



FORM 109 (RULE 22-2 (2) AND (7))

This is the 1st Affidavit of JONATHAN WONG in this case and was made on JANUARY 21, 2020

H-200039
No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

PEOPLES TRUST COMPANY

Petitioner

AND:

CENSORIO GROUP (HASTINGS & CARLETON)
HOLDINGS LTD.
PETER CENSORIO also known as PETER ANTHONY CENSORIO
and PETER ANTHONY CENSORIO
STRADA 39 TRUST
BANCORP GROWTH MORTGAGE FUND II LTD.
BANCORP BALANCED MORTGAGE FUND II LTD.
BANCORP FINANCIAL SERVICES INC.
PK CAPITAL LTD.
ALL CANADIAN INVESTMENT CORPORATION
FBM CANADA GSD, INC.
MEDINA CONCRETE SERVICES LTD.
TUCUVAN CONSTRUCTION LTD.
OMNI DRYWALL LTD.
SERIN INVESTMENTS LTD.
CLARION PROPERTY CORPORATION
G. I. H. PROPERTIES LTD.
BARRY CHARLES HOLDINGS LTD.
BECISON HOLDING CORPORATION
SANDRA CHAPPELL
CREST CAPITAL CORPORATION
DURHAM CAPITAL MANAGEMENT INC.
YORK VENTURES LTD.
HI-GROVE HOLDINGS (1995) LTD.
DIANE RAUCH
JEFFREY RAUCH
GERHARD RAUCH
HELGA RAUCH
PAVILION INVESTMENTS INC.
RODNEY GRANT KENYON
ALAN LONG
MANDATE MANAGEMENT CORPORATION

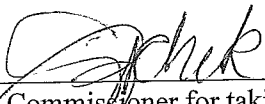
Respondents

AFFIDAVIT


I, JONATHAN WONG, of Suite 1400 – 888 Dunsmuir Street, in the City of Vancouver, in the Province of British Columbia, AFFIRM THAT:

1. I am the Vice-President and Regional Manager, Commercial Banking, of the petitioner herein, and am authorized to swear this affidavit on behalf of the petitioner and have personal knowledge of the matters and facts hereinafter set forth, except where the same are stated to be based upon information and belief, and where so stated I verily believe the same to be true.
2. Capitalized terms are as defined in the petition.
3. Attached as Exhibit "A" is a copy of the Mortgage, which contains the Covenants.
4. Attached as Exhibit "B" is a copy of the Security Agreement.
5. Attached as Exhibit "C" is a copy of the Censorio Security Agreement.
6. I have read the petition herein and say that the facts therein set out are true.
7. The amount due to the petitioner as set out in the petition does not include any penalty or bonus.
8. I know of no facts which would constitute a defence to any of the claims of the petitioner as set out in the petition.

AFFIRMED BEFORE ME at Vancouver,
British Columbia, this 21 day of January,
2020.



 A Commissioner for taking Affidavits within
 British Columbia




 JONATHAN WONG

Gloria Ann Bychek
 A Commissioner for Taking Affidavits
 for British Columbia
 Suite 1400 - 888 Dunsmuir Street
 Vancouver, B.C. V6C 3K4
 EXPIRY OCTOBER 31, 2022

Jonathan Wong
 Vice President & Regional Manager
 Commercial Banking BC

This is Exhibit "A" referred to in the Affidavit of JONATHAN WONG sworn before me at Vancouver, B.C., this 21 day of January, 2020.



A Commissioner for taking Affidavits within British Columbia

Gloria Ann Bychek
 A Commissioner for Taking Affidavits
 for British Columbia
 Suite 1400 - 888 Dunsmuir Street
 Vancouver, B.C. V6C 3K4
 EXPIRY OCTOBER 31, 2022

LAND TITLE ACT
FORM B (Section 225)

Aug-24-2017 12:05:17.001

CA6245585 CA6245586

MORTGAGE - PART 1 Province of British Columbia

PAGE 1 OF 12 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Katharina
Rosemary
Spotz DMJY9C

Digitally signed by Katharina Rosemary
Spotz DMJY9C
DN: c=CA, cn=Katharina Rosemary
Spotz DMJY9C, o=Lawyer, ou=Verify ID
at www.juricert.com/LKUP.cfm?
id=DMJY9C
Date: 2017.08.24 11:37:44 -07'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

OWEN BIRD LAW CORPORATION

2900 - 595 Burrard Street

Client No. 10996

File No.23868-1393

Tel: 604 691-7577

VANCOUVER

BC V7X 1J5

Document Fees: \$143.16

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID]

[legal description]

029-877-555

LOT 1 DISTRICT LOT 121 GROUP 1 NWD PLAN EPP56644

STC?

YES

3. BORROWER(S) (MORTGAGOR(S)): (including postal address(es) and postal code(s))

CENSORIO GROUP (HASTINGS & CARLETON) HOLDINGS LTD.

800 - 885 WEST GEORGIA STREET

Incorporation No

VANCOUVER

BRITISH COLUMBIA

BC0905871

V6C 3H1

CANADA

4. LENDER(S) (MORTGAGEE(S)): (including occupation(s), postal address(es) and postal code(s))

PEOPLES TRUST COMPANY

14TH FLOOR - 888 DUNSMUIR STREET

Incorporation No

VANCOUVER

BRITISH COLUMBIA

A0033943

CANADA

V6C 3K4

5. PAYMENT PROVISIONS:

(a) Principal Amount:

\$11,500,000.00

(b) Interest Rate:

SEE SCHEDULE

(c) Interest Adjustment

Date:

Y M D
17 09 01

(d) Interest Calculation Period:

Monthly Not in Advance

(e) Payment Dates:

1st Day of Each Month

(f) First Payment

Date:

17 10 01

(g) Amount of each periodic payment:

Interest Only

(h) *Interest Act* (Canada) Statement.The equivalent rate of interest calculated
half yearly not in advance
is N/A % per annum.

(i) Last Payment

Date:

19 03 01

(j) Assignment of Rents which the
applicant wants registered ?YES NO

If YES, page and paragraph number:

Paragraph15, Pages 19-21
SMT MT90096

(k) Place of payment:

Postal Address in #4

(l) Balance Due

Date:

19 03 01

MORTGAGE - PART 1

6. MORTGAGE contains floating charge on land ?
YES NO

7. MORTGAGE secures a current or running account ?
YES NO

8. INTEREST MORTGAGED:
Freehold
Other (specify)

9. MORTGAGE TERMS:

Part 2 of this mortgage consists of (select one only):

- (a) Prescribed Standard Mortgage Terms
- (b) Filed Standard Mortgage Terms
- (c) Express Mortgage Terms

D F Number: MT90096

(annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms referred to in item 10 or in a schedule annexed to this mortgage.

10. ADDITIONAL OR MODIFIED TERMS:

SEE SCHEDULE

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

SEE SCHEDULE

12. EXECUTION(S): This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)

 LETICIA L. HERNANDEZ
 Notary Public - California
 Commission #2080556
 Riverside County
 47040 Washington St., La Quinta, CA
 92253
 My Comm. Expires Oct. 1, 2018

Execution Date		
Y	M	D
17	08	16

Borrower(s) Signature(s)

CENSORIO GROUP (HASTINGS & CARLETON) HOLDINGS LTD., by its authorized signatory(ies)

Name: Peter Censorio

Name:

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM D

EXECUTIONS CONTINUED

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

 LETICIA L. HERNANDEZ
 Notary Public - California
 Commission #2080556
 Riverside County
 47040 Washington St., La Quinta, CA
 92253
 My Comm. Expires Oct. 1, 2018

Y	M	D
17	8	16
17	8	16

PETER CENSORIO (as Covenantor)

 LETICIA L. HERNANDEZ
 Notary Public - California
 Commission #2080556
 Riverside County
 47040 Washington St., La Quinta, CA
 92253
 My Comm. Expires Oct. 1, 2018

PETER CENSORIO, in his capacity as
Trustee of STRADA 39 TRUST (as
Covenantor)

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

*LAND TITLE ACT
FORM E
SCHEDULE*

Page 4

5(b) INTEREST RATE:

The greater from time to time of:

- (i) Prime Rate plus 2.00% Per Annum; or
- (ii) 4.95% Per Annum.

