
23. Without prejudice to any rights of the Chargee against the Chargor or any other persons liable for payment of the money hereby secured including the Additional Covenantors, this Charge may be renewed by an agreement in writing at or before maturity for any further term not exceeding in the aggregate **forty (40)** years from the Interest Adjustment Date all as may be determined by the Chargee in agreement with the Chargor, with or without an increased rate of interest, notwithstanding that there may be subsequent encumbrancers. And it shall not be necessary to register any such agreement in order to retain priority of this Charge so altered over any instrument registered subsequently to this Charge. Provided further that nothing herein contained shall be taken or interpreted as obligating the Chargee to renew this Charge but same shall always remain at the option of the Chargee.
24. If default should occur under any covenant or agreement supplemental hereto including those given by the Additional Covenantors or under any other security (including that security given by the Additional Covenantors) with respect to the loan secured by this Charge now or hereafter granted to the Chargee by the Chargor or under any condition contained in any agreement supplemental or collateral hereto on its part to be observed or performed, then in any such event, such default or failure shall at the option of the Chargee be deemed to constitute a default under this Charge.
25. Should a tribunal or court of competent jurisdiction hold that the Property is subject to the Tenant Protection Act, 1997 of Ontario **or any successor legislation**, the Chargor covenants that the rents charged with respect to the Property will comply in all respects with the requirements of such Act as same may be amended from time to time and with

the requirements of any successor legislation thereto or replacement therefor. The Chargor will indemnify and hold the Chargee harmless from any and all costs, expenses, claims and liabilities incurred by the Chargee by reason of any breach of the aforesaid covenants and all such amounts shall be added to the principal amount hereof and secured hereby.

26. **The Chargor shall not, without the prior written approval of the Chargee and CMHC further charge or otherwise encumber the Property or any part thereof or any interest therein.**
27. Failure by the Chargor to pay operating expenses in a timely manner in relation to the Property shall constitute default under this Charge.
28. **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 to the replacement of this mortgage 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 mortgage commitment, to provide the financing offered therein on the same terms and conditions as therein set out. Any loan commitment which the Chargor accepts with respect to the replacement of this Mortgage 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 this first right of refusal.**
29. The Chargor must provide written confirmation to the Chargee on a quarterly basis that no arrears exist with respect to any employee pensions and/or other benefits including but not limited to Worker's Compensation Board Premiums, Employer Health Tax Premiums, Canada Pension Plan Contributions, Unemployment Insurance Commission Premiums and all statutory remittances including but not limited to Income Tax, Goods and Services Tax and Provincial Retail Sales Tax and any arrears of the Chargor with respect to the foregoing shall at the discretion of the Chargee constitute default hereunder. The Chargor hereby represents and warrants that up to and including the date of the mortgage advance, all of the foregoing obligations of the Chargor are up to date and have been paid in full. The Chargor hereby irrevocably authorizes any such taxing authority to release any information concerning the foregoing obligations of the Chargor to the Chargee.
30. The Chargor acknowledges that during the term of this Charge, the Chargor shall also pay to the Chargee, on the **fifteenth** day of each month, an amount stipulated by the Chargee as sufficient to provide a fund to pay, in full, the annual realty taxes at the time that the first instalment of the regular realty tax bill for such realty taxes become due and payable. Until there is a default under this Charge, the Chargee shall, from time to time make payments to the realty tax 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 by the Chargor to the Chargee and shall be secured by this Charge and be deemed to be added to the principal balance of this Charge and bear interest at the interest rate and on the terms set out in this Charge. After default, the Chargee may, at its option, pay realty taxes with respect to the Property and any such payments will be added to the principal balance of this Charge. The Chargee reserves the right to adjust, from time to time, the estimated monthly realty tax payments, based on realty taxes actually levied or anticipated to be levied against the Property. The Chargor hereby irrevocably authorizes the relevant realty tax authority to release any information concerning realty taxes to the Chargee.
31. At the option of the Chargee, it shall constitute a default hereunder if the relevant portion of the Property ceases to be occupied by persons utilizing the Property as a family housing unit as contemplated in the National Housing Act, R.S.C., c. N-10.
32. At the option of the Chargee, it shall constitute a default hereunder if any of the site plan(s) and/or drainage plan(s) and/or survey plan(s) and/or building plan(s) is altered without the prior written approval of the Chargee and CMHC.


33. It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with provisions of, any applicable statute, regulation thereto or other applicable law or by reason of the provisions of any such statute, regulation thereto, or other applicable law the Chargee would be rendered unable to collect any part of the loan secured by the Charge which it would otherwise be able to collect but for such provision and the terms of such statute, regulation thereto or other applicable law then, such provision shall not apply and shall be deemed to not form part of the Charge to the extent that as a result of such illegality, invalidity or inconsistency, such provision would so render the Chargee unable to collect that part of the loan secured by such Charge.
34. The Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of delivery for registration of the Charge. The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and any other party to the Charge, in particular any Additional Covenantor or Guarantor, agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority to do so, on the part of the person delivering the Charge for registration by direct electronic transfer.
35. Conditional upon acceptance thereof by the Chargee and conditional upon any default by the Chargor, the Chargor does hereby assign and transfer to the Chargee on and following the date of any such default, the right to operate any business operated by the Chargor on the Property and the Chargor does hereby irrevocably assign and transfer to the Chargee any and all licences or agreements related thereto and the Chargor hereby irrevocably grants to the Chargee a power of attorney for any and all purpose in any way relating to completing any such assignment and transfer and for the purpose of making any necessary application for any consent which is required as a condition of the effectiveness of any such assignment and transfer. In particular and without limiting the generality of the foregoing, the Chargor does hereby irrevocably direct any government agency, in particular Canada Customs and Revenue Agency, and any Provincial Retail Sales Tax Branch to release any relevant information concerning the Chargor to the Chargee at any time without the necessity of further authorization from the Chargor.
36. The Chargor acknowledges that the Chargee has the right to limit any advance of funds hereunder, should there occur in the Chargee's opinion a material and adverse change in the beneficial ownership and/or financial position of the Chargor and/or of any Guarantor.
37. The Chargor shall not declare, set apart for payment or pay any dividends or redeem, reduce, purchase or retire any of its shares, at any time outstanding, or otherwise distribute to the persons entitled through the Chargor to any payment or amount, of any nature, or in any other way, at any time, permit payment to the shareholders, partners or participants in the Chargor, or otherwise reduce its issued or paid-up capital, or its net worth, or equity, or repay any loans from its shareholders without the prior written consent of the Chargee.
38. **Default under the charge granted in accordance with CMHC reference #90-342-668 in relation to the property known municipally as 345 Clarence Street, Ottawa and registered as Instrument No. OC702787 shall for any and all purposes also be deemed to be default under this Charge and default under this Charge shall for any and all purposes also be deemed to be default under the charge of the said 345 Clarence Street, Ottawa granted in accordance with CMHC reference #90-342-668 and registered as Instrument No. OC702787. It is acknowledged and agreed that any prepayment in whole of the said Charge granted in accordance with CMHC reference 90-342-668, in relation to the property known municipally as 345 Clarence Street, Ottawa and registered as Instrument No. OC702787, shall amount to a requirement that this mortgage be concurrently paid in whole. It is acknowledged and agreed that any prepayment in whole of this Charge shall amount to a requirement that the Charge granted in accordance with CMHC reference 90-342-668, in relation to the property known municipally as 345 Clarence Street, Ottawa and registered as Instrument No. OC702787, also be concurrently paid in whole. In particular and without limiting the generality of the foregoing, the prepayment**

requirements of this paragraph shall apply, in relation to any prepayment resulting from the application of paragraph 10 of this Charge.

39. **The Chargor acknowledges that during the term of this Charge, the Chargor shall also pay to the Chargee, on the 15th day of each month, an amount stipulated by the Chargee as sufficient to provide a replacement reserve fund (Replacement Reserve Fund) to be established to ensure that funds are available to carry out capital replacements. The said Replacement Reserve Fund, is to be funded monthly, commencing on the first payment date and continuing each and every month thereafter with an amount equal to at least four (4.0%) per cent of the Property's actual revenue based on the audited income statements for the Property. The use and disposition of the Replacement Reserve Fund shall be subject to the approval and/or direction of the Chargee or its representative. Non-compliance with this requirement will be considered default under this Charge. In the event of default, any amount remaining in the Replacement Reserve Fund must be made available to the Chargee to reduce any claim by the Chargee against the mortgage insurance fund and/or CMHC.**
40. **IT IS ACKNOWLEDGED AND AGREED that the charge in relation to the Property granted by QUEX PROPERTY CORPORATION to the Chargee dated the 27th day of February, 2008 and registered on the ~~31st~~^{31st} day of ~~March~~^{April}, 2008 subsequent in priority to this Charge and involving a principal amount of \$1,080,000. shall for any and all purposes be deemed to rank pari-passu with this Charge.**
41. **Any default by QUEX PROPERTY CORPORATION in any of the terms and conditions of a Charge in relation to the Property to First National Financial GP Corporation dated the 27th day of February, 2008 and registered on the ~~31st~~^{31st} day of ~~March~~^{April}, 2008 subsequent in priority to this Charge and involving a principal amount of \$1,080,000. shall constitute default in the terms and conditions of this Charge.**
42. **Any default by QUEX PROPERTY CORPORATION in any of the terms and conditions of this Charge shall constitute default in the terms and conditions of a Charge in relation to the Property to First National Financial GP Corporation dated the 27th day of February, 2008 and registered on the ~~31st~~^{31st} day of ~~March~~^{April}, 2008 subsequent in priority to this Charge and involving a principal amount of \$1,080,000.**
43. **As security for the obligations of the Chargor to the Chargee the Chargor hereby transfers and assigns unto the Chargee any and all of its right, title and interest in the Joint Use and Maintenance Agreement with the abutting land owner at 345 Clarence, registered on the 22nd day of March, 2007 as Instrument No. OC699554 as amended by Instrument No. OC830819 registered on the 7th day of March, 2008 and the Chargee hereby agrees to transfer and assign same back to the Chargor upon discharge of this Charge.**

TAB 10

This is **Exhibit "10"** referred to in the
Affidavit of
CHRISTOPHER SEBBEN herein,
Sworn before me
this 19th day of September, 2017.



A Commissioner for Taking Affidavits

Am. & British Columbia, etc.,
Att. & British Columbia,
Att. & British Columbia,
Att. & British Columbia,

LRO # 4 Charge/Mortgage

Registered as OC839869 on 2008 04 09 at 09:53

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

yyyy mm dd Page 1 of 13

Properties

PIN 04213 - 0302 LT *Interest/Estate* Fee Simple

Description PART OF LOT 18 PLAN 43586 N/S CLARENCE STREET BEING PART 1 ON 4R21669; OTTAWA. T/W RIGHT-OF-WAY AND EASEMENT OVER PART LOTS 16,17 & 18 PLAN 43586 PT 3 PLAN 4R21669 AS IN OC699531. T/W EASEMENT OVER PART LOTS 16,17 & 18 PLAN 43586 PART 4 ON 4R21669 AS IN OC699531 T/W RIGHT-OF-WAY OVER PART LOTS 16, 17 & 18 PLAN 43586 PART 2 ON 4R21669 AS IN OC699531 S/T RIGHT-OF-WAY AND EASEMENT OVER PART 1 ON 4R21669 IN FAVOUR OF PART LOTS 16, 17 & 18 PLAN 43586 PARTS 2,3 & 4 ON 4R21669 AS IN OC699531

Address 347 CLARENCE STREET
OTTAWA

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 QUEX PROPERTY CORPORATION

Address for Service 230 Daly Avenue, The Attic, Ottawa,
Ontario, K1N 6G2

I, Raymond Stern, President, have the authority to bind the corporation
This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name FIRST NATIONAL FINANCIAL GP CORPORATION

Address for Service 100 University Ave., Suite 700, North Tower, Toronto, Ontario,
M5J 1V6

Statements

Schedule: See Schedules

Provisions

Principal \$1,080,000.00 *Currency* CDN

Calculation Period half-yearly, not in advance

Balance Due Date 2028/04/15

Interest Rate 5.69% per annum

Payments \$7,504.84

Interest Adjustment Date 2008 04 15

Payment Date 15th day of each month

First Payment Date 2008 05 15

Last Payment Date 2028 04 15

Standard Charge Terms 8616

Insurance Amount Full insurable value

Guarantor Raymond Stern and Natalie Stern

Signed By

Margaret Mary Tapp 180 MacLaren Street, Suite 1110 acting for Chargor Signed 2008 04 09
Ottawa (s)
K2P 2L3

Tel 6132329911

Fax 6132325979

Submitted By

BRIAN WM. KARAM, BARRISTER & SOLICITOR 180 MacLaren Street, Suite 1110 2008 04 09
Ottawa
K2P 2L3

LRO # 4 **Charge/Mortgage**

Registered as **OC839869** on 2008 04 09 at 09:53

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

yyyy mm dd Page 2 of 13

Submitted By

Tel 6132329911

Fax 6132325979

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

SCHEDULE

ADDITIONAL PROVISIONS

Definitions:

"Interest Rate" means the annual rate of interest of **5.69% per annum calculated half-yearly, not in advance**, which rate is sometimes referred to herein as the "applicable rate".

"Interest Adjustment Date" unless otherwise agreed means the **fifteenth** day of the calendar month next following the earlier of:

- (i) the date on which the first advance under this Charge has been disbursed;
- (ii) the date on which the commitment letter as hereinafter defined between the Chargor and Chargee or between the Chargor and **First National Financial LP** relating to this loan and assigned to the Chargee is cancelled;
- (iii) the Close Out Date which means **March 31, 2008** if the entire Principal Amount has not by then been advanced to the Chargor.

"Property" means the lands which are the subject of this charge and any and all buildings, fixtures and improvements now or hereafter brought or erected thereon.

Payments:

1. **PROVIDED** this Charge to be void on payment to the Chargee at its head office or such other place as the Chargee may designate, in lawful money of Canada, of the principal money advanced as aforesaid, with interest thereon at the applicable rate, payable as follows:

Interest at the applicable rate, as well after as before maturity and both before and after default, on the amounts advanced from time to time computed from the respective dates of such advances up to the Interest Adjustment Date, shall become due and be paid within one month from the date of the first advance on the date the Chargee determines, and at monthly intervals thereafter, and in addition, at the option of the Chargee, may be deducted from each subsequent advance, and the balance, if any, of the aforesaid interest on advances shall become due and be paid on the Interest Adjustment Date; **AND THEREAFTER** the aforesaid principal sum together with interest at the applicable rate as well after as before maturity and both before and after default, computed from the Interest Adjustment Date shall become due and payable by monthly instalments of **\$7,504.84** each (which include principal and interest) on the **fifteenth** day of each and every month in each and every year from and including the **fifteenth** day of the first month next following the Interest Adjustment Date to and including the **Twenty (20)** year Anniversary of the Interest Adjustment Date, and the balance, if any, of the said principal sum and interest thereon shall be due and payable on the date last mentioned. (Maturity Date).

All payments received hereunder by the Chargee are to be applied firstly on account of interest on principal, secondly on account of interest on unpaid interest and thirdly on account of principal.

Additional Covenants:

2. Whereas **Raymond Stern and Natalie Stern** (hereinafter referred to as "Additional Covenantors and/or Guarantors") have agreed to be liable for the payment of the money secured hereby, **AND WHEREAS** the Additional Covenantors have also agreed to be liable for the performance of all obligations of the Chargor hereunder. In consideration of the premises and the sum of Five Dollars (\$5.00) paid by the Chargee to each of the Additional Covenantors (the receipt and sufficiency of which is hereby acknowledged), each of the Additional Covenantors for themselves and their respective heirs, executors and administrators, successors and assigns hereby jointly and severally covenant and agree with the Chargee, and its successors and assigns, that throughout the term of this Charge and any extension or extensions of the term or any renewals of this Charge and

until all amounts owing to the Chargee hereunder are repaid in full, the Chargor will duly perform and carry out the covenants and stipulations herein contained and will duly pay the principal sum and interest hereby secured on the days and times herein mentioned and, if default be made in payment of any principal money or interest or any other payments required to be made according to the terms hereof, the Additional Covenantors shall forthwith thereafter upon demand pay to the Chargee the sum in default together with interest at the applicable rate. Each of the Additional Covenantors agree that they shall be primarily liable to the Chargee as principal debtor and not as surety and their liability under this covenant shall not be impaired or discharged by reason of any variation in or departure from the provisions of this Charge or by reason of any time or other indulgence granted to the Chargor or to its successors or assigns or to any other person or persons liable to pay the mortgage debt or by the Chargee taking further or other security for the payment of the money due or to become due to it or releasing such other security or by any extension or renewal of this Charge or by any other thing either of a like nature to the foregoing or otherwise whereby as surety only the Additional Covenantors or any of them would or might be released and that they shall be released only by a release in writing. The Chargee shall not be bound to exhaust its recourse against the Chargor or against any other person or persons before enforcing its rights against the Additional Covenantors or any of them. If this Charge is assigned by the Chargee, the benefits of these covenants may be assigned with it. Each of the Additional Covenantors attorn to the jurisdiction of the courts of the Province of Ontario and agree that any action that may be brought against them or any of them pursuant to this covenant may be brought in the Province of Ontario.

Other:

3. Provided that the terms of the commitment letter (Commitment Letter) dated as of **March 5, 2007 as amended March 30, 2007** as it may be amended from time to time, relating to this loan shall form part of this Charge and default under any of the terms or conditions of the Commitment Letter shall constitute a default hereunder and in the event of conflict between the terms of this Charge and the terms of the Commitment Letter the Chargee in its sole discretion shall decide which terms shall prevail, except as to prepayment in which case the Commitment Letter shall prevail.
4. As further security for 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 (or any) leases or resident contracts of premises in the building on the lands comprising the security of the Charge.
5. 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(1) of Canada Mortgage and Housing Corporation ("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:

- (i) Fire and extended coverage and malicious damage, including leakage from fire protection equipment on a stated amount replacement cost basis (as per IBC wording) with a by-law loss endorsement and debris endorsement on an all perils basis including in particular flood and earthquake without deduction for footings and foundations with loss payable to the Chargee by way of an IBC approved mortgage clause, including coverage on equipment and other chattels used in the operation of the Property. 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.

- (ii) Comprehensive broad form boiler insurance including unfired pressure vessels insurance and air-conditioning equipment, if any, including repair and replacement and including Use and Occupancy 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.
- (iii) Comprehensive general liability insurance for bodily injury and/or death and damage to property of others for a minimum amount of **Five Million Dollars** (\$5,000,000.00) per occurrence, written on an all inclusive basis.
- (iv) Rental insurance coverage sufficient to cover one hundred percentage (100%) of the gross annual rentals from the charged premises for a period of twelve (12) months, based on the greater of actual and projected rentals.

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 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.

6. The Chargor acknowledges that this Charge is entered into pursuant to the Commitment Letter duly accepted by the Chargor, and pursuant to a Certificate of Insurance issued by CMHC dated **March 5, 2007** as amended in writing from time to time (UTI). The Chargor hereby acknowledges that it is bound by and will adhere to and respect the terms of the UTI. Notwithstanding the registration of this Charge and the advance of funds, the terms and conditions of the Commitment Letter and UTI shall remain binding on the parties hereto and shall not merge in this Charge nor in any document executed and/or delivered on closing, and the terms of the UTI are incorporated herein by reference. In the event of any conflict, discrepancy, difference or ambiguity in or between the terms of the UTI and/or this Charge, the Chargee, in its sole discretion, shall decide which terms shall prevail.
7. The Chargor and the Additional Covenantors will at all times until the loan secured hereby has been repaid, provide independent professional property management for the Property which has demonstrated experience in the management of similar real estate projects acceptable to the Chargee both as to the identity of the manager and the terms and conditions of the management agreement. Any major changes, additions, and/or alterations contemplated to the Property including major changes in the use of the Property, prior to the commencement of such major change thereof must receive the Chargee's prior written consent, such consent not to be unreasonably withheld. If the Chargor changes and/or alters the Property including any use thereof, without the prior written consent of the Chargee being obtained, then the Chargee may, at its sole option, declare forthwith due and payable the entire balance of the unpaid principal hereunder together with all interest thereon until the Maturity Date. The Chargor will provide reasonable notice to the Chargee of any anticipated or impending transaction which would require the consent of the Chargee as aforesaid, together with such reasonable information as the Chargee may require in order to determine whether or not to grant its consent thereto.
8. It shall constitute a default hereunder if the Chargor shall become insolvent or be subject to any bankruptcy, arrangement with creditors, proposal, or liquidation, winding-up or dissolution.
9. Paragraph 34 of CMHC Standard Charge Terms No. 8616 incorporated herein by reference shall be amended as follows:
 - (a) the first sentence thereof shall be amended by inserting the words "and without any objection or obstruction on the part of the Chargor" after the words "notwithstanding anything herein contained".
 - (b) paragraph 34(d) shall be amended by deleting the words "deemed" and "and in any event, the agent of the Chargee" from the first line thereof.

10. Section 26 of CMHC Standard Charge Terms No. 8616 incorporated herein by reference shall be 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 hereby charged or of any of the shares of the Chargor, if the Chargor is a corporation, to a purchaser or transferee not approved, in writing, by the Chargee, which approval shall not be unreasonably withheld, all monies hereby secured together with all interest thereon until the Maturity Date and any amount payable and due as a result of prepayment shall at the option of the Chargee, forthwith become due and payable."

The decision to accelerate payment of all such monies and interest hereby secured shall be at the sole option of the Chargee. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to any future transaction. The Borrower will provide reasonable notice to the Chargee of any anticipated or impending transaction which would require the consent of the Chargee together with such reasonable information as the Chargee may require to determine whether or not to grant its consent thereto. Where the Chargor is a corporation, the Chargor agrees to complete and effect all necessary actions to continue and maintain its corporate existence. If the Chargor is a corporation any change in the ownership of the shares of the Chargor shall be deemed to be a sale for purposes of this Charge. If the Chargor is a corporation and amalgamates or merges, same shall be deemed to be a sale for purposes of this Charge.

11. In these provisions the following words shall have the following meanings:

Applicable Laws means, in respect of any person, property, transaction or event, all applicable Federal, Provincial and/or Municipal laws, statutes, regulations, rules, by-laws, policies, guidelines, orders, permits, licences, authorizations, approvals and all applicable common law or equitable principles in force and effect during the currency of this Charge.

Hazardous Substance means any substance or material that is prohibited, controlled, or otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated by-phenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products and/or hazardous wastes.

Environmental Laws means all present and future Applicable Laws, standards and requirements relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation and clean-up or any other aspect of a Hazardous Substance.

Environmental Proceeding means any investigation, action, proceeding, conviction, fine, judgement, notice, order, claim, directive, permit, license, approval, agreement or lien of any nature or kind arising under or relating to Environmental Laws.