10. ADDITIONAL OR MODIFIED TERMS:

Additional Terms

The following clauses are added to the Mortgage:

PRIME RATE

For the purposes of this Mortgage the term "**Prime Rate**" means the rate of interest per annum designated from time to time during the currency of this Mortgage by the Bank of Montreal (the "**Bank**") as being the prime commercial lending rate charged by the Bank for demand loans in Canadian funds made at the main branch of the Bank in Vancouver, British Columbia (and if, at any time, there is more than one prime commercial lending rate of the Bank, then the Prime Rate shall be the highest prime commercial lending rate of the Bank). If the Prime Rate changes and so often as the same occurs at anytime until the Indebtedness owing under this Mortgage has been paid in full, the Interest Rate under this Mortgage shall also change by the same amount, on the same day.

PREPAYMENT PRIVILEGES

The Borrower shall be entitled to prepay all or any part of the Indebtedness owing under this Mortgage in amounts not less than \$100.00 without notice, bonus or penalty, provided that the Mortgage is current and in good standing.

PARTIAL DISCHARGES

PROVIDED THAT:

- (a) the Borrower is not in default hereunder;
- (b) the Lands have been subdivided by a strata plan or strata plans approved by the Lender and filed in the appropriate Land Title Office and separate titles have been raised for each strata lot created by the said strata plan or strata plans;

LAND TITLE ACT
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SCHEDULE

Page 5

-
- (c) the Borrower has entered into an unconditional bona fide agreement of purchase and sale for a strata lot with a purchaser or purchasers who is/are at arm's length and not related (as these terms are defined in the *Income Tax Act* (Canada)) to the Borrower and has provided the Lender with a true copy of the agreement of purchase and sale, the purchaser's and vendor's statement of adjustments and the order/authority to pay confirming the distribution of net sales proceeds satisfactory to the Lender;
 - (d) the Lender has received an executed and registerable partial discharge of any second or subsequent mortgage registered against a strata lot, and
 - (e) the gross sale price of a strata lot, excluding goods and services tax, real estate commission and any other adjustments, is not less than ninety-five percent (95%) of the gross price per unit as set out on the Gross Price List acknowledged in writing by the Mortgagor and Covenantor,

then the Lender will grant a partial discharge of this Mortgage for the individual strata lot, upon payment of the Lender's discharge fee of \$150.00, and upon payment of ONE HUNDRED PERCENT (100%) of the Net Sale Proceeds.

"Net Sale Proceeds" means all monies paid on a bona fide arm's length sale of a strata lot excluding goods and services taxes (calculated on a net basis), and less real estate commissions (not exceeding 5% of the purchase price), reasonable legal fees and normal adjustments for property taxes, utilities and maintenance. In no event shall the deductions for real estate commissions, reasonable legal fees and normal adjustment for property taxes, utilities and maintenance exceed 7% of the purchase price of the strata lot.

If the sale of a strata lot is subject to a holdback pursuant to the *Strata Property Act* and regulations thereto (the "Holdback") the Borrower will not be required to remit the Holdback to the Lender as part of the Net Sale Proceeds until such time as the Holdback is released, provided such holdback is held in a lawyer's trust account and the Borrower has irrevocably assigned the Holdback to the Lender.

For the purposes of this partial discharge clause, the Lender's interpretation of "arm's length" shall be final and binding upon the Borrower.

DEPOSIT PROTECTION CONTRACT

For the purposes of this section, “**Deposits**” means the deposits given by purchasers in connection with the contracts of purchase and sale for the strata lots to be created on the Lands.

Without the Lender’s prior written consent (which the Lender may withhold at its sole discretion), the Borrower shall not enter into a deposit protection contract (as defined in the *Real Estate Development Marketing Act*, SBC 2004) with respect to any Deposits.

NOTICE

Notwithstanding any other term or condition of the Mortgage or the SMT, notice, if required, may be delivered to the Borrower, the Covenantor and the Lender in the following manner:

(a) By sending it through post by pre-paid registered letter addressed to:

(i) the Borrower and the Covenantor at:

800 – 885 West Georgia Street, Vancouver, B.C. V6C 3H1; and

(ii) the Lender at:

14th Floor - 888 Dunsmuir Street

Vancouver, BC V6C 3K4

Attention: The Manager, Mortgage Service Centre

or at such other address as either party may specify in writing to the other and any notice shall be deemed to be delivered on the third Business Day after posting, provided that, if a postal strike is in effect, service must be effected by delivering to the party in accordance with section (b) below; or

(b) By personal delivery addressed to the Borrower, the Covenantor and the Lender, as the case may be, at the above address or at such other address as a party may specify in writing to the other, and any such notice shall be deemed to be delivered on the date of delivery.

GENERAL COMPLIANCE WITH LAWS CONTAINING PAYMENT OBLIGATIONS

Without limiting the Borrower’s obligations under any other provision of this Mortgage, the Borrower covenants and agrees to promptly observe, perform, execute and comply with all

LAND TITLE ACT
FORM E
SCHEDULE

Page 7

laws, rules, requirements, orders, directions, ordinances and regulations (collectively, the "Laws") of every governmental, municipal, or civil authority or agency in connection with the payment of any monies owing under the Laws, including but not limited to the payment of all goods and services tax, harmonized sales tax, B.C. transition tax and payroll remittances owing to the applicable agency or authority.

CANADA REVENUE AGENCY CLEARANCE CERTIFICATE

As a condition of the Lender providing an executed and registerable final partial discharge of this Mortgage, the Borrower must provide the Lender with written confirmation from Canada Revenue Agency satisfactory to the Lender that all goods and services tax and payroll source deduction payments and remittances are current and paid in full as of the date of the Borrower's request for the final partial discharge of this Mortgage, which written confirmation from Canada Revenue Agency must be dated not more than thirty (30) days before the date that the Mortgage is repaid in full. This clearance certificate process can take a considerable amount of time and therefore the Borrower is advised to make arrangements for obtaining this clearance certificate as soon as possible in advance of the anticipated repayment and final partial discharge of this Mortgage.

PARKING STALLS

The Borrower represents and warrants that it intends to designate all parking stalls to be constructed on the common property of the strata corporation to be created from the Lands as limited common property ("LCP") on the strata plan to be registered on the Lands, pursuant to the *Strata Property Act* of British Columbia, and the Borrower covenants and agrees that it will designate at least one parking stall as LCP for the exclusive use of each strata lot created on the Lands, with written confirmation of such LCP designations to be provided to the Lender forthwith after the registration of the designations. However, if the Borrower decides to allocate parking stalls to individual strata lots by any means other than the designation of limited common property, then the Borrower covenants and agrees that it will not assign, transfer or lease any of its rights to the parking stalls without the Lender's written consent and will execute and deliver and compel any assignee, transferee or lessee of any parking stall rights to execute and deliver such further documents as the Lender may require to provide the Lender with satisfactory security in connection with the parking stalls.

STORAGE/BICYCLE LOCKERS

The Borrower represents and warrants that it intends to allocate any storage lockers and bicycle lockers to be constructed on the common property of the strata corporation to be created from the Lands by way of a lease agreement (the "Storage/Bicycle Locker Lease"). The Borrower covenants and agrees that upon execution of the Storage/Bicycle

LAND TITLE ACT
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SCHEDULE

Page 8

Locker Lease, it will execute and deliver and compel any lessee of the Storage/Bicycle Locker Lease to execute and deliver a mortgage and/or assignment of its leasehold interest in the Storage/Bicycle Locker Lease in favour of the Lender, in form and content acceptable to the Lender.