(a) **Representations Regarding Environmental Matters**

The Chargor represents that the Property and all businesses and operations conducted thereon comply with all Environmental Laws. The Property has not been used for or designated as a waste disposal site and, except as disclosed in the environmental audit (Environmental Audit), obtained by the Chargee prior to the advance of funds under this Charge contains no Hazardous Substance and there is no existing or threatened Environmental Proceeding against or affecting the Property. Copies of all existing environmental assessments, audits, tests and reports relating to the Property have been delivered to the Chargee. To the best of the Chargor's knowledge and belief, there are no pending or proposed changes to Environmental Laws or to any Environmental Proceeding which would render illegal or materially restrict or require the change of the present use and operation of the Property. Except as disclosed in the Environmental Audit, neither the Chargor, nor, to the best of the Chargor's knowledge and belief after due inquiry

and investigation, any other person or organization: (i) has used or permitted the use of the Property to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process any Hazardous Substance; (ii) has been subject to any Environmental Proceeding related to the Property; (iii) has caused or permitted the release or discharge of any Hazardous Substance on or in the vicinity of the Property; (iv) has received or otherwise has knowledge of any Environmental Proceeding or of any facts which could give rise to any Environmental Proceeding related to the Property; (v) has undertaken any remediation or clean-up of any Hazardous Substance on, or in the vicinity of the Property; or (vi) has defaulted in reporting any occurrence or circumstance to any governmental authority in relation to the Property, which is or was required to be reported pursuant to any Environmental Laws.

(b) Covenants Regarding Environmental Matters

The Chargor shall: (i) ensure that the Property and the Chargor comply with all Environmental Laws at all times; (ii) not permit any Hazardous Substance to be located, manufactured, stored, spilled, discharged or disposed of at, on or under the Property (except in the ordinary course of business of the Chargor or any tenant and in compliance with all Environmental Laws) nor permit any other activity on or in respect of the Property that might result in any Environmental Proceeding affecting the Property, Chargor or Chargee; (iii) notify the Chargee promptly of any threatened or actual Environmental Proceeding; (iv) remediate and cure in a timely manner any non-compliance by the Property or the Chargor with Environmental Laws, including removal of any Hazardous Substance from the Property; (v) maintain all environmental and operating documents and records including all permits, licenses, certificates, approvals, orders and agreements relating to the Property as required by Environmental Laws; (vi) provide the Chargee promptly upon request with such information, documents, records, permits, licences, certificates, approvals, orders, agreements, environmental audits, reports, assessments and inspections and take such other steps (all at the Chargor's expense) as may be required by the Chargee to confirm and/or ensure compliance of the Property and the Chargor with Environmental Laws, and (vii) execute all consents, authorizations and directions necessary to permit any inspection of the Property by any governmental authority and to permit the release to the Chargee or its representatives, of any information relating to the Property and the Chargor.

(c) Environmental Indemnity

Without limiting any other provision of this Charge or any document collateral hereto, the Chargor shall indemnify and pay, protect, defend and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs, expenses, including legal fees and disbursements, on a solicitor and his own client basis, (collectively Environmental Claims), imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not disclosed by the Environmental Audit and whether or not caused by the Chargor or within its control, (i) any actual or alleged breach of Environmental Laws relating to or affecting the Property, (ii) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including any personal injury or property damage arising therefrom, (iii) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof, (iv) any assessment, investigation, containment, monitoring, remediation and/or removal of any Hazardous Substance from all or part of the Property or surrounding areas or otherwise complying with Environmental Laws, or (v) any breach by the Chargor of any covenant hereunder or under any document collateral hereto or under Applicable Law relating to environmental matters. In consideration of the advance of funds by the Chargee, the Chargor and the Additional Covenantor(s) hereby agree that, in addition to any liability imposed on the Chargor and Additional Covenantor(s) under any instrument evidencing or securing the loan indebtedness the Chargor and Additional Covenantor(s) shall be jointly and

severally liable for any and all of the costs, expenses, damages or liabilities of the Chargee, its directors and officers, 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 Substance and such liability shall survive the repayment of the indebtedness secured hereby and any foreclosure of the security for the loan and any other extinguishment of the obligations of the Chargor and/or Additional Covenantor(s) to the Chargee, in respect of the loan and any other exercise by the Chargee of any remedies available to it, for any default under the loan.

(d) Inspection and Testing

The Chargee or any agent of the Chargee or any agent of 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 said 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, 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 or CMHC or their respective agents or monitors to be in possession, management or control of the Property and buildings.

12. If the Chargee identifies continuing deterioration in payment of operating expenses relating to the Property or in the financial capability of the Chargor to pay such operating expenses, then the General Assignment of Rents is to take effect immediately and automatically and control over the stand alone bank account shall be placed with a monitor or the Chargee who shall have the ability to make appropriate disbursements therefrom.
13. The Chargee shall be entitled to inspect the Property periodically and/or to appoint a monitor to conduct such inspections which monitor shall have full power to report to the Chargee and/or CMHC. 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;
 - (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;
 - (c) require that an appropriate repair and maintenance program be established and funded by the Chargor including the cost of the monitor;
 - (d) if a deficiency is identified to require the establishment of repair and maintenance reserves funded by the Chargor;

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

14. The Chargor covenants and agrees with the Chargee to maintain at all times proper and stand alone records and stand alone books of account with respect to the Property and in particular a stand alone bank account in relation to the Property into which all revenue from the Property is deposited and all expenses from the Property are paid and to furnish to the Chargee within 120 days after the end of each fiscal year of the Chargor, or more often if requested by the Chargee, detailed review engagement financial statements of the Property, an updated rent roll containing relevant lease terms for the Property and detailed review engagement financial statements of the Chargor including separate and specific income and expense statements and an operating statement, relating to the Property and the business of the Chargor pertaining thereto, all prepared in accordance

with generally accepted accounting principles, prepared and reported by a Chartered Accountant authorized to practice in the Province of Ontario acceptable to the Chargee and accompanied by detailed balance sheets, profit and loss statements and all supporting schedules for the fiscal year and any other information concerning the Chargor which has been made available by the Chargor to the public during the fiscal year, all of which shall be in form and content satisfactory to the Chargee. The Chargor and Additional Covenantors further covenant and agree to provide the Chargee with such further financial information as required by the Chargee acting reasonably.

15. In the event that the Chargor's computer system is required by the Chargee to access any information which the Chargee is entitled to access, the Chargor will allow the Chargee the use of its computer system for such purpose and will provide the Chargor full co-operation and assistance in relation to its operation. If for any reason such information cannot be accessed at the Chargor's premises the Chargee may remove the computer equipment in which such information is stored from the Chargor's premises to any other place that will provide the Chargee the ability to access such information and within a reasonable time thereafter return such computer equipment to the Chargor's premises. The Chargee is authorized by the Chargor to reproduce and retain a copy of any such information which it accesses.
16. Section 6 of CMHC Standard Charge Terms No. 8616 is deemed to be excluded from this Charge. **The Chargor shall have no privilege of prepaying the whole or any part of this Charge prior to maturity.** Section 16 of the said Standard Charge Terms is amended by inserting at the end thereof the words "or as a hotel".
17. The Chargor and the Additional Covenantor(s) shall deliver to the Chargee each year during the term of this Charge within one hundred and twenty (120) days after the last day of each fiscal year applicable to the operations upon the Property that occurs during the continuance of this Charge, commencing with the fiscal year end falling within the calendar year in which the Charge is dated, (or more often if requested by the Chargee) prepared and reported by a Chartered Accountant authorized to practice in the Province of Ontario acceptable to the Chargee:
 - (a) Review engagement financial statements of the Borrower(s) and of any corporate Additional Covenantor(s), including a Balance Sheet and supporting schedules, a detailed Statement of Income and Expenditures and supporting schedules, and a Statement of Change in Cash Flow and in the case of individual Borrower(s) or Additional Covenantor(s) a net worth statement;
 - (b) Review engagement financial statements in respect of the Property, including a Balance Sheet and supporting schedules and a detailed Statement of Income and Expenditures and supporting schedules;
 - (c) A current rent roll for the Property containing such detail as may be required by the Lender; and
 - (d) a budget for the Property for the next fiscal year, forecasting both operating income and expenses and capital expenditures.

Each Borrower and Additional Covenantor hereby authorizes the Chargee to obtain such financial information from third parties respecting it or him as the Lender may require and covenants to deliver any further financial information requested by the Chargee.

18. The Chargor covenants with the Chargee to properly manage, operate, furnish and maintain all of the Chargor's chattels, heating and air-conditioning equipment, furniture, appliances and other equipment, mechanical or otherwise, on, in, or used in connection with the Property and any business operated on the Property by the Chargor or any company related to the Chargor as a prudent owner would do.
19. As further security for this Charge, the Chargor shall grant a general security agreement, in form and content satisfactory to the Chargee, in favour of the Chargee, which general security agreement shall be a **first** charge of and security interest in all chattels now or hereafter located, or to be located in, on or about the Property which shall be granted as

soon as the said chattels have been acquired by the Chargor, and which general security agreement shall be a **first** charge on the book debts and receivables and other tangible and intangible assets of the Chargor relating directly or indirectly to the Property. The Chargor agrees to pay on demand to the Chargee the legal costs and other expenses, if any, incurred by the Chargee to obtain periodic renewal of such general security agreement from time to time.

20. As further security for this Charge, the Chargor shall grant an assignment of rentals in favour of the Chargee, in form and content satisfactory to the Chargee, which shall be a **first** charge on all rents and income and profits from the Property and, upon thirty days prior notice in writing, a specific assignment of all of the leases and resident contracts now or hereafter affecting the whole or any part of the Property as may be selected from time to time by the Chargee.
21. The Chargor agrees that on the failure by the Chargor to execute or to cause to be executed and delivered the general security agreement described in paragraph 19 hereof or any assignment described in paragraph 20 hereof or on the breach of the terms of the said general security agreement or assignment of rents by the Chargor, the principal balance then outstanding, together with accrued interest thereon and any other amounts payable pursuant to the terms of this Charge, shall forthwith become due and payable at the option of the Chargee and all powers conferred by this Charge shall become exercisable by the Chargee.
22. 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. 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.
23. It shall not be necessary to register any amending agreement in order to retain priority of this Charge so amended over any instrument registered subsequently to this Charge. Provided further that nothing herein contained shall be taken or interpreted as obligating the Chargee to renew this Charge but same shall always remain at the option of the Chargee.
24. If default should occur under any covenant or agreement supplemental hereto including those given by the Additional Covenantors or under any other security (including that security given by the Additional Covenantors) with respect to the loan secured by this Charge now or hereafter granted to the Chargee by the Chargor or under any condition contained in any agreement supplemental or collateral hereto on its part to be observed or performed, then in any such event, such default or failure shall at the option of the Chargee be deemed to constitute a default under this Charge.
25. Should a tribunal or court of competent jurisdiction hold that the Property is subject to the Tenant Protection Act, 1997 of Ontario **or any successor legislation**, the Chargor covenants that the rents charged with respect to the Property will comply in all respects with the requirements of such Act as same may be amended from time to time and with the requirements of any successor legislation thereto or replacement therefor. The Chargor will indemnify and hold the Chargee harmless from any and all costs, expenses, claims and liabilities incurred by the Chargee by reason of any breach of the aforesaid covenants and all such amounts shall be added to the principal amount hereof and secured hereby.

26. **The Chargor shall not, without the prior written approval of the Chargee and CMHC further charge or otherwise encumber the Property or any part thereof or any interest therein.**
27. Failure by the Chargor to pay operating expenses in a timely manner in relation to the Property shall constitute default under this Charge.
28. **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 to the replacement of this mortgage 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 mortgage commitment, to provide the financing offered therein on the same terms and conditions as therein set out. Any loan commitment which the Chargor accepts with respect to the replacement of this Mortgage 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 this first right of refusal.**
29. The Chargor must provide written confirmation to the Chargee on a quarterly basis that no arrears exist with respect to any employee pensions and/or other benefits including but not limited to Worker's Compensation Board Premiums, Employer Health Tax Premiums, Canada Pension Plan Contributions, Unemployment Insurance Commission Premiums and all statutory remittances including but not limited to Income Tax, Goods and Services Tax and Provincial Retail Sales Tax and any arrears of the Chargor with respect to the foregoing shall at the discretion of the Chargee constitute default hereunder. The Chargor hereby represents and warrants that up to and including the date of the mortgage advance, all of the foregoing obligations of the Chargor are up to date and have been paid in full. The Chargor hereby irrevocably authorizes any such taxing authority to release any information concerning the foregoing obligations of the Chargor to the Chargee.
30. The Chargor acknowledges that during the term of this Charge, the Chargor shall also pay to the Chargee, on the **fifteenth** day of each month, an amount stipulated by the Chargee as sufficient to provide a fund to pay, in full, the annual realty taxes at the time that the first instalment of the regular realty tax bill for such realty taxes become due and payable. Until there is a default under this Charge, the Chargee shall, from time to time make payments to the realty tax 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 by the Chargor to the Chargee and shall be secured by this Charge and be deemed to be added to the principal balance of this Charge and bear interest at the interest rate and on the terms set out in this Charge. After default, the Chargee may, at its option, pay realty taxes with respect to the Property and any such payments will be added to the principal balance of this Charge. The Chargee reserves the right to adjust, from time to time, the estimated monthly realty tax payments, based on realty taxes actually levied or anticipated to be levied against the Property. The Chargor hereby irrevocably authorizes the relevant realty tax authority to release any information concerning realty taxes to the Chargee.
31. At the option of the Chargee, it shall constitute a default hereunder if the relevant portion of the Property ceases to be occupied by persons utilizing the Property as a family housing unit as contemplated in the National Housing Act, R.S.C., c. N-10.
32. At the option of the Chargee, it shall constitute a default hereunder if any of the site plan(s) and/or drainage plan(s) and/or survey plan(s) and/or building plan(s) is altered without the prior written approval of the Chargee and CMHC.
33. It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with provisions of, any applicable statute, regulation thereto or other applicable law or by reason of the provisions of any such statute, regulation thereto, or other applicable law the Chargee would be rendered unable to collect any part of the loan secured by the Charge which it would otherwise be able to collect but for such provision and the terms of such statute, regulation thereto or other applicable law then,

such provision shall not apply and shall be deemed to not form part of the Charge to the extent that as a result of such illegality, invalidity or inconsistency, such provision would so render the Chargee unable to collect that part of the loan secured by such Charge.

34. The Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of delivery for registration of the Charge. The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and any other party to the Charge, in particular any Additional Covenantor or Guarantor, agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority to do so, on the part of the person delivering the Charge for registration by direct electronic transfer.
35. Conditional upon acceptance thereof by the Chargee and conditional upon any default by the Chargor, the Chargor does hereby assign and transfer to the Chargee on and following the date of any such default, the right to operate any business operated by the Chargor on the Property and the Chargor does hereby irrevocably assign and transfer to the Chargee any and all licences or agreements related thereto and the Chargor hereby irrevocably grants to the Chargee a power of attorney for any and all purpose in any way relating to completing any such assignment and transfer and for the purpose of making any necessary application for any consent which is required as a condition of the effectiveness of any such assignment and transfer. In particular and without limiting the generality of the foregoing, the Chargor does hereby irrevocably direct any government agency, in particular Canada Customs and Revenue Agency, and any Provincial Retail Sales Tax Branch to release any relevant information concerning the Chargor to the Chargee at any time without the necessity of further authorization from the Chargor.
36. The Chargor acknowledges that the Chargee has the right to limit any advance of funds hereunder, should there occur in the Chargee's opinion a material and adverse change in the beneficial ownership and/or financial position of the Chargor and/or of any Guarantor.
37. The Chargor shall not declare, set apart for payment or pay any dividends or redeem, reduce, purchase or retire any of its shares, at any time outstanding, or otherwise distribute to the persons entitled through the Chargor to any payment or amount, of any nature, or in any other way, at any time, permit payment to the shareholders, partners or participants in the Chargor, or otherwise reduce its issued or paid-up capital, or its net worth, or equity, or repay any loans from its shareholders without the prior written consent of the Chargee.
38. **Default under the charge granted in accordance with CMHC reference #90-342-668 in relation to the property known municipally as 345 Clarence Street, Ottawa and registered as Instrument No. OC702787 shall for any and all purposes also be deemed to be default under this Charge and default under this Charge shall for any and all purposes also be deemed to be default under the charge of the said 345 Clarence Street, Ottawa granted in accordance with CMHC reference #90-342-668 and registered as Instrument No. OC702787. It is acknowledged and agreed that any prepayment in whole of the said Charge granted in accordance with CMHC reference 90-342-668, in relation to the property known municipally as 345 Clarence Street, Ottawa and registered as Instrument No. OC702787, shall amount to a requirement that this mortgage be concurrently paid in whole. It is acknowledged and agreed that any prepayment in whole of this Charge shall amount to a requirement that the Charge granted in accordance with CMHC reference 90-342-668, in relation to the property known municipally as 345 Clarence Street, Ottawa and registered as Instrument No. OC702787, also be concurrently paid in whole. In particular and without limiting the generality of the foregoing, the prepayment requirements of this paragraph shall apply, in relation to any prepayment resulting from the application of paragraph 10 of this Charge.**
39. The Chargor acknowledges that during the term of this Charge, the Chargor shall also pay to the Chargee, on the 15th day of each month, an amount stipulated by the Chargee as sufficient to provide a replacement reserve fund (Replacement Reserve

Fund) to be established to ensure that funds are available to carry out capital replacements. The said Replacement Reserve Fund, is to be funded monthly, commencing on the first payment date and continuing each and every month thereafter with an amount equal to at least four (4.0%) per cent of the Property's actual revenue based on the audited income statements for the Property. The use and disposition of the Replacement Reserve Fund shall be subject to the approval and/or direction of the Chargee or its representative. Non-compliance with this requirement will be considered default under this Charge. In the event of default, any amount remaining in the Replacement Reserve Fund must be made available to the Chargee to reduce any claim by the Chargee against the mortgage insurance fund and/or CMHC.

40. IT IS ACKNOWLEDGED AND AGREED that the charge in relation to the Property granted by QUEX PROPERTY CORPORATION to the Chargee dated the 27th day of February, 2008 and registered on the ~~31st~~^{9th} day of ~~March~~^{April}, 2008 as Instrument Number OC 839857 and involving a principal amount of \$1,584,000.00 shall for any and all purposes be deemed to rank pari-passu with this Charge.
41. **Any default** by QUEX PROPERTY CORPORATION in any of the terms and conditions of a Charge in relation to the Property to First National Financial GP Corporation dated the 27th day of February, 2008 and registered on the ~~31st~~^{9th} day of ~~March~~^{April}, 2008 as Instrument Number OC 839857 and involving a principal amount of \$1,584,000.00 shall constitute default in the terms and conditions of this Charge.
42. **Any default** by QUEX PROPERTY CORPORATION in any of the terms and conditions of this Charge shall constitute default in the terms and conditions of a Charge in relation to the Property to First National Financial GP Corporation dated the 27th day of February, 2008 and registered on the ~~31st~~^{9th} day of ~~March~~^{April}, 2008 as Instrument Number OC 839857 and involving a principal amount of \$1,584,000.00.
43. As security for the obligations of the Chargor to the Chargee the Chargor hereby transfers and assigns unto the Chargee any and all of its right, title and interest in the Joint Use and Maintenance Agreement with the abutting land owner at 345 Clarence, registered on the 22nd day of March, 2007 as Instrument No. OC699554 as amended by Instrument No. OC830819 registered on the 7th day of March, 2008 and the Chargee hereby agrees to transfer and assign same back to the Chargor upon discharge of this Charge.

TAB 11

This is **Exhibit "11"** referred to in the
Affidavit of
CHRISTOPHER SEBBEN herein,
Sworn before me
this 19th day of September, 2017.

A Commissioner for Taking Affidavits

Notary Public for the State of California
My Commission Expires on 09/30/2018
My Commission Number is 12345678

September 13, 2017

MORTGAGE DISCHARGE STATEMENT – FOR LEGAL PURPOSES

Mortgage No: 509417
Mortgagor(s): Golden Dragon Ho 11 Inc.
Property Address: 345 Clarence St. Ottawa, ON
Effective Date: September 13, 2017

Interest Rate	5.11%	Principal & Interest	23,724.77
Payment Frequency	Monthly	Property Tax	16,890.77
Maturity Date	April 15, 2027	Escrow	0.00
		TOTAL PAYMENT	40,615.54

Principal Balance (as of August 3, 2017)	\$ 4,380,872.02
Accrued Interest to September 13, 2017	17,474.57
Late Interest	37,004.49
Yield Maintenance	\$1,091,378.74
Administration Fee	550.00
Collection/NSF Fees	511.35
Forced Placed Insurance Premiums	2,818.44
Legal Fees Paid to July 31, 2017 *	18,226.36
Building Condition Report	1,836.25
Appraisal Report (Billed; Not yet paid)	3,517.12
Tax Account Balance – CREDIT	-3,709.53
TOTAL OUTSTANDING BALANCE *	\$5,550,479.81

Per Diem \$ 621.31

Note: Fees and other Expenses continued to be incurred and are subject to change.

***Please include any further unpaid legal fees to the above total**

CONDITIONS

This statement is valid up to 5 days from the expected payout date and is subject to the correction of any errors or omissions.

First National Financial LP

Nicola Hume, Analyst, Commercial Default

E. & O. E.

September 13, 2017

MORTGAGE DISCHARGE STATEMENT – FOR LEGAL PURPOSES

Mortgage No: 509531
Mortgagor(s): Golden Dragon Ho 10 Inc.
Property Address: 347 Clarence St. Ottawa, ON
Effective Date: September 13, 2017

Interest Rate	5.69%	Principal & Interest	8,303.54
Payment Frequency	Monthly	Property Tax	0.00
Maturity Date	April 15, 2028	Escrow	961.85
		TOTAL PAYMENT	9,265.39

Principal Balance	\$ 1,456,216.70
Accrued Interest to September 13, 2017	6,480.89
Late Interest	6,845.78
Yield Maintenance	464,873.32
Administration Fee	550.00
Suspense Balance - CREDIT	-21.35
Collection Fee	500.00
Forced Placed Insurance Premium	310.93
Legal Fees (Paid to July 31, 2017) *	18,226.37
Building Condition Report	1,836.25
Appraisal Report (Billed; Not yet paid)	3,517.12
Replacement Reserve – CREDIT	-37,967.86
TOTAL OUTSTANDING BALANCE *	\$1,921,368.15

Per Diem \$ 231.20

Note: Fees and other Expenses continued to be incurred and are subject to change.

***Please include any further unpaid legal fees to the above total**

CONDITIONS

This statement is valid up to 5 days from the expected payout date and is subject to the correction of any errors or omissions.

First National Financial LP
 Nicola Hume
 Analyst, Commercial Default

E. & O. E.

September 13, 2017

MORTGAGE DISCHARGE STATEMENT – FOR LEGAL PURPOSES

Mortgage No: 509532
Mortgagor(s): Golden Dragon Ho 10 Inc.
Property Address: 347 Clarence St. Ottawa, ON
Effective Date: September 13, 2017

Interest Rate	5.69%	Principal & Interest	7,504.84
Payment Frequency	Monthly	Property Tax	0.00
Maturity Date	April 15, 2028	Escrow	0.00
		TOTAL PAYMENT	7,504.84

Principal Balance (as of August 2, 2017)	\$ 725,652.94
Accrued Interest to September 13, 2017	3,196.32
Late Interest	3,423.68
Yield Maintenance	155,693.48
Administration Fee	550.00
Collection Fee	500.00
Forced Placed Insurance Premiums	471.54
Note: All other Expenses for 347 paid on #509531	
TOTAL OUTSTANDING BALANCE	\$889,487.96

Per Diem \$ 113.66

Note: Fees and other Expenses continued to be incurred and are subject to change.

CONDITIONS

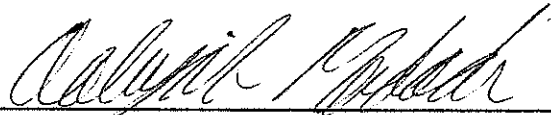
This statement is valid up to 5 days from the expected payout date and is subject to the correction of any errors or omissions.