Modified Terms

The Standard Mortgage Terms MT90096, being Part 2 of this Mortgage (the "SMT") are modified as follows:

- (a) Section 1.1(u) of the SMT is deleted in its entirety and replaced with the following:
- "1.1(u) **"Other Money"** means all money other than the Principal Amount that the Borrower owes to the Lender from time to time and the payment of which is secured by this Mortgage and includes all accrued interest."
- (b) Section 1.9 of the SMT is deleted in its entirety and replaced with the following:
- "1.9 If any party to this Mortgage is comprised of two or more Persons, then all the covenants and agreements of such party will be joint and several covenants and agreements of each such Person."
- (c) The following is added as section 1.12 to the SMT:
- "1.12 This Mortgage may be executed in counterparts and all counterparts so executed (including those executed and delivered by fax) will constitute one Mortgage binding on the parties effective upon execution."
- (d) Section 10.1 of the SMT is deleted in its entirety and replaced with the following:
- "10.1 Each of the following events shall be considered to be an event of Default:"
- (e) In Section 10.1(a) of the SMT, the word "Default" is replaced with the word "default".
- (f) Section 10.1 (c) of the SMT is deleted in its entirety and replaced with the following:
- "(c) the Borrower or any Covenantor becomes bankrupt or insolvent or makes an assignment for the benefit of, or a proposal to, or an arrangement with its creditor(s) or any action is taken or proceeding instituted, whether by the Borrower, any Covenantor or any other Person whereby the Borrower or any

LAND TITLE ACT
FORM E
SCHEDULE

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Covenantor may be dissolved, wound up, liquidated, reorganized, or declared bankrupt or insolvent;"

- (g) Section 10.1 (m) of the SMT is deleted in its entirety and replaced with the following:

"(m) there occurs any material adverse change in the financial position of the Borrower or any Covenantor, as determined by the Lender in its sole discretion;"

- (h) A new section 10.1 (q) is added to the SMT as follows:

"(q) without limiting the application of section 10.1(l), the Borrower fails to observe or perform, or a default occurs under, any of the terms or provisions of any mortgage, charge, pledge, lien, privilege or other encumbrance of any nature upon the Lands or any part thereof, including any Permitted Encumbrance."

- (i) Section 20.3 of the SMT is deleted in its entirety due to an inconsistency with section 23 of the SMT.

- (j) Section 21.12 of the SMT is deleted in its entirety and replaced with the following:

"21.12 The Covenantor is a primary debtor to the same extent as if the Covenantor had signed the Mortgage as Borrower and not as a guarantor or surety, and the Covenantor's covenants and agreements in this Mortgage are:

- i) joint and several covenants and agreements of each Person comprising the Covenantor; and
- ii) joint and several covenants and agreements with the covenants and agreements of the Borrower under this Mortgage."

- (k) Section 21.13 of the SMT is deleted and replaced with the following:

"21.13 All debts and liabilities, present and future, of the Borrower owed to the Covenantor and either of them are hereby assigned to the Lender and postponed to the Indebtedness, and all monies received by the Covenantor and either of them in respect thereof shall be received in trust for the Lender and forthwith upon receipt shall be paid over to the Lender, the whole without in any way lessening or limiting the liability of the Covenantor and either of them and this assignment and postponement shall remain in full force and effect until repayment in full to the Lender of all the Indebtedness.

The Covenantor hereby waives all rights to receive from the Lender a copy of any financing statement, financing change statement or verification statement filed at any time in respect of this security interest.

- (l) Section 22 is deleted in its entirety and replaced with the following:

“22. **Commitment Letter**

22.1 The Borrower acknowledges and agrees that the terms and conditions of the Commitment Letter shall survive funding of the loan secured by this Mortgage and continue to be in full force and effect after said funding, and the execution and delivery of this Mortgage and any other related or collateral documents shall not merge or extinguish the Commitment Letter or the terms and conditions contained therein. Default by the Borrower under any of the terms or conditions contained in the Commitment Letter shall constitute a default hereunder. In the event there is a conflict between the terms and conditions of this Mortgage and the Commitment Letter, then the Lender, at its discretion, shall determine which document shall prevail. Notwithstanding the foregoing, there will be no conflict if the terms and conditions of the Commitment Letter should enlarge or clarify the terms and conditions of this Mortgage, and vice versa, and the inclusion of supplemental rights or remedies in favour of the Lender, or its designated agent(s), nominee(s) or assignee(s), contained in this Mortgage shall be deemed not to be a conflict as contemplated herein.”

- (m) In Sections 8.4, 9.2(b), 10.1(i), 10.1(j), 10.1(l), 13.2(e), 14.7 and 15.10 of the SMT the phrase “prior written consent” is replaced with “prior express written consent”.

LAND TITLE ACT
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11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

Legal Notations

HERETO IS ANNEXED EASEMENT CA3072253 OVER PARCEL A (EXP PLAN 11233) OF LOTS 29 AND 30 BLOCK 7 DISTRICT LOT 121 GROUP 1 NWD PLAN 1054

NOTICE OF INTEREST, BUILDERS LIEN ACT (S.3(2)), SEE CA5335526
FILED 2016-07-12

HERETO IS ANNEXED EASEMENT CA6058173 OVER LOT 32 PLAN 1054

Charges, Liens and Interests

Nature: EASEMENT
Registration Number: CA3072254

Nature: COVENANT
Registration Number: CA5281006
Registered Owner: CITY OF BURNABY

Nature: COVENANT
Registration Number: CA5281008
Registered Owner: CITY OF BURNABY

Nature: COVENANT
Registration Number: CA5281010
Registered Owner: CITY OF BURNABY

Nature: COVENANT
Registration Number: CA5281012
Registered Owner: CITY OF BURNABY

Nature: COVENANT
Registration Number: CA5281014
Registered Owner: CITY OF BURNABY

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Nature: STATUTORY RIGHT OF WAY
Registration Number: CA5281016
Registered Owner: CITY OF BURNABY

Nature: COVENANT
Registration Number: CA5281018
Registered Owner: CITY OF BURNABY

Nature: STATUTORY RIGHT OF WAY
Registration Number: CA5281020
Registered Owner: CITY OF BURNABY

Nature: EASEMENT
Registration Number: CA6058174

END OF DOCUMENT

**LAND TITLE ACT
FORM B (Section 225)**

MORTGAGE - PART 1 Province of British Columbia

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

OWEN BIRD LAW CORPORATION

2900 - 595 Burrard Street

VANCOUVER

BC V7X 1J5

Client No. 10996

File No.23868-1393

Tel: 604 691-7577

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID] [legal description]

029-877-555 LOT 1 DISTRICT LOT 121 GROUP 1 NWD PLAN EPP56644

STC? YES

3. BORROWER(S) (MORTGAGOR(S)): (including postal address(es) and postal code(s))

CENSORIO GROUP (HASTINGS & CARLETON) HOLDINGS LTD.

800 - 885 WEST GEORGIA STREET

VANCOUVER

V6C 3H1

BRITISH COLUMBIA

CANADA

Incorporation No

BC0905871

4. LENDER(S) (MORTGAGEE(S)): (including occupation(s), postal address(es) and postal code(s))

PEOPLES TRUST COMPANY

14TH FLOOR - 888 DUNSMUIR STREET

VANCOUVER

CANADA

BRITISH COLUMBIA

V6C 3K4

Incorporation No

A0033943

5. PAYMENT PROVISIONS:

(a) Principal Amount: \$11,500,000.00	(b) Interest Rate: SEE SCHEDULE	(c) Interest Adjustment Date:	Y 17	M 09	D 01
(d) Interest Calculation Period: Monthly Not in Advance	(e) Payment Dates: 1st Day of Each Month	(f) First Payment Date:	17	10	01
(g) Amount of each periodic payment: Interest Only	(h) <i>Interest Act</i> (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is N/A % per annum.	(i) Last Payment Date:	19	03	01
(j) Assignment of Rents which the applicant wants registered? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> If YES, page and paragraph number: Paragraph15, Pages 19-21 SMT MT90096	(k) Place of payment: Postal Address in #4	(l) Balance Due Date:	19	03	01

MORTGAGE - PART 1

6. MORTGAGE contains floating charge on land ?
YES NO

7. MORTGAGE secures a current or running account ?
YES NO

8. INTEREST MORTGAGED:
Freehold
Other (specify)

9. MORTGAGE TERMS:

Part 2 of this mortgage consists of (select one only):

- (a) Prescribed Standard Mortgage Terms
- (b) Filed Standard Mortgage Terms
- (c) Express Mortgage Terms

D F Number: MT90096

(annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms referred to in item 10 or in a schedule annexed to this mortgage.