First National Financial LP
 Nicola Hume, Analyst, Commercial Default

E. & O. E.

TAB 12

This is **Exhibit "12"** referred to in the
Affidavit of
CHRISTOPHER SEBEN herein,
Sworn before me
this 19th day of September, 2017.



A Commissioner for Taking Affidavits

Notary Public
State of California
My Commission Expires
09/15/2018

Assignment

TO: First National Financial GP Corporation (the "Lender")

FROM: Quex Property Corporation (the "Borrower")

RE: Quex Property Corporation:
Mortgage to First National Financial GP Corporation:
347 Clarence Street, Ottawa, Ontario (the "Property")

In consideration of the sum of one (\$1.00) Dollar, receipt whereof is hereby acknowledged, the Borrower does hereby irrevocably transfer, set over and assign unto the Lender all of the Borrower's interest in the payments payable to the Borrower by Her Majesty the Queen in Right of Ontario as represented by the Minister of Municipal Affairs and Housing (the "Minister") under the Provincial Contribution Agreement dated the 27th day of March, 2007 between the Minister and the Borrower, as amended from time to time (the "PCA") This Assignment is given as additional security for the obligations of the Borrower to the Lender under the pari-passu mortgages granted by the Borrower in favour of the Lender and registered against title to the Property on the 9th day of April, 2008, in the Land Registry Office for the Land Titles Division of Ottawa (No. 4) as instrument Nos. CC 239257 and CC 239262 (collectively the "Mortgage"). This Irrevocable Assignment shall be effective only upon and during a default by the Borrower to the Lender under the Mortgage. The Lender agrees to give the Minister notice in writing of any such default and of any act putting the Mortgage back into good standing. Nothing in this Assignment shall affect the Minister's rights and remedies under the PCA in the event of a default by the Borrower under the PCA. This Assignment shall be of no further force or effect (without further formality) upon full payment and discharge of the Mortgage by the Borrower. A condition precedent to the effectiveness of this Irrevocable Assignment shall be the written consent of the Minister thereto as contemplated in the PCA. This Irrevocable Assignment may be signed in counterpart and acceptance communicated by fax or e-mail and shall be binding upon and enure to the benefit of, the parties hereto and their successors and assigns and may only be varied by subsequent agreement in writing.

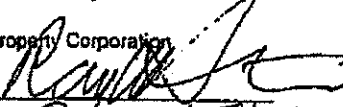
The foregoing is hereby agreed to this 17th day of April, 2008

First National Financial GP Corporation

Per: 
Name: ROB INGLIS
Title: Vice President, Finance

I have the authority to bind the Corporation


Quex Property Corporation

Per: 
Name: Raymond Stern
Title: President

I have the authority to bind the Corporation and hereby confirm that Quex Property Corporation irrevocably authorizes insertion of the registration particulars of the mortgage upon registration.


In consideration of the sum of One (\$1.00) Dollar, receipt whereof is hereby acknowledged, Her Majesty the Queen in the Right of Ontario as represented by The Minister of Municipal Affairs and Housing, does hereby consent to the foregoing Assignment in the form set out above pursuant to the PCA.

Her Majesty the Queen in Right of Ontario as represented by The Minister of Municipal Affairs and Housing

Per: 
Name: JANET HOPE,
Title: ASSISTANT DEPUTY MINISTER (A)
Date: MAY 30, 2008

TAB 13

This is **Exhibit "13"** referred to in the
Affidavit of
CHRISTOPHER SEBBEN herein,
Sworn before me
this 19th day of September, 2017.



A Commissioner for Taking Affidavits

Adelphi Padachi
Commissioner for Taking Affidavits
1000 10th Street, Suite 100
San Francisco, CA 94103
Tel: 415.774.4444

LRO # 4 Notice Of Assignment Of Rents-General

Registered as OC839858 on 2008 04 09 at 09:37

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

yyyy mm dd Page 1 of 7

Properties

PIN 04213 - 0302 LT
Description PART OF LOT 18 PLAN 43586 N/S CLARENCE STREET BEING PART 1 ON 4R21669, OTTAWA T/W RIGHT-OF-WAY AND EASEMENT OVER PART LOTS 16,17 & 18 PLAN 43586 PT 3 PLAN 4R21669 AS IN OC699531. T/W EASEMENT OVER PART LOTS 16,17 & 18 PLAN 43586 PART 4 ON 4R21669 AS IN OC699531. T/W RIGHT-OF-WAY OVER PART LOTS 16, 17 & 18 PLAN 43586 PART 2 ON 4R21669 AS IN OC699531 S/T RIGHT-OF-WAY AND EASEMENT OVER PART 1 ON 4R21669 IN FAV OUR OF PART LOTS 16, 17 & 18 PLAN 43586 PARTS 2,3 &4 ON 4R21669 AS IN OC699531
Address 347 CLARENCE STREET
 OTTAWA

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 QUEX PROPERTY CORPORATION
Address for Service 230 Daly Avenue, The Attic, Ottawa,
 Ontario, K1N 6G2

I, Raymond Stern, President, have the authority to bind the corporation

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

Party To(s)*Capacity**Share*

Name FIRST NATIONAL FINANCIAL GP CORPORATION
Address for Service 100 University Ave., Suite 700, North Tower, Toronto, Ontario,
 M5J 1V6

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, OC839857 registered on 2008/04/09 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Margaret Mary Tapp 180 MacLaren Street, Suite 1110 acting for Signed 2008 04 04
 Ottawa Applicant(s)
 K2P 2L3

Tel 6132329911
 Fax 6132325979

Margaret Mary Tapp 180 MacLaren Street, Suite 1110 acting for Party To Signed 2008 04 04
 Ottawa (s)
 K2P 2L3

Tel 6132329911
 Fax 6132325979

Submitted By

BRIAN WM. KARAM, BARRISTER & SOLICITOR 180 MacLaren Street, Suite 1110 2008 04 09
 Ottawa
 K2P 2L3

Tel 6132329911
 Fax 6132325979

Fees/Taxes/Payment

Statutory Registration Fee \$60.00
Total Paid \$60.00

ASSIGNMENT OF RENTS

THIS ASSIGNMENT OF RENTS made this 27th day of February, 2008.

BETWEEN:

Quex Property Corporation

(hereinafter called the "Assignor")

OF THE FIRST PART

- and -

First National Financial GP Corporation

(hereinafter called the "Assignee")

OF THE SECOND PART

WHEREAS:

A. The Assignor is the present registered owner of the property described as being the whole of PIN 04213-0302 and being municipally known as 347 Clarence Street, (hereinafter called the "Property");

B. The Assignee is the owner and holder of a pari-passu first charge (\$1,584,000.) contained in a charge/mortgage of land hereinbefore described covering the Property and registered in the Land Registry Office for the Land Titles Division of Ottawa-Carleton (No.4) (hereinafter referred to as the "Charge");

C. It was agreed as a condition of advancing the sums secured by the Charge that the Assignor should assign to the Assignee, its successors and assigns: (i) all leases, subleases, licenses, agreements to lease, options to lease, rights of renewal, rental contracts or other agreements by which the Assignor granted or will grant the right to use or occupy all or part of the Property (whether presently existing or which may exist in the future), and includes agreements collateral thereto (hereinafter collectively called the "Leases"); (ii) all rents, additional rent and other monies payable as or on account thereof, issues and profits now due or to become due under and derived from the Leases and/or the Property (hereinafter collectively referred to as the "Rents"); and (iii) the benefit of all covenants and obligations of tenants/licensees/occupants contained in any Leases, including without limitation, all rights and benefits of any guarantees thereof, the right to demand, sue for, collect and receive all rent, to enforce the Assignor's rights under any Lease, and generally any collateral advantage or benefit to be derived from the Leases or any of them (hereinafter collectively called the "Lease Benefits"); as additional security for the payment of the moneys secured by the Charge (the "Indebtedness") and for the performance of the covenants and provisos therein contained (the "Obligations"). The Leases, the Rents and the Lease Benefits are hereinafter collectively referred to as the "Assigned Rights and Benefits".

NOW THEREFORE, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration paid to the Assignor by the Assignee, (the receipt and sufficiency of which is hereby acknowledged), the parties hereto covenant and agree as follows:

1. As continuing additional security for the payment of the Indebtedness and performance of the Obligations, the Assignor does hereby sell, assign, transfer and set over unto the Assignee, all of the Assignor's right, title and interest, both at law and in equity, in and to the Assigned Rights and Benefits, to hold and receive the same unto the Assignee with full power and authority to demand, collect, sue for, recover and receive and give receipts for Rents and to enforce payment of the same and enforce performance of the same in accordance with and subject to the terms of this Assignment.

2. The Assignor will from time to time and at all times hereafter observe, perform and keep all covenants and agreements contained in the Leases on its part to be observed, performed or kept and will cause the lessees under such Leases to observe and perform their covenants, obligations and undertakings thereunder. It is expressly acknowledged and agreed that nothing herein contained shall obligate the Assignee to assume or perform any obligation of the Assignor to any third party in respect of or arising out of the Assigned Rights and Benefits or any of them. The Assignee may, however, only after Default (as hereinafter defined), and while Default continues, at its option, assume or perform any such obligations as the Assignee considers necessary or desirable to obtain the benefit of the Assigned Rights and Benefits free of any set off, deduction, or abatement and any money expended by the Assignee in this

regard shall form part of and shall be deemed to form part of the Indebtedness and bear interest at the rate stipulated in the Charge.

3. The Assignee by virtue of this Agreement or the exercise by the Assignee of its rights under this Assignment or the assumption after Default of certain obligations of the Assignor as referred to in Section 2 above, shall not be taken to be a mortgagee in possession; care, control and management of the Property shall remain and shall be deemed to be with the Assignor, in the absence of clear and unequivocal action by the Assignee depriving the Assignor of such care, control and management and the assumption thereof by the Assignee.

4. The Assignee may, at any time and whether or not Default has occurred, without further request or agreement by the Assignor, reassign to the Assignor, its successors and assigns, the Assigned Rights and Benefits or any part or parts thereof, by an instrument of reassignment in writing executed by the Assignee delivered to the Assignor, its successors and assigns, at the address for notice hereinunder provided. Such instrument upon delivery shall constitute a good and sufficient reassignment of all of the Assignee's right, title and interest in and benefit of the Assigned Rights and Benefits to which it pertains and a good and valid release and termination of obligations (if any) of the Assignee with respect thereto. Such reassignment shall not expressly or impliedly constitute any representation or warranty to the Assignor as to the Assigned Rights and Benefits or anything related thereto.

5. A statement or recital referring to this Assignment in the discharge of the Charge shall operate as a good and sufficient reassignment to the Assignor, its successors and assigns, of the Assignee's right, title and interest in and to the Assigned Rights and Benefits without further instrument or agreement by the parties and on payment of the Indebtedness upon the request and at the cost and expense of the Assignor. The Assignee covenants to execute and deliver to the Assignor instruments in registrable form effective to evidence the termination of this Assignment and/or the reassignment to the Assignor of the Assigned Rights and Benefits.