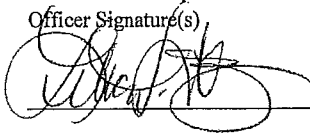
10. ADDITIONAL OR MODIFIED TERMS:

SEE SCHEDULE

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

SEE SCHEDULE

12. EXECUTION(S): This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)


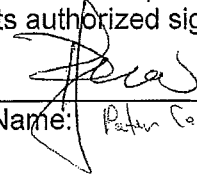


47040 Washington St.
La Quinta, Ca 92253

Execution Date		
Y	M	D
17	08	14

Borrower(s) Signature(s)

CENSORIO GROUP (HASTINGS & CARLETON) HOLDINGS LTD., by its authorized signatory(ies)


Name: Peter Censorio

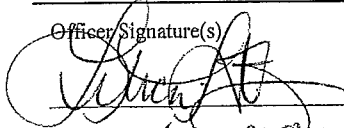
Name:

OFFICER CERTIFICATION:


Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM D

EXECUTIONS CONTINUED

Officer Signature(s)

47040 Washington St.
La Quinta, Ca 92253






47040 Washington St.
La Quinta, Ca 92253



Execution Date		
Y	M	D
17	8	14
17	8	14

Transferor / Borrower / Party Signature(s)


PETER CENSORIO (as Covenantor)


PETER CENSORIO, in his capacity as
Trustee of STRADA 39 TRUST (as
Covenantor)

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

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5(b) INTEREST RATE:

The greater from time to time of:

- (i) Prime Rate plus 2.00% Per Annum; or
- (ii) 4.95% Per Annum.

10. ADDITIONAL OR MODIFIED TERMS:

Additional Terms

The following clauses are added to the Mortgage:

PRIME RATE

For the purposes of this Mortgage the term "**Prime Rate**" means the rate of interest per annum designated from time to time during the currency of this Mortgage by the Bank of Montreal (the "**Bank**") as being the prime commercial lending rate charged by the Bank for demand loans in Canadian funds made at the main branch of the Bank in Vancouver, British Columbia (and if, at any time, there is more than one prime commercial lending rate of the Bank, then the Prime Rate shall be the highest prime commercial lending rate of the Bank). If the Prime Rate changes and so often as the same occurs at anytime until the Indebtedness owing under this Mortgage has been paid in full, the Interest Rate under this Mortgage shall also change by the same amount, on the same day.

PREPAYMENT PRIVILEGES

The Borrower shall be entitled to prepay all or any part of the Indebtedness owing under this Mortgage in amounts not less than \$100.00 without notice, bonus or penalty, provided that the Mortgage is current and in good standing.

PARTIAL DISCHARGES

PROVIDED THAT:

- (a) the Borrower is not in default hereunder;
- (b) the Lands have been subdivided by a strata plan or strata plans approved by the Lender and filed in the appropriate Land Title Office and separate titles have been raised for each strata lot created by the said strata plan or strata plans;

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-
- (c) the Borrower has entered into an unconditional bona fide agreement of purchase and sale for a strata lot with a purchaser or purchasers who is/are at arm's length and not related (as these terms are defined in the *Income Tax Act* (Canada)) to the Borrower and has provided the Lender with a true copy of the agreement of purchase and sale, the purchaser's and vendor's statement of adjustments and the order/authority to pay confirming the distribution of net sales proceeds satisfactory to the Lender;
 - (d) the Lender has received an executed and registerable partial discharge of any second or subsequent mortgage registered against a strata lot, and
 - (e) the gross sale price of a strata lot, excluding goods and services tax, real estate commission and any other adjustments, is not less than ninety-five percent (95%) of the gross price per unit as set out on the Gross Price List acknowledged in writing by the Mortgagor and Covenantor,

then the Lender will grant a partial discharge of this Mortgage for the individual strata lot, upon payment of the Lender's discharge fee of \$150.00, and upon payment of ONE HUNDRED PERCENT (100%) of the Net Sale Proceeds.

"Net Sale Proceeds" means all monies paid on a bona fide arm's length sale of a strata lot excluding goods and services taxes (calculated on a net basis), and less real estate commissions (not exceeding 5% of the purchase price), reasonable legal fees and normal adjustments for property taxes, utilities and maintenance. In no event shall the deductions for real estate commissions, reasonable legal fees and normal adjustment for property taxes, utilities and maintenance exceed 7% of the purchase price of the strata lot.

If the sale of a strata lot is subject to a holdback pursuant to the *Strata Property Act* and regulations thereto (the "Holdback") the Borrower will not be required to remit the Holdback to the Lender as part of the Net Sale Proceeds until such time as the Holdback is released, provided such holdback is held in a lawyer's trust account and the Borrower has irrevocably assigned the Holdback to the Lender.

For the purposes of this partial discharge clause, the Lender's interpretation of "arm's length" shall be final and binding upon the Borrower.

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DEPOSIT PROTECTION CONTRACT

For the purposes of this section, “**Deposits**” means the deposits given by purchasers in connection with the contracts of purchase and sale for the strata lots to be created on the Lands.

Without the Lender’s prior written consent (which the Lender may withhold at its sole discretion), the Borrower shall not enter into a deposit protection contract (as defined in the *Real Estate Development Marketing Act*, SBC 2004) with respect to any Deposits.

NOTICE

Notwithstanding any other term or condition of the Mortgage or the SMT, notice, if required, may be delivered to the Borrower, the Covenantor and the Lender in the following manner:

- (a) By sending it through post by pre-paid registered letter addressed to:
- (i) the Borrower and the Covenantor at:
 800 – 885 West Georgia Street, Vancouver, B.C. V6C 3H1; and
 - (ii) the Lender at:
 14th Floor - 888 Dunsmuir Street
 Vancouver, BC V6C 3K4
Attention: The Manager, Mortgage Service Centre

or at such other address as either party may specify in writing to the other and any notice shall be deemed to be delivered on the third Business Day after posting, provided that, if a postal strike is in effect, service must be effected by delivering to the party in accordance with section (b) below; or

- (b) By personal delivery addressed to the Borrower, the Covenantor and the Lender, as the case may be, at the above address or at such other address as a party may specify in writing to the other, and any such notice shall be deemed to be delivered on the date of delivery.

GENERAL COMPLIANCE WITH LAWS CONTAINING PAYMENT OBLIGATIONS

Without limiting the Borrower’s obligations under any other provision of this Mortgage, the Borrower covenants and agrees to promptly observe, perform, execute and comply with all

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laws, rules, requirements, orders, directions, ordinances and regulations (collectively, the “Laws”) of every governmental, municipal, or civil authority or agency in connection with the payment of any monies owing under the Laws, including but not limited to the payment of all goods and services tax, harmonized sales tax, B.C. transition tax and payroll remittances owing to the applicable agency or authority.

CANADA REVENUE AGENCY CLEARANCE CERTIFICATE

As a condition of the Lender providing an executed and registerable final partial discharge of this Mortgage, the Borrower must provide the Lender with written confirmation from Canada Revenue Agency satisfactory to the Lender that all goods and services tax and payroll source deduction payments and remittances are current and paid in full as of the date of the Borrower’s request for the final partial discharge of this Mortgage, which written confirmation from Canada Revenue Agency must be dated not more than thirty (30) days before the date that the Mortgage is repaid in full. This clearance certificate process can take a considerable amount of time and therefore the Borrower is advised to make arrangements for obtaining this clearance certificate as soon as possible in advance of the anticipated repayment and final partial discharge of this Mortgage.

PARKING STALLS

The Borrower represents and warrants that it intends to designate all parking stalls to be constructed on the common property of the strata corporation to be created from the Lands as limited common property (“LCP”) on the strata plan to be registered on the Lands, pursuant to the *Strata Property Act* of British Columbia, and the Borrower covenants and agrees that it will designate at least one parking stall as LCP for the exclusive use of each strata lot created on the Lands, with written confirmation of such LCP designations to be provided to the Lender forthwith after the registration of the designations. However, if the Borrower decides to allocate parking stalls to individual strata lots by any means other than the designation of limited common property, then the Borrower covenants and agrees that it will not assign, transfer or lease any of its rights to the parking stalls without the Lender's written consent and will execute and deliver and compel any assignee, transferee or lessee of any parking stall rights to execute and deliver such further documents as the Lender may require to provide the Lender with satisfactory security in connection with the parking stalls.

STORAGE/BICYCLE LOCKERS

The Borrower represents and warrants that it intends to allocate any storage lockers and bicycle lockers to be constructed on the common property of the strata corporation to be created from the Lands by way of a lease agreement (the “**Storage/Bicycle Locker Lease**”). The Borrower covenants and agrees that upon execution of the Storage/Bicycle

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Locker Lease, it will execute and deliver and compel any lessee of the Storage/Bicycle Locker Lease to execute and deliver a mortgage and/or assignment of its leasehold interest in the Storage/Bicycle Locker Lease in favour of the Lender, in form and content acceptable to the Lender.

Modified Terms

The Standard Mortgage Terms MT90096, being Part 2 of this Mortgage (the "SMT") are modified as follows:

- (a) Section 1.1(u) of the SMT is deleted in its entirety and replaced with the following:
- "1.1(u) **"Other Money"** means all money other than the Principal Amount that the Borrower owes to the Lender from time to time and the payment of which is secured by this Mortgage and includes all accrued interest."
- (b) Section 1.9 of the SMT is deleted in its entirety and replaced with the following:
- "1.9 If any party to this Mortgage is comprised of two or more Persons, then all the covenants and agreements of such party will be joint and several covenants and agreements of each such Person."
- (c) The following is added as section 1.12 to the SMT:
- "1.12 This Mortgage may be executed in counterparts and all counterparts so executed (including those executed and delivered by fax) will constitute one Mortgage binding on the parties effective upon execution."
- (d) Section 10.1 of the SMT is deleted in its entirety and replaced with the following:
- "10.1 Each of the following events shall be considered to be an event of Default:"
- (e) In Section 10.1(a) of the SMT, the word "Default" is replaced with the word "default".
- (f) Section 10.1 (c) of the SMT is deleted in its entirety and replaced with the following:
- "(c) the Borrower or any Covenantor becomes bankrupt or insolvent or makes an assignment for the benefit of, or a proposal to, or an arrangement with its creditor(s) or any action is taken or proceeding instituted, whether by the Borrower, any Covenantor or any other Person whereby the Borrower or any

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Covenantor may be dissolved, wound up, liquidated, reorganized, or declared bankrupt or insolvent;"

- (g) Section 10.1 (m) of the SMT is deleted in its entirety and replaced with the following:

"(m) there occurs any material adverse change in the financial position of the Borrower or any Covenantor, as determined by the Lender in its sole discretion;"

- (h) A new section 10.1 (q) is added to the SMT as follows:

"(q) without limiting the application of section 10.1(l), the Borrower fails to observe or perform, or a default occurs under, any of the terms or provisions of any mortgage, charge, pledge, lien, privilege or other encumbrance of any nature upon the Lands or any part thereof, including any Permitted Encumbrance."

- (i) Section 20.3 of the SMT is deleted in its entirety due to an inconsistency with section 23 of the SMT.

- (j) Section 21.12 of the SMT is deleted in its entirety and replaced with the following:

"21.12 The Covenantor is a primary debtor to the same extent as if the Covenantor had signed the Mortgage as Borrower and not as a guarantor or surety, and the Covenantor's covenants and agreements in this Mortgage are:

- i) joint and several covenants and agreements of each Person comprising the Covenantor; and
- ii) joint and several covenants and agreements with the covenants and agreements of the Borrower under this Mortgage."

- (k) Section 21.13 of the SMT is deleted and replaced with the following:

"21.13 All debts and liabilities, present and future, of the Borrower owed to the Covenantor and either of them are hereby assigned to the Lender and postponed to the Indebtedness, and all monies received by the Covenantor and either of them in respect thereof shall be received in trust for the Lender and forthwith upon receipt shall be paid over to the Lender, the whole without in any way lessening or limiting the liability of the Covenantor and either of them and this assignment and postponement shall remain in full force and effect until repayment in full to the Lender of all the Indebtedness.

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The Covenantor hereby waives all rights to receive from the Lender a copy of any financing statement, financing change statement or verification statement filed at any time in respect of this security interest.

- (l) Section 22 is deleted in its entirety and replaced with the following:

“22. **Commitment Letter**

22.1 The Borrower acknowledges and agrees that the terms and conditions of the Commitment Letter shall survive funding of the loan secured by this Mortgage and continue to be in full force and effect after said funding, and the execution and delivery of this Mortgage and any other related or collateral documents shall not merge or extinguish the Commitment Letter or the terms and conditions contained therein. Default by the Borrower under any of the terms or conditions contained in the Commitment Letter shall constitute a default hereunder. In the event there is a conflict between the terms and conditions of this Mortgage and the Commitment Letter, then the Lender, at its discretion, shall determine which document shall prevail. Notwithstanding the foregoing, there will be no conflict if the terms and conditions of the Commitment Letter should enlarge or clarify the terms and conditions of this Mortgage, and vice versa, and the inclusion of supplemental rights or remedies in favour of the Lender, or its designated agent(s), nominee(s) or assignee(s), contained in this Mortgage shall be deemed not to be a conflict as contemplated herein.”

- (m) In Sections 8.4, 9.2(b), 10.1(i), 10.1(j), 10.1(l), 13.2(e), 14.7 and 15.10 of the SMT the phrase “prior written consent” is replaced with “prior express written consent”.

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11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

Legal Notations

HERETO IS ANNEXED EASEMENT CA3072253 OVER PARCEL A (EXP PLAN 11233) OF LOTS 29 AND 30 BLOCK 7 DISTRICT LOT 121 GROUP 1 NWD PLAN 1054

NOTICE OF INTEREST, BUILDERS LIEN ACT (S.3(2)), SEE CA5335526
FILED 2016-07-12

HERETO IS ANNEXED EASEMENT CA6058173 OVER LOT 32 PLAN 1054

Charges, Liens and Interests

Nature: EASEMENT
Registration Number: CA3072254

Nature: COVENANT
Registration Number: CA5281006
Registered Owner: CITY OF BURNABY

Nature: COVENANT
Registration Number: CA5281008
Registered Owner: CITY OF BURNABY

Nature: COVENANT
Registration Number: CA5281010
Registered Owner: CITY OF BURNABY

Nature: COVENANT
Registration Number: CA5281012
Registered Owner: CITY OF BURNABY

Nature: COVENANT
Registration Number: CA5281014
Registered Owner: CITY OF BURNABY

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Nature: STATUTORY RIGHT OF WAY
Registration Number: CA5281016
Registered Owner: CITY OF BURNABY

Nature: COVENANT
Registration Number: CA5281018
Registered Owner: CITY OF BURNABY

Nature: STATUTORY RIGHT OF WAY
Registration Number: CA5281020
Registered Owner: CITY OF BURNABY

Nature: EASEMENT
Registration Number: CA6058174

END OF DOCUMENT

-9 MAR 2009 14 26

DUPLICATE COPY

MT090096

STANDARD MORTGAGE TERMS

Filed By: PEOPLES TRUST COMPANY

File No. _____

This set of standard mortgage terms is deemed to form part of every mortgage which refers to the standard mortgage term by its filing number as recorded at the Land Title Office.

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1. Interpretation

1.1 In This Mortgage:

- (a) **"Borrower"** means each Person who is named as and who executes the Mortgage Form as a borrower or mortgagor;
- (b) **"Business Day"** means any day that is not a "holiday" as that word is defined in the *Interpretation Act* of British Columbia and the Lender is open for business at its Place of Payment;
- (c) **"Commitment Letter"** means the letter from the Lender to the Borrower (including any amendments to the letter) setting out the terms of the loan secured by this Mortgage;
- (d) **"Covenantor"** means each Person who is named as and who executes the Mortgage Form as a Covenantor;
- (e) **"Date of Advance"** means the earlier of the date of any advance or readvance of money under this Mortgage or the date at which the Lender has at the Borrower's request made funds available to make an advance or readvance of money;
- (f) **"Default"** includes each of the events of default listed in section 10;
- (g) **"First Payment Date"** means the date designated in item 5 (f) of the Mortgage Form;
- (h) **"Fixtures"** includes, but is not limited to, all buildings, erections, improvements, machinery, plant furnaces, oil burners, boilers, air conditioning, ventilation, cooling equipment, water heaters, electric fixtures, window blinds, plumbing and heating equipment, hot water tanks, wall to wall carpeting, screen and storm doors, storm windows, aerials, television antennae, satellite dishes, refrigerators, stoves, telecommunication systems, security systems, elevators, central vacuum systems, hot tubs, now or hereafter placed or installed on the Lands;
- (i) **"Indebtedness"** means the Principal Amount plus all Other Money, all of which is secured by this Mortgage;
- (j) **"Interest Adjustment Date"**, if applicable, means the interest adjustment date designated in item 5 (c) of the Mortgage Form;
- (k) **"Interest Calculation Period"** means the period or periods for the calculation of interest set out in item 5 (d) of the Mortgage Form;
- (l) **"Interest Rate"** means the interest rate set out in item 5 (b) of the Mortgage Form or a schedule attached thereto;
- (m) **"Lands"** means all the Borrower's present and future interest in the land described in item 2 of the Mortgage Form, including every incidental right, benefit or privilege attaching to that land or running with it and all Fixtures that are now or later attached to the Lands;