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

- (a) the Assignor has good right, full power and absolute authority to assign the Assigned Rights and Benefits as a **first** assignment thereof and a **first** claim thereto and each of them in the manner herein provided;
- (b) other than Permitted Encumbrances referred to in the Charge, there is no outstanding assignment, mortgage, pledge, hypothecation or other disposition or encumbrance affecting the Assigned Rights and Benefits;
- (c) notwithstanding any act of the Assignor, the Leases which have been entered into as of the date hereof are valid, subsisting and enforceable leases;
- (d) there is no right of set-off or abatement with respect to any rent or other moneys owing or to become owing by each lessee under the Leases;
- (e) there has been no release of the obligations of the lessees' under the Leases, save as has been disclosed to the Assignee in the Rent Roll attached as a schedule to the Declaration of Possession of an officer of the Assignor and delivered to the Assignee;
- (f) all the Leases are in good standing, save as has been disclosed to the Assignee in the Rent Roll attached as a schedule to the Declaration of Possession of an officer of the Assignor and delivered to the Assignee;

7. The Assignor covenants with the Assignee:

- (a) that except when prevented from doing so because of the actions of the Assignee, to at all times perform or cause to be performed all of the covenants and obligations on the part of lessor contained in the Leases (except to the extent that the same have been expressly waived by the other parties to such Leases);
- (b) to maintain or cause to be maintained the Assigned Rights and Benefits in good standing and not to do or permit to be done anything to impair and not to omit to do anything that would impair the enforceability of the Leases;
- (c) to cause the Property to be maintained and managed at all times to a standard of quality consistent with the management of other projects in the City of which are of a size, location and type comparable to the Property;
- (d) not to execute any other assignment of the Assignor's interest in the Assigned Rights and Benefits unless it is expressly subordinate to the Charge and this Assignment;

(e) save for deposits for the first and last month rentals, the Assignor will not accept Rents more than one (1) month in advance of the dates when such Rents fall due and will not cause payment to be made in advance on its direction;

(f) all offers to lease and all tenancy agreements, leases or subleases entered into with lessees of the Property shall be on the standard forms previously approved by the Assignee to be used in connection with the Property, amended as deemed appropriate in the circumstances by the Assignor acting reasonably to give effect to the arrangements made with each lessee;

(g) not to permit termination of Leases, alter or amend Leases, waive rights or remedies or otherwise take action with respect to the Leases which in the aggregate will create a reduction in Rents, from those payable as of the date hereof, without the prior written approval of the Assignee except in accordance with good business practice.

(h) to furnish to the Assignee all credit reports and financial statements relating to the Assigned Rights and Benefits which are obtained by or may be in the possession or control of the Assignor, when reasonably required by the Assignee;

(i) after Default, upon request of the Assignee to facilitate in all ways the Assignee's exercise of its rights thereunder, including without limitation upon request of the Assignee (i) delivery to the Assignee of up to date rent rolls and true copies of all then outstanding Leases; (ii) access during regular business hours to records pertaining to the Property, wherever held; and (iii) execution by the Assignor of written notices to the lessees directing them to make Rent payments to the Assignee;

8. Subject to the terms of this Assignment, the Assignor shall have the full right, while not in Default: (i) to continue to collect Rents provided that same shall immediately upon any default as defined in paragraph 9 be deemed to be trust monies held by the Assignor for the Assignee; and (ii) to take all actions or cause all actions to be taken it deems necessary with respect to the Assigned Rights and Benefits, acting as a reasonable and prudent lessor, including without limitation the right to alter, modify, amend or change the terms of the Assigned Rights and Benefits or give any consent, concession or waiver or exercise any option of the Assignor permitted by such terms, or cancel or terminate the Assigned Rights and Benefits or accept the surrender thereof or consent to any assignment of or subletting under the Leases.

9. "Default" for the purposes of this Assignment means: default has occurred under the terms of the Charge (and such default is not remedied within the time period provided in the Charge, if any); or default has occurred under this Assignment; or any representation or warranty by the Assignor herein shall prove to be incorrect at any time in any material respect. Notwithstanding any other provisions hereof the provisions of the Charge which are incorporated herein by this reference and made a part hereof as if set forth in full, shall also apply to this Assignment with necessary modifications. Upon Default, the Assignee shall have, in addition to any remedy in respect of the Assigned Rights and Benefits as it has under any other agreement, (including foreclosure or sale under the Charge), all remedies available at common law or in equity, including, without obligation, any one or more of the following rights:

(a) to collect the Rents or any part thereof and in the name of the Assignor to take from time to time any proceeding which is, in the opinion of the Assignee or its counsel, expedient for the purpose of collecting Rents or for securing the payment thereof or for enforcing any of the Assignor's rights under the Leases, also to demand and receive the same and to give acquaintances therefor; also to compound, compromise or submit to arbitration any dispute which has arisen or may arise in respect to the amount; and any settlement arrived at shall be binding upon the Assignor;

(b) to receive, enjoy or otherwise avail itself of the Lease Benefits;

(c) to manage the Property, including without limitation, the making of repairs or replacements to maintain the building or buildings on the Property;

(d) to appoint and dismiss such agent or employees as shall be necessary or desirable for exercise of the Assignee's rights thereunder;

(e) to alter, modify, amend or change the terms of Leases; to enter into new Leases; to give consents, concessions or waivers of any rights or provisions of Leases; to accept surrenders of Leases; to give consents to assignment of or subletting under Leases;

(f) to enter upon the Property by its officers, agents or employees for the purpose of demanding, suing for, recovering, receiving and collecting the Rents and managing, operating and maintaining its interest in the Property;

(g) to send or employ any inspector or agent to inspect and report upon the value, state and condition of the Property and may employ a solicitor to examine and report upon title to the same and the lease documentation pertaining to same;

(h) by private instrument to appoint a receiver and manager in accordance with the receivership provisions of the Charge which are incorporated by reference into this Assignment;

(i) to generally perform all such acts as may in the reasonable opinion of the Assignee be necessary or desirable for the proper operation and maintenance of the Property, which acts may be performed in the name of the Assignor, or in the name of the Assignee.

For the above purpose and the purposes of the Personal Property Security Act, (Ontario), this Assignment shall be deemed a security agreement covering both real and personal property. In addition, the Assignee shall have the other remedies provided in the Personal Property Security Act, (Ontario). For purposes of such Act, the Assignee shall have a security interest in the Assigned Rights and Benefits and this shall constitute a security agreement.

10. The Assignee's obligations as to any Rents or other amounts actually collected shall be discharged by application of such Rents or other amounts against the Indebtedness and for any of the other purposes described in this Assignment. The Assignee shall not be liable for uncollected Rents or other uncollected amounts. The Assignee shall not be liable to any lessee for the return of any security deposit made under any Lease of any portion of the Property unless the Assignee shall have received such security deposit. The Assignee shall not by reason of this Assignment or the exercise of any right granted herein be responsible for any act committed by the Assignor, or any breach or failure to perform by the Assignor with respect to any of the Assigned Rights and Benefits. No credit shall be given by the Assignee for any sum or sums received from the Rents, until the money collected is actually received by the Assignee at the address provided herein, and no credits shall be given for any uncollected Rents or other uncollected amounts or bills, nor shall credit on the Indebtedness be given for any Rents, after the Assignee shall obtain ownership of the Property under order of court or by operation of law.

11. The Assignor hereby agrees that all receipts given by the Assignee to any lessee under the Leases on account of any Rents paid to the Assignee in accordance with the terms of this Assignment shall constitute a good and valid discharge therefor to each such lessee.

12. (a) The Assignee may at any time after Default, with respect to any and all Assigned Rights and Benefits, give to any lessee or other person from whom the Assignor would have been entitled to receive or claim any benefit under the Assigned Right and Benefits in question (herein called the "Other Parties" or "Other Party") express notice in writing of this Assignment and thereafter the Assignee shall be entitled to the benefit of subsection 53(1) of the Conveyancing and Law of Property Act (Ontario). Without limiting the foregoing the Assignee may, after giving such notice, deal with the Other Party or Other Parties in respect of the Assigned Rights and Benefits without reference to or consent of the Assignor, as if the Assignee were the absolute owner of the Assigned Rights and Benefits.

(b) The Assignor will at the reasonable request of the Assignee attempt to obtain from Other Parties, acknowledgements of good standing of the Assigned Rights and Benefits and/or acknowledgements of notice of this Assignment, in form reasonably satisfactory to the Assignee.

(c) The Assignor acknowledges and agrees that this Assignment constitutes an irrevocable direction and authorization of the Assignor to any Other Party to pay Rents to the Assignee and otherwise, honour the rights of the Assignee under this Assignment. The Assignor agrees that any Other Party may rely upon any notice given by the Assignee or on its behalf. The Assignor hereby waives as against any Other Party any claims it might otherwise have by reason of the Other Party acting on such notice.

(d) In the event all Defaults are subsequently cured, the Assignee shall upon request of the Assignor, and at the Assignor's expense, execute and deliver to the Assignor directions and authorizations to any Other Party who received notice of this Assignment in connection with the Default now cured as aforesaid, authorizing and directing such Other Party(ies) to resume payment of Rents to the Assignor until such time as a further written notice is delivered by the Assignee pursuant to the terms of this Assignment.

13. If the Assignee elects to invoke any of its rights hereunder and thereafter, for any reason, relinquishes to the Assignor such rights, this Assignment shall in no respect be terminated but instead remain in full force

and effect until the Indebtedness is paid in full, it being the intent of the parties that the Assignee shall, from time to time upon the occurrence of any Default under this Agreement, have all the rights granted hereby.

14. No delay or omission on the part of the Assignee in the exercise of any remedy for a Default shall operate as a waiver thereof. The remedies available to the Assignee under this Assignment shall be in addition to, and exercisable in any combination with, any and all remedies available by operation of law and under the Charge. The said remedies shall be cumulative and concurrent and not alternative, may be pursued separately, successively or together against the Assignor, against the Property or any or all of them at the sole discretion of the Assignee and may be exercised as often as occasion therefor shall arise.

15. The Assignor acknowledges and agrees that if and to the extent the Assignor's right, title and interest in any Assigned Right and Benefit is not acquired until after the delivery of this Assignment, this Assignment shall nonetheless apply thereto and the security interest of the Assignee hereby created shall attach to any such Assigned Right and Benefit at the same time as the Assignor acquires rights therein, without the necessity of any further assignment or other assurances. The Assignor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered every further act, deed, document or further assurance as may be required to give effect to this Agreement.

16. This Assignment shall enure to the benefit of and be binding upon the successors and assigns of the Assignor and the Assignee.

17. In any action, suit or proceedings for enforcing this Assignment or to recover payment of the monies hereby secured, service of any notice, writ or a summons, originating summons, statement of claim, order of court or a judge, or of any legal or other proceedings by the Assignee, or by or pursuant to any statute, ordinance, rule, order or practice required to be given or serviced, and every notice and/or demand or request permitted or required to be served hereunder, shall be deemed to be properly and effectively served if delivery by hand to one or more of the respective officers or directors of the Assignor and Assignee, or mailed by depositing the same in any post office or letter box, in Canada enclosed in a postage pre-paid envelope, registered, addressed as set out below, or telecopied or telexed or telegraphed by facsimile transmission, or other similar form of communication (collectively "Electronic Communication") to the intended recipient at:

(i) If to the Assignor:
230 Daly Avenue
The Attic
Ottawa, Ontario
K1N 6G2

(ii) If to the Assignee:
100 University Ave., Suite 700
North Tower
Toronto, Ontario
M5J 1V6

The Assignor and the Assignee may change their respective addresses for service by giving the other party hereto written notice thereof, in the manner aforesaid. Notice shall be deemed to have been received on the date of delivery, where applicable, or, where mailed in Canada, five (5) business days after the date of registration of the postage pre-paid envelope, containing a notice, demand, request or document except in the event of mail strike or reasonably anticipated or actual disruption of postal service which would prevent or substantially delay receipt of anything mailed in the manner aforesaid, in which case notice, for the duration of such mail strike or reasonably anticipated or actual disruption of postal service, shall be effected by personal delivery, or, when sent by Electronic Communication, on the business day next following the day on which it was sent.

18. This Assignment shall be governed by and construed in accordance with the laws of the Province of Ontario.

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

20. Time shall be of the essence in this Assignment in all respects.

21. The Assignor shall forthwith on demand enter into, execute and deliver to the Assignee, at the Assignor's expense, such further instruments and assurances in respect to this Assignment as the Assignee may reasonably require.