- (n) **"Last Payment Date"** means the last payment date designated in item 5 (i) of the Mortgage Form;
- (o) **"Lease"** includes, with respect to the Lands, any written or unwritten lease, sublease, assignment of lease, agreement to lease, tenancy, licence, right of use or occupation, right of first refusal to lease, option to lease or licence, together with all renewals, extensions, modifications, replacements and assignments thereof;
- (p) **"Lender"** means Peoples Trust Company;
- (q) **"Loan Payment"** means the amount of each periodic payment designated in item 5 (g) of the Mortgage Form;
- (r) **"Maturity Date"** means the balance due date designated in item 5 (l) of the Mortgage Form;
- (s) **"Mortgage"** means the Mortgage Form and these Standard Mortgage Terms.
- (t) **"Mortgage Form"** means Form B under the Land Title (Transfer Forms) Regulation and all schedules and addenda to Form B;
- (u) **"Other Money"** means all money other than the Principal Amount, the Borrower owes to the Lender and the payment of which is secured by this Mortgage and includes all accrued interest;
- (v) **"Payment Dates"** means the payment dates designated in item 5 (e) of the Mortgage Form;
- (w) **"Permitted Encumbrance"** means the prior charges referred to in item 11 of the Mortgage Form;
- (x) **"Person"** includes an individual, a corporation, a governmental body, a partnership of individuals or corporations, a trust, or a combination thereof;
- (y) **"Place of Payment"** means the place of payment designated in item 5(k) of the Mortgage Form or such other address as the Lender may advise by written notice;
- (z) **"Principal Amount"** means the amount of money specified as the principal amount in item 5 (a) on the Mortgage Form reduced by payments made by the Borrower from time to time and applied against the Principal Amount or increased by the advance or readvance of monies to the Borrower by the Lender from time to time and includes all money that is later added to the Principal Amount pursuant to the terms of this Mortgage;
- (aa) **"Renewal Offer"** means the offer to renew this Mortgage as described in section 20.3;
- (bb) **"Strata Property Act"** means the *Strata Property Act*, S.B.C. 1998;

- (cc) "Taxes" includes all taxes, municipal rates, utilities or assessments of every kind which are:
- (i) payable to any Person in connection with this Mortgage or the Lands or its use and occupation;
 - (ii) levied, charged or assessed upon and in respect of:
 - (A) any machinery and equipment on the Lands;
 - (B) local improvements and sewers;
 - (C) the lending of the Principal Amount;
 - (D) any transaction between the Borrower and the Lender;
 - (E) the provision of materials, goods and services, including legal services rendered in connection with this Mortgage or the Lands;

but does not include any tax payable on the income of the Lender.

1.2 Section titles are inserted for convenience only and are not to be taken into account or looked at for the purposes of interpreting and giving full effect to the true meaning and intent of any of the terms of this Mortgage.

1.3 The division of this Mortgage into sections has been made for the purposes of convenience and such divisions will not, unless the express provisions of this Mortgage provide or the context clearly requires, be taken into account for the purposes of interpreting and giving full effect to the true meaning and intent of the terms of this Mortgage.

1.4 All references in this Mortgage to the words "herein" or "hereunder" will be construed to being referred to this Mortgage as a whole and will not be construed to refer only to a specific section or clause of this Mortgage unless the context clearly requires such construction.

1.5 This Mortgage, including the covenants of the Covenantor provided herein will be governed by and construed in accordance with the laws of the Province of British Columbia. This Mortgage is made pursuant to the *Land Transfer Form Act* of British Columbia, Part 3.

1.6 All grants, covenants, provisos and agreements, rights, powers, privileges and liabilities contained in this Mortgage are to be read and held as if made by, with, granted to and imposed upon the parties hereto and their respective heirs, executors, administrators, successors and assigns as if the words had been inscribed in all the necessary places.

1.7 Wherever the singular or masculine is used throughout this Mortgage, the same will be construed as meaning the plural or the feminine, or body corporate where the context or the parties hereto so require.

1.8 If any of the terms of this Mortgage are held to be unenforceable or otherwise invalid, such holding will not, in any way, affect the enforceability or validity of the remaining terms of this Mortgage.

1.9 If any party to this Mortgage is comprised of two or more Persons, then all the covenants and agreements of such party will be joint and several covenants or agreements of each such Person.

1.10 Time is of the essence of this Mortgage.

1.11 All legislation referred to in this Mortgage includes any amendments thereto or replacements thereof from time to time, and all regulations thereunder.

2. Grant and Mortgage

2.1 In consideration of the Lender agreeing to lend the Principal Amount to the Borrower on the terms of this Mortgage, the Borrower grants and mortgages the Lands to the Lender as security for the repayment of the Principal Amount and Other Money and for the performance of all the Borrower's covenants and agreements under this Mortgage.

2.2 The specific charge contained in this Mortgage is intended to be a charge on all of the Borrower's right, title and interest in the Lands and each and every part thereof and if the right, title and interest of the Borrower in the Lands or any part thereof enlarges, or is renewed, extended or added to, then the specific charge contained in this Mortgage will be enlarged and extended to be a charge of the enlarged right, title and interest.

3. Redemption and Discharge

3.1 If the Borrower has performed all the Borrower's covenants and agreements and all the terms of this Mortgage have been complied with, then the Borrower will be entitled, within a reasonable period of time, at the Borrower's cost, to receive a discharge of this Mortgage.

4. Interest

4.1 The Borrower shall pay the Lender interest on the Principal Amount and Other Money at the Interest Rate calculated in accordance with the Interest Calculation Period from the Date of Advance to the date of payment, both before and after Default, judgment, or the Maturity Date.

4.2 If the Borrower fails to make a Loan Payment on a Payment Date or any other payment as required by this Mortgage when the same become due, then the Lender may charge compound interest on arrears of the Principal Amount and on arrears of interest and any Other Money until the same are paid by the Borrower at the Interest Rate, calculated in accordance with the Interest Calculation Period.

4.3 If the Interest Rate stipulated in the Mortgage would, except for this clause, be a criminal rate or void for uncertainty or unenforceable for any other reason or not be able to be ascertained or is determined by a court to be subject to deemed reinvestment of interest, then the Interest Rate (the "Back-up Rate") chargeable on the credit so advanced or secured will be ONE (1.00%) per cent per annum less than the maximum rate that would not be a criminal rate, calculated in accordance with generally accepted actuarial practices and principles. Notwithstanding any other provision of this Mortgage, the Borrower shall not pay or tender for payment any interest, cost, fee, bonus, fine, penalty, commission or other similar charge or expense that would result in payment of interest at a higher rate than the Back-up Rate. If such payment is tendered contrary to this clause, it will be applied to the Principal Amount or, if no Principal Amount is then outstanding, it will be refunded by the Lender to the Borrower without interest on demand.

4.4 The table attached hereto as Schedule "A" sets out interest rates calculated half-yearly, not in advance which are equivalent to interest rates calculated monthly, not in advance for floating rate mortgages. The equivalent rate table is for disclosure purposes on the *Interest Act* (Canada) and does not affect the calculation of interest under a floating rate mortgage. The Borrower may determine the equivalent rate by locating the Interest Rate in the column entitled "Interest Rate Monthly" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Half-Yearly Rate".

5. Covenant to Pay

5.1 The Borrower covenants to pay to the Lender the Principal Amount and interest as follows:

- (a) As to interest: Interest shall be due and paid on each Payment Date, commencing on the First Payment Date and continuing on each and every Payment Date thereafter, to and including the Last Payment Date; and
- (b) As to Principal: The Principal Amount shall be paid on the Maturity Date.

5.2 The Borrower shall make all payments due under this Mortgage to the Lender at the Place of Payment.

5.3 The Borrower shall pay the Lender the Principal Amount and Other Money without any setoff, deduction, or abatement.

5.4 Any payments made under this Mortgage received by the Lender after 12:00 p.m. in Vancouver, British Columbia will be deemed to have been received by the Lender and credited to the Borrower's account under this Mortgage on the next following Business Day.

5.5 The Lender will apply each Loan Payment firstly to pay interest and the balance of any payment (if any) will be applied to reduce the Other Money and the Principal Amount.

5.6 The Borrower may only prepay the Principal Amount in accordance with prepayment privileges (if any) contained in a schedule to this Mortgage.

5.7 The Borrower shall pay all Taxes and utilities, as they fall due and before any penalty attaches for non-payment and:

- (a) the Lender may deduct from an advance of any part of the Principal Amount a sum of money sufficient to pay Taxes or any portion thereof which have become or will become due and payable and are unpaid at the Date of Advance hereunder;
- (b) the Lender may also deduct from an advance of any part of the Principal Amount a sum of money, which, when added to the total of monthly instalments provided for in section 5.7(c) falling due prior to the next due date for the payment of Taxes, will be sufficient to enable the Lender to pay the whole amount of the annual Taxes as estimated by the Lender on the next due date for payment thereof or if the Taxes are payable in instalments on the next due date for the payment of the first instalment thereof;

- (c) if required by the Lender, the Borrower shall pay the Lender 1/12th of the amount as estimated by the Lender of the annual Taxes in monthly instalments and shall also pay the Lender on demand, the amount if any, by which the annual taxes exceed the annual installment amount;
- (d) the Borrower shall send to the Lender a copy of all assessment notices, Tax bills and other notices concerning the imposition of Taxes forthwith on receipt;
- (e) the Lender will not be liable to pay the Borrower interest on any amounts paid to the Lender on account of Taxes; and
- (f) all sums paid to the Lender pursuant to this section may be accumulated by the Lender in a tax account and will constitute a pledge for the performance of all obligations in the Lender's favour arising out of this Mortgage. In the event of any Default under this Mortgage by the Borrower, the Lender will have the right to apply the tax account monies in whole or in part in discharge of any amounts owing to the Lender, but the Lender undertakes that when the Taxes fall due, and if the Borrower has delivered the assessment notices, tax bills or other notices concerning the Taxes to the Lender then the Lender will apply the tax account monies in payment of the Taxes thereof.

6. Covenants as to Title

6.1 The Borrower has a good title to the Lands, subject only to the Permitted Encumbrances.

6.2 The Borrower has the right to convey the Lands to the Lender, subject only to the Permitted Encumbrances.

6.3 On Default, the Lender will have possession of the Lands.

6.4 Until Default of payment, the Borrower will have possession of the Lands.

6.5 The Borrower shall execute such further assurances as the Lender may reasonably require including, without limitation, any and all documents required by the Lender in connection with the *Personal Property Security Act* of British Columbia.

6.6 The Borrower shall not permit any encumbrance, charge or lien against the Lands, save and except the Permitted Encumbrances.

6.7 If the Borrower is an individual and has a spouse as defined under the *Family Relations Act* of British Columbia, the Borrower represents and warrants that at the time of granting this Mortgage:

- (a) none of the events, which under the *Family Relations Act* entitles the Borrower's spouse to an interest in family assets, has occurred; and
- (b) the Borrower has disclosed to the Lender all beneficial interests of the Borrower's spouse in the Lands.

In the event that any of the representations and warranties in this section 6.7 are false, all monies secured by this Mortgage shall become, at the option of the Lender, immediately due and payable.

The Borrower shall notify the Lender of any change or event affecting the spousal status of the Borrower or the right to occupy the Lands.

7. Insurance

7.1 Until this Mortgage is discharged, the Borrower shall insure and shall maintain insurance for each and every building, structure, Fixture, and replacement thereof now on the Lands or which may hereafter be erected against loss or damage by fire, and such other perils as the Lender may require, and course of construction coverage if the proceeds of this mortgage are to be used by the Borrower for the construction of buildings or improvements on the Lands.

7.2 The Borrower shall maintain third party liability insurance in an amount satisfactory to the Lender.

7.3 All insurance coverage required by the Lender shall be issued by insurers in a format and upon terms and in amounts acceptable to the Lender and the Borrower shall cause the Lender to be named as a loss payee as its interest may appear in respect to the Lands and as a named insured in respect of third party liability coverage on the policy or policies of insurance effected by the Borrower and shall cause mortgage clauses in a form approved by the Lender to be included in such policy or policies and shall provide evidence of such insurance forthwith upon demand.

7.4 The Borrower shall pay all insurance premiums as the same become due.

7.5 The Borrower shall forthwith assign, transfer and deliver over to the Lender the interest of the Borrower in the insurance policy.

7.6 The Borrower shall forthwith, on the happening of any loss or damage furnish or cause to be furnished to the Lender at the Borrower's expense all necessary proofs and do all necessary acts to enable the Lender to obtain payment of insurance monies.

7.7 The Lender may, at its option, apply any insurance monies received to a suspense account or in or to rebuilding, reinstating or repairing all or any portion of the Lands or pay the Borrower or any other Person appearing by the registered title to be or to be the owner of the Lands or apply or pay partly in one way and partly in another or such monies may be applied, in the sole discretion of the Lender in whole or in part, in repayment of the Indebtedness, whether due or not then due.

7.8 To ensure that the Lender may apply for insurance monies in the manner herein contemplated, the Borrower shall assign and release to the Lender as the Lender deems necessary all of the Borrower's rights to receive insurance monies and expressly waives the Borrower's rights and benefits under the *Insurance Act, R.S.B.C., 1996* and the *Fire Prevention (Metropolis) Act, 1774*.

7.9 If all or any part of the Lands is or becomes one or more Strata Lots, the Borrower shall, or shall cause the respective Strata Corporation, to observe and perform all covenants required to be observed and performed by the Borrower in this section 7, and shall:

- (a) immediately on the happening of any loss or damage to the Lands, comply fully with the terms of the policy or policies of insurance and, without limiting the generality of the obligation of the Borrower under section 14 herein, with the insurance provisions relating to the Strata Lot or each Strata Lot;

- (b) cause any insurance monies to be made payable to the Strata Corporation or, if any insurance trustees are designated by the bylaws, to named insurance trustees, and to be made payable firstly to the Lender in the event that the Strata Corporation resolves not to repair or replace the damaged Strata Lot, buildings, common property, common facilities and other insurable improvements in respect thereof as provided in the *Strata Property Act*;
- (c) cause all applicable policies of insurance to contain an Insurance Bureau of Canada approved standard mortgage clause or other mortgage clause acceptable to the Lender to be effective in the event that the Strata Corporation resolves not to repair or replace the damaged Strata Lot, buildings, common property, common facilities and insurable improvements in respect thereof; and
- (d) if, in the reasonable opinion of the Lender, the insurance carried by the Strata Corporation is deemed inadequate, at the Lender's request, carry a separate policy of insurance on each Strata Lot forming part of the Lands at the Borrower's own cost.

8. Use, Alterations and Repairs

8.1 The Borrower shall not, without the express written consent of the Lender change the present use of the Lands or permit the Lands to be unoccupied or unused.

8.2 The Borrower shall:

- (a) at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, bylaws, ordinances, work orders and regulations of every governmental or administrative authority or agency and all permits, licenses and approvals issued thereunder whether federal, provincial, municipal or otherwise, including, without limitation those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped areas, pollution of the environment, contaminated wastes, or hazardous or toxic materials or other environmental hazards, building construction, public health and safety, drugs or narcotics and all private covenants and restrictions affecting the Lands or any part thereof;
- (b) from time to time, upon request of the Lender, provide to the Lender evidence of such observance and compliance as noted in section 8.2(a) and shall, at the Borrower's own expense, make any and all improvements or alterations to the Lands, structural or otherwise, and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, bylaw, ordinance, work order or regulation. The Borrower shall immediately report to the Lender any non-compliance thereunder involving the Lands.

If the Borrower fails to comply with any aforementioned law, rule, requirement, order, direction, bylaw, ordinance, work order or regulation, the Lender shall be entitled but shall not be obliged to take such actions and incur such costs and expenses (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis) to effect such compliance and the amounts thereof shall be payable immediately by the Borrower, be added to the Indebtedness, bear interest at the Interest Rate and form a charge on the Lands.

8.3 The Borrower shall maintain the Lands and all buildings, structures, and Fixtures in good condition and repair according to the nature and description thereof respectively, and shall not commit any act of waste or allow any act of waste to be committed upon the Lands.

8.4 The Borrower shall not remove or demolish any buildings, structures or improvements on the Lands or commence any structural alterations, improvements, or additions without the prior written consent of the Lender.

8.5 The Borrower shall not grant or permit any Lease with respect to the Lands or any part thereof without the written approval of the Lender. If the Lender gives written approval to lease the Lands, then any Lease entered into with a tenant must state that the tenant:

- (a) shall comply with all present and future laws, ordinances, regulations, orders and directions of any governmental, quasi-governmental, municipal, and civil authority or agency concerning the Lands; and
- (b) covenants and agrees that it shall not use or permit to be used any part of the Lands for any illegal activity, including but not limited to the growing, manufacturing, importing, distribution or sale of any drug or narcotic.

The Borrower further covenants and agrees to conduct an inspection of the leased Lands every three (3) months or with such frequency as may be required under present and future laws, ordinances, regulations, orders and directions of any governmental, quasi-governmental, municipal, and civil authority or agency, and the Borrower shall immediately notify the Lender of any illegal activity discovered during said inspection.

8.6 The Lender or its agent may, at any time, and for any purpose deemed necessary by the Lender enter upon the Lands to conduct any investigations, audits and inspections of or with respect to the Lands, including but not limited to environmental testing, site assessment, investigation or study, and the costs, charges and expenses incurred in connection therewith shall be payable immediately by the Borrower, be added to the monies secured by this Mortgage, bear interest at the Interest Rate and form a charge on the Lands. No action taken by the Lender or its agent pursuant to this section 8.6 will make the Lender a mortgagee in possession.

8.7 If any building erected or to be erected on the Lands is or will be a new home, as defined under the *Homeowner Protection Act*, S.B.C. 1998, the Borrower shall only engage the services of a residential builder as defined under the *Homeowner Protection Act*, who during the period of engagement is licensed and provides home warranty insurance as required under the *Homeowner Protection Act*.

9. Lender's Election to Make Payments and Cure Defaults

9.1 If the Borrower fails to make any payment which the Borrower has covenanted or agreed to make by this Mortgage, or if the Borrower fails to provide proof of making such payment to the Lender upon demand, then the Lender may make such payment on behalf of the Borrower.

9.2 If the Borrower fails to perform or cause to be performed any covenant or fails to provide proof of performance to the Lender upon demand, the Lender may in its sole discretion perform or cause to be performed any such covenant and may do such acts as it considers reasonable, to protect the interest of the Lender and for such purposes, the Lender and its authorized representatives may enter onto the Lands. The Lender may also:

- (a) insure the buildings, structures, and Fixtures on the Lands in accordance with the provisions hereof if the Borrower neglects to insure or deliver policies and receipts in accordance herewith;
- (b) repair and reinstate the buildings, structures, and Fixtures on the Lands if the Borrower fails to repair in accordance herewith or demolishes or alters such buildings, structures, or Fixtures without the Lender's prior written consent;
- (c) without any order or direction of the Borrower pay to contractors, sub-contractors, material men, labourers and other Persons supplying or having a claim for work, services or materials supplied in or about the construction, repairing, altering or replacing of any building, structure, or Fixture any monies due to them for such work, services or materials;
- (d) pay common expenses, strata fees, assessments, special assessments, contributions, or levies required to be paid in connection with any strata lot comprising the Lands;

The Lender has no obligation to exercise its rights under this section and if the Lender exercises its rights hereunder, it will not be liable to the Borrower for any loss or damage.

9.3 If the Lender makes payment to any creditor of the Borrower or encumbrance holder in respect of the Lands, the Lender will be entitled to all equities and securities held by such creditor or encumbrance holder in respect of the Indebtedness or encumbrance paid or satisfied.

9.4 All payments made and all sums of money expended by the Lender under this section 9, including incidental costs, charges, and expenses and outlays incurred in doing anything under this section 9, shall forthwith be payable by the Borrower on demand with interest at the Interest Rate until paid and until paid shall form part of the Indebtedness.

9.5 Nothing done by the Lender in reliance on the provisions of this section 9 will in any manner prejudice the remedies of the Lender in respect of any Default of the Borrower or otherwise.

10. Acceleration of Payment

10.1 Each of the following events set out in section 10.1 (a) to (p) shall be considered to be an event of Default:

- (a) the Default in payment of any of the Principal Amount, interest, or Other Money due under this Mortgage;
- (b) a breach of any of the Borrower's covenants or other obligations contained herein;
- (c) the Borrower or any Covenantor becomes bankrupt or insolvent or makes an assignment for the benefit of, or a proposal to, or an arrangement with its creditors or any action is taken or proceeding instituted, whether by the Borrower or any other Person whereby the Borrower may be dissolved, wound up, reorganized, or declared bankrupt or insolvent;
- (d) an encumbrancer takes possession of the Lands or any part thereof or a receiver is appointed with respect to all or any part of the Lands;

- (e) the whole or any part of the Lands is expropriated or becomes subject to an order of expropriation;
- (f) in the sole opinion of the Lender the Borrower in any way causes or permits the value of the Lands to diminish;
- (g) the Borrower fails to observe or perform any of the provisions of any agreement or Commitment Letter pursuant to which any monies secured by this Mortgage were advanced or there is any Default by the Borrower or the Covenantor under any other loan agreement to which the Borrower or the Covenantor is a party with the Lender;
- (h) any warranty or representation made by the Borrower or the Covenantor in connection with the loan secured by this Mortgage is or becomes untrue in any material respect;
- (i) the Borrower is a corporation and without the prior written consent of the Lender there is any change in the ownership of the shares of the Borrower, the Borrower issues additional shares in the Borrower, or the Borrower enters into an amalgamation, a merger or similar arrangement;
- (j) the Borrower holds title to the Lands as trustee of a trust and without the prior written consent of the Lender the Borrower resigns or is removed or otherwise no longer acts as trustee of such trust;
- (k) the Borrower sells, conveys or otherwise transfers or assigns all or any part of the Borrower's title to or interest in the Lands or any part thereof without the prior express written consent of the Lender;
- (l) the Borrower grants any mortgage, charge or encumbrance against the Lands or any part thereof including an option to purchase or right of first refusal without the prior written consent of the Lender;
- (m) there occurs any material change in the financial position of the Borrower or any Covenantor;
- (n) the Lands become comprised of in whole or in part one or more strata lots and:
 - (i) the building is destroyed or is considered to be destroyed within the meaning of the *Strata Property Act*;
 - (ii) the strata corporation fails to comply with any provision of the *Strata Property Act* and the Lender in its sole opinion considers such failure to be material; or
 - (iii) strata plans are amended, whether by division consolidation or redesignation of the strata lots, the common property, or any limited property or otherwise or the boundaries of the strata lots, the common property, or any limited property are modified or removed and the Lender in its sole discretion considers such amendment, modification or removal to be material;
- (o) the Lands are left vacant or unoccupied for a period exceeding twenty (20) days;

- (p) the holder (including the Lender, if such be the case) of any mortgage, charge or encumbrance on the Lands, whether or not ranking prior to or *pari passu* with the charges created by this Mortgage, does anything to enforce or realize on such mortgage, charge or encumbrance.

10.2 On the happening of an event of Default, then, at the option of the Lender:

- (a) the Principal Amount, interest, and all Other Money owing hereunder shall forthwith become due and payable and the security constituted hereby shall become enforceable without notice as if the Maturity Date had fully come and expired and notwithstanding this Mortgage is to be declared to be made in pursuance of Part 3 of the *Land Transfer Form Act*, R.S.B.C., 1996, it is expressly understood and agreed by the Borrower that the reinstatement or relief from consequence provisions in the form of the words numbered 15 in column 2 of Schedule 6 in the *Land Transfer Form Act* Part 3 shall have no force and effect in respect to this Mortgage or any part of the money hereby secured, and the provisions relating to a Default under this Mortgage by the Borrower shall be as set out herein and the Borrower shall not be relieved from the consequences of Default by payment of monies of which Default of payment has been made and costs and charges related thereto;
- (b) the Lender will have possession of the Lands, free and clear from all encumbrances subject only to the Permitted Encumbrances;
- (c) the Lender may exercise any and all remedies to enforce this Mortgage; and
- (d) the Lender may waive or consent to any event of Default noted above, however, no waiver, consent, act or omission by the Lender will extend to or be taken in any manner whatsoever to affect any subsequent event of Default, and no waiver or consent by the Lender will bind the Lender unless it is in writing.

11. Remedies on Default

11.1 If a Default occurs the Lender may, in any order that the Lender chooses, do any one or more of the following:

- (a) demand