22. Any provision in this Assignment which is prohibited or unenforceable in any applicable jurisdiction will be ineffective to the extent of such prohibition or unenforceability without invalidating any remaining provisions hereof. To the extent permitted by law, the parties hereto hereby waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

23. The Assignor agrees to pay all legal and other costs of the Assignee in connection with renewing this Assignment from time to time and realizing upon, enforcing and attempting to enforce the terms of this Assignment or the security granted hereby; all such other costs when incurred shall be secured hereby and failure to pay the same within thirty (30) days after demand shall constitute a default hereunder. The Assignor shall indemnify and save the Assignee harmless from all actions, suits, costs, losses, charges, demands and expenses now or hereafter incurred or arising as a result of the default by the Assignor hereunder or as lessor in any of the Leases.

24. This Assignment and the rights and remedies contained herein shall be assignable by the Assignee in its sole discretion, and shall be successively assignable by such assignee in its sole discretion without the consent of the Assignor and without prior notice of such assignment by the Assignee to the Assignor provided that such assignment shall only be made in conjunction with an assignment of the Charge and other security granted as collateral security to the obligations of the Assignor thereunder and shall not be an assignment of this Assignment only. If so assigned, the Assignee shall have and be entitled to exercise any and all discretion, rights and powers of the Assignee hereunder and all references herein to the Assignee shall include such assignee.

25. The Assignor acknowledges and agrees that there is no agreement between the Assignor and Assignee to postpone attachment of the security interest created hereby.

26. All Rents charged with respect to the Property or any part thereof will be lawful rents and in accordance with all applicable legislation and regulations in effect from time to time.

27. Upon registration of a discharge of the Charge, this Assignment of Rents and Leases shall thereupon become and be of no further force and effect.

28. The Assignor will not lease or agree to lease any part of the Property except at a rent and on terms and conditions, and to tenants which are not less favourable than those which a prudent landlord would expect to receive for the premises to be leased.

IN WITNESS WHEREOF the Assignor has duly executed this General Assignment of Rents and Leases.

Quex Property Corporation

Per: 

Raymond Stern (President)

I have authority to bind the Corporation

Properties

PIN 04213 - 0302 LT
Description PART OF LOT 18 PLAN 43586 N/S CLARENCE STREET BEING PART 1 ON 4R21669; OTTAWA T/W RIGHT-OF-WAY AND EASEMENT OVER PART LOTS 16,17 & 18 PLAN 43586 PT 3 PLAN 4R21669 AS IN OC699531. T/W EASEMENT OVER PART LOTS 16,17 & 18 PLAN 43586 PART 4 ON 4R21669 AS IN OC699531 T/W RIGHT-OF-WAY OVER PART LOTS 16, 17 & 18 PLAN 43586 PART 2 ON 4R21669 AS IN OC699531 S/T RIGHT-OF-WAY AND EASEMENT OVER PART 1 ON 4R21669 IN FAV OUR OF PART LOTS 16, 17 & 18 PLAN 43586 PARTS 2,3 & 4 ON 4R21669 AS IN OC699531.
Address 347 CLARENCE STREET
 OTTAWA

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 QUEX PROPERTY CORPORATION
Address for Service 230 Daly Avenue, The Attic, Ottawa,
 Ontario, K1N 6G2

I, Raymond Stern, President, have the authority to bind the corporation.

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

Party To(s)*Capacity**Share*

Name FIRST NATIONAL FINANCIAL GP CORPORATION
Address for Service 100 University Ave., Suite 700, North Tower, Toronto, Ontario,
 M5J 1V6

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, OC839869 registered on 2008/04/09 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Margaret Mary Tapp 180 MacLaren Street, Suite 1110 acting for Signed 2008 04 04
 Ottawa Applicant(s)
 K2P 2L3

Tel 6132329911

Fax 6132325979

Margaret Mary Tapp 180 MacLaren Street, Suite 1110 acting for Party To Signed 2008 04 04
 Ottawa (s)
 K2P 2L3

Tel 6132329911

Fax 6132325979

Submitted By

BRIAN WM. KARAM, BARRISTER & SOLICITOR 180 MacLaren Street, Suite 1110 2008 04 09
 Ottawa
 K2P 2L3

Tel 6132329911

Fax 6132325979

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

ASSIGNMENT OF RENTS

THIS ASSIGNMENT OF RENTS made this 2th day of February, 2008.

BETWEEN:

Quex Property Corporation

(hereinafter called the "Assignor")

OF THE FIRST PART

- and -

First National Financial GP Corporation

(hereinafter called the "Assignee")

OF THE SECOND PART

WHEREAS:

A. The Assignor is the present registered owner of the property described as being the whole of PIN 04213-0302 and being municipally known as 347 Clarence Street, (hereinafter called the "Property");

B. The Assignee is the owner and holder of a pari-passu first charge (\$1,080,000.) contained in a charge/mortgage of land hereinbefore described covering the Property and registered in the Land Registry Office for the Land Titles Division of Ottawa-Carleton (No.4) (hereinafter referred to as the "Charge");

C. It was agreed as a condition of advancing the sums secured by the Charge that the Assignor should assign to the Assignee, its successors and assigns: (i) all leases, subleases, licenses, agreements to lease, options to lease, rights of renewal, rental contracts or other agreements by which the Assignor granted or will grant the right to use or occupy all or part of the Property (whether presently existing or which may exist in the future), and includes agreements collateral thereto (hereinafter collectively called the "Leases"); (ii) all rents, additional rent and other monies payable as or on account thereof, issues and profits now due or to become due under and derived from the Leases and/or the Property (hereinafter collectively referred to as the "Rents"); and (iii) the benefit of all covenants and obligations of tenants/licensees/occupants contained in any Leases, including without limitation, all rights and benefits of any guarantees thereof, the right to demand, sue for, collect and receive all rent, to enforce the Assignor's rights under any Lease, and generally any collateral advantage or benefit to be derived from the Leases or any of them (hereinafter collectively called the "Lease Benefits"); as additional security for the payment of the moneys secured by the Charge (the "Indebtedness") and for the performance of the covenants and provisos therein contained (the "Obligations"). The Leases, the Rents and the Lease Benefits are hereinafter collectively referred to as the "Assigned Rights and Benefits".

NOW THEREFORE, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration paid to the Assignor by the Assignee, (the receipt and sufficiency of which is hereby acknowledged), the parties hereto covenant and agree as follows:

1. As continuing additional security for the payment of the Indebtedness and performance of the Obligations, the Assignor does hereby sell, assign, transfer and set over unto the Assignee, all of the Assignor's right, title and interest, both at law and in equity, in and to the Assigned Rights and Benefits, to hold and receive the same unto the Assignee with full power and authority to demand, collect, sue for, recover and receive and give receipts for Rents and to enforce payment of the same and enforce performance of the same in accordance with and subject to the terms of this Assignment.

2. The Assignor will from time to time and at all times hereafter observe, perform and keep all covenants and agreements contained in the Leases on its part to be observed, performed or kept and will cause the lessees under such Leases to observe and perform their covenants, obligations and undertakings thereunder. It is expressly acknowledged and agreed that nothing herein contained shall obligate the Assignee to assume or perform any obligation of the Assignor to any third party in respect of or arising out of the Assigned Rights and Benefits or any of them. The Assignee may, however, only after Default (as hereinafter defined), and while Default continues, at its option, assume or perform any such obligations as the Assignee considers necessary or desirable to obtain the benefit of the Assigned Rights and Benefits free of any set off, deduction, or abatement and any money expended by the Assignee in this

regard shall form part of and shall be deemed to form part of the Indebtedness and bear interest at the rate stipulated in the Charge.

3. The Assignee by virtue of this Agreement or the exercise by the Assignee of its rights under this Assignment or the assumption after Default of certain obligations of the Assignor as referred to in Section 2 above, shall not be taken to be a mortgagee in possession; care, control and management of the Property shall remain and shall be deemed to be with the Assignor, in the absence of clear and unequivocal action by the Assignee depriving the Assignor of such care, control and management and the assumption thereof by the Assignee.

4. The Assignee may, at any time and whether or not Default has occurred, without further request or agreement by the Assignor, reassign to the Assignor, its successors and assigns, the Assigned Rights and Benefits or any part or parts thereof, by an instrument of reassignment in writing executed by the Assignee delivered to the Assignor, its successors and assigns, at the address for notice hereinunder provided. Such instrument upon delivery shall constitute a good and sufficient reassignment of all of the Assignee's right, title and interest in and benefit of the Assigned Rights and Benefits to which it pertains and a good and valid release and termination of obligations (if any) of the Assignee with respect thereto. Such reassignment shall not expressly or impliedly constitute any representation or warranty to the Assignor as to the Assigned Rights and Benefits or anything related thereto.

5. A statement or recital referring to this Assignment in the discharge of the Charge shall operate as a good and sufficient reassignment to the Assignor, its successors and assigns, of the Assignee's right, title and interest in and to the Assigned Rights and Benefits without further instrument or agreement by the parties and on payment of the Indebtedness upon the request and at the cost and expense of the Assignor, the Assignee covenants to execute and deliver to the Assignor instruments in registrable form effective to evidence the termination of this Assignment and/or the reassignment to the Assignor of the Assigned Rights and Benefits.

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

- (a) the Assignor has good right, full power and absolute authority to assign the Assigned Rights and Benefits as a **first** assignment thereof and a **first** claim thereto and each of them in the manner herein provided;
- (b) other than Permitted Encumbrances referred to in the Charge, there is no outstanding assignment, mortgage, pledge, hypothecation or other disposition or encumbrance affecting the Assigned Rights and Benefits;
- (c) notwithstanding any act of the Assignor, the Leases which have been entered into as of the date hereof are valid, subsisting and enforceable leases;
- (d) there is no right of set-off or abatement with respect to any rent or other moneys owing or to become owing by each lessee under the Leases;
- (e) there has been no release of the obligations of the lessees' under the Leases, save as has been disclosed to the Assignee in the Rent Roll attached as a schedule to the Declaration of Possession of an officer of the Assignor and delivered to the Assignee;
- (f) all the Leases are in good standing, save as has been disclosed to the Assignee in the Rent Roll attached as a schedule to the Declaration of Possession of an officer of the Assignor and delivered to the Assignee;

7. The Assignor covenants with the Assignee:

- (a) that except when prevented from doing so because of the actions of the Assignee, to at all times perform or cause to be performed all of the covenants and obligations on the part of lessor contained in the Leases (except to the extent that the same have been expressly waived by the other parties to such Leases);
- (b) to maintain or cause to be maintained the Assigned Rights and Benefits in good standing and not to do or permit to be done anything to impair and not to omit to do anything that would impair the enforceability of the Leases;
- (c) to cause the Property to be maintained and managed at all times to a standard of quality consistent with the management of other projects in the City of which are of a size, location and type comparable to the Property;
- (d) not to execute any other assignment of the Assignor's interest in the Assigned Rights and Benefits unless it is expressly subordinate to the Charge and this Assignment;

(e) save for deposits for the first and last month rentals, the Assignor will not accept Rents more than one (1) month in advance of the dates when such Rents fall due and will not cause payment to be made in advance on its direction;

(f) all offers to lease and all tenancy agreements, leases or subleases entered into with lessees of the Property shall be on the standard forms previously approved by the Assignee to be used in connection with the Property, amended as deemed appropriate in the circumstances by the Assignor acting reasonably to give effect to the arrangements made with each lessee;

(g) not to permit termination of Leases, alter or amend Leases, waive rights or remedies or otherwise take action with respect to the Leases which in the aggregate will create a reduction in Rents, from those payable as of the date hereof, without the prior written approval of the Assignee except in accordance with good business practice.

(h) to furnish to the Assignee all credit reports and financial statements relating to the Assigned Rights and Benefits which are obtained by or may be in the possession or control of the Assignor, when reasonably required by the Assignee;

(i) after Default, upon request of the Assignee to facilitate in all ways the Assignee's exercise of its rights thereunder, including without limitation upon request of the Assignee (i) delivery to the Assignee of up to date rent rolls and true copies of all then outstanding Leases; (ii) access during regular business hours to records pertaining to the Property, wherever held; and (iii) execution by the Assignor of written notices to the lessees directing them to make Rent payments to the Assignee;

8. Subject to the terms of this Assignment, the Assignor shall have the full right, while not in Default: (i) to continue to collect Rents provided that same shall immediately upon any default as defined in paragraph 9 be deemed to be trust monies held by the Assignor for the Assignee; and (ii) to take all actions or cause all actions to be taken it deems necessary with respect to the Assigned Rights and Benefits, acting as a reasonable and prudent lessor, including without limitation the right to alter, modify, amend or change the terms of the Assigned Rights and Benefits or give any consent, concession or waiver or exercise any option of the Assignor permitted by such terms, or cancel or terminate the Assigned Rights and Benefits or accept the surrender thereof or consent to any assignment of or subletting under the Leases.

9. "Default" for the purposes of this Assignment means: default has occurred under the terms of the Charge (and such default is not remedied within the time period provided in the Charge, if any); or default has occurred under this Assignment; or any representation or warranty by the Assignor herein shall prove to be incorrect at any time in any material respect. Notwithstanding any other provisions hereof the provisions of the Charge which are incorporated herein by this reference and made a part hereof as if set forth in full, shall also apply to this Assignment with necessary modifications. Upon Default, the Assignee shall have, in addition to any remedy in respect of the Assigned Rights and Benefits as it has under any other agreement, (including foreclosure or sale under the Charge), all remedies available at common law or in equity, including, without obligation, any one or more of the following rights:

(a) to collect the Rents or any part thereof and in the name of the Assignor to take from time to time any proceeding which is, in the opinion of the Assignee or its counsel, expedient for the purpose of collecting Rents or for securing the payment thereof or for enforcing any of the Assignor's rights under the Leases, also to demand and receive the same and to give acquaintances therefor; also to compound, compromise or submit to arbitration any dispute which has arisen or may arise in respect to the amount; and any settlement arrived at shall be binding upon the Assignor;

(b) to receive, enjoy or otherwise avail itself of the Lease Benefits;

(c) to manage the Property, including without limitation, the making of repairs or replacements to maintain the building or buildings on the Property;

(d) to appoint and dismiss such agent or employees as shall be necessary or desirable for exercise of the Assignee's rights thereunder;

(e) to alter, modify, amend or change the terms of Leases; to enter into new Leases; to give consents, concessions or waivers of any rights or provisions of Leases; to accept surrenders of Leases; to give consents to assignment of or subletting under Leases;

(f) to enter upon the Property by its officers, agents or employees for the purpose of demanding, suing for, recovering, receiving and collecting the Rents and managing, operating and maintaining its interest in the Property;

(g) to send or employ any inspector or agent to inspect and report upon the value, state and condition of the Property and may employ a solicitor to examine and report upon title to the same and the lease documentation pertaining to same;

(h) by private instrument to appoint a receiver and manager in accordance with the receivership provisions of the Charge which are incorporated by reference into this Assignment;

(i) to generally perform all such acts as may in the reasonable opinion of the Assignee be necessary or desirable for the proper operation and maintenance of the Property, which acts may be performed in the name of the Assignor, or in the name of the Assignee.

For the above purpose and the purposes of the Personal Property Security Act, (Ontario), this Assignment shall be deemed a security agreement covering both real and personal property. In addition, the Assignee shall have the other remedies provided in the Personal Property Security Act, (Ontario). For purposes of such Act, the Assignee shall have a security interest in the Assigned Rights and Benefits and this shall constitute a security agreement.

10. The Assignee's obligations as to any Rents or other amounts actually collected shall be discharged by application of such Rents or other amounts against the Indebtedness and for any of the other purposes described in this Assignment. The Assignee shall not be liable for uncollected Rents or other uncollected amounts. The Assignee shall not be liable to any lessee for the return of any security deposit made under any Lease of any portion of the Property unless the Assignee shall have received such security deposit. The Assignee shall not by reason of this Assignment or the exercise of any right granted herein be responsible for any act committed by the Assignor, or any breach or failure to perform by the Assignor with respect to any of the Assigned Rights and Benefits. No credit shall be given by the Assignee for any sum or sums received from the Rents, until the money collected is actually received by the Assignee at the address provided herein, and no credits shall be given for any uncollected Rents or other uncollected amounts or bills, nor shall credit on the Indebtedness be given for any Rents, after the Assignee shall obtain ownership of the Property under order of court or by operation of law.

11. The Assignor hereby agrees that all receipts given by the Assignee to any lessee under the Leases on account of any Rents paid to the Assignee in accordance with the terms of this Assignment shall constitute a good and valid discharge therefor to each such lessee.

12. (a) The Assignee may at any time after Default, with respect to any and all Assigned Rights and Benefits, give to any lessee or other person from whom the Assignor would have been entitled to receive or claim any benefit under the Assigned Right and Benefits in question (herein called the "Other Parties" or "Other Party") express notice in writing of this Assignment and thereafter the Assignee shall be entitled to the benefit of subsection 53(1) of the Conveyancing and Law of Property Act (Ontario). Without limiting the foregoing the Assignee may, after giving such notice, deal with the Other Party or Other Parties in respect of the Assigned Rights and Benefits without reference to or consent of the Assignor, as if the Assignee were the absolute owner of the Assigned Rights and Benefits.

(b) The Assignor will at the reasonable request of the Assignee attempt to obtain from Other Parties, acknowledgements of good standing of the Assigned Rights and Benefits and/or acknowledgements of notice of this Assignment, in form reasonably satisfactory to the Assignee.

(c) The Assignor acknowledges and agrees that this Assignment constitutes an irrevocable direction and authorization of the Assignor to any Other Party to pay Rents to the Assignee and otherwise, honour the rights of the Assignee under this Assignment. The Assignor agrees that any Other Party may rely upon any notice given by the Assignee or on its behalf. The Assignor hereby waives as against any Other Party any claims it might otherwise have by reason of the Other Party acting on such notice.

(d) In the event all Defaults are subsequently cured, the Assignee shall upon request of the Assignor, and at the Assignor's expense, execute and deliver to the Assignor directions and authorizations to any Other Party who received notice of this Assignment in connection with the Default now cured as aforesaid, authorizing and directing such Other Party(ies) to resume payment of Rents to the Assignor until such time as a further written notice is delivered by the Assignee pursuant to the terms of this Assignment.

13. If the Assignee elects to invoke any of its rights hereunder and thereafter, for any reason, relinquishes to the Assignor such rights, this Assignment shall in no respect be terminated but instead remain in full force

and effect until the Indebtedness is paid in full, it being the intent of the parties that the Assignee shall, from time to time upon the occurrence of any Default under this Agreement, have all the rights granted hereby.

14. No delay or omission on the part of the Assignee in the exercise of any remedy for a Default shall operate as a waiver thereof. The remedies available to the Assignee under this Assignment shall be in addition to, and exercisable in any combination with, any and all remedies available by operation of law and under the Charge. The said remedies shall be cumulative and concurrent and not alternative, may be pursued separately, successively or together against the Assignor, against the Property or any or all of them at the sole discretion of the Assignee and may be exercised as often as occasion therefor shall arise.

15. The Assignor acknowledges and agrees that if and to the extent the Assignor's right, title and interest in any Assigned Right and Benefit is not acquired until after the delivery of this Assignment, this Assignment shall nonetheless apply thereto and the security interest of the Assignee hereby created shall attach to any such Assigned Right and Benefit at the same time as the Assignor acquires rights therein, without the necessity of any further assignment or other assurances. The Assignor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered every further act, deed, document or further assurance as may be required to give effect to this Agreement.

16. This Assignment shall enure to the benefit of and be binding upon the successors and assigns of the Assignor and the Assignee.

17. In any action, suit or proceedings for enforcing this Assignment or to recover payment of the monies hereby secured, service of any notice, writ or a summons, originating summons, statement of claim, order of court or a judge, or of any legal or other proceedings by the Assignee, or by or pursuant to any statute, ordinance, rule, order or practice required to be given or serviced, and every notice and/or demand or request permitted or required to be served hereunder, shall be deemed to be properly and effectively served if delivery by hand to one or more of the respective officers or directors of the Assignor and Assignee, or mailed by depositing the same in any post office or letter box, in Canada enclosed in a postage pre-paid envelope, registered, addressed as set out below, or telecopied or telexed or telegraphed by facsimile transmission, or other similar form of communication (collectively "Electronic Communication") to the intended recipient at:

(i) If to the Assignor:
230 Daly Avenue
The Attic
Ottawa, Ontario
K1N 6G2

(ii) If to the Assignee:
100 University Ave., Suite 700
North Tower
Toronto, Ontario
M5J 1V6

The Assignor and the Assignee may change their respective addresses for service by giving the other party hereto written notice thereof, in the manner aforesaid. Notice shall be deemed to have been received on the date of delivery, where applicable, or, where mailed in Canada, five (5) business days after the date of registration of the postage pre-paid envelope, containing a notice, demand, request or document except in the event of mail strike or reasonably anticipated or actual disruption of postal service which would prevent or substantially delay receipt of anything mailed in the manner aforesaid, in which case notice, for the duration of such mail strike or reasonably anticipated or actual disruption of postal service, shall be effected by personal delivery, or, when sent by Electronic Communication, on the business day next following the day on which it was sent.

18. This Assignment shall be governed by and construed in accordance with the laws of the Province of Ontario.

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

20. Time shall be of the essence in this Assignment in all respects.

21. The Assignor shall forthwith on demand enter into, execute and deliver to the Assignee, at the Assignor's expense, such further instruments and assurances in respect to this Assignment as the Assignee may reasonably require.

22. Any provision in this Assignment which is prohibited or unenforceable in any applicable jurisdiction will be ineffective to the extent of such prohibition or unenforceability without invalidating any remaining provisions hereof. To the extent permitted by law, the parties hereto hereby waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

23. The Assignor agrees to pay all legal and other costs of the Assignee in connection with renewing this Assignment from time to time and realizing upon, enforcing and attempting to enforce the terms of this Assignment or the security granted hereby; all such other costs when incurred shall be secured hereby and failure to pay the same within thirty (30) days after demand shall constitute a default hereunder. The Assignor shall indemnify and save the Assignee harmless from all actions, suits, costs, losses, charges, demands and expenses now or hereafter incurred or arising as a result of the default by the Assignor hereunder or as lessor in any of the Leases.

24. This Assignment and the rights and remedies contained herein shall be assignable by the Assignee in its sole discretion, and shall be successively assignable by such assignee in its sole discretion without the consent of the Assignor and without prior notice of such assignment by the Assignee to the Assignor provided that such assignment shall only be made in conjunction with an assignment of the Charge and other security granted as collateral security to the obligations of the Assignor thereunder and shall not be an assignment of this Assignment only. If so assigned, the Assignee shall have and be entitled to exercise any and all discretion, rights and powers of the Assignee hereunder and all references herein to the Assignee shall include such assignee.

25. The Assignor acknowledges and agrees that there is no agreement between the Assignor and Assignee to postpone attachment of the security interest created hereby.

26. All Rents charged with respect to the Property or any part thereof will be lawful rents and in accordance with all applicable legislation and regulations in effect from time to time.

27. Upon registration of a discharge of the Charge, this Assignment of Rents and Leases shall thereupon become and be of no further force and effect.

28. The Assignor will not lease or agree to lease any part of the Property except at a rent and on terms and conditions, and to tenants which are not less favourable than those which a prudent landlord would expect to receive for the premises to be leased.

IN WITNESS WHEREOF the Assignor has duly executed this General Assignment of Rents and Leases.

Quex Property Corporation

Per: 

Raymond Stern (President)

I have authority to bind the Corporation

FIRST NATIONAL FINANCIAL GP CORPORATION

and

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE**
Proceeding Commenced at **OTTAWA**

**APPLICATION RECORD
VOLUME I OF III
(RETURNABLE SEPTEMBER 22, 2017)**

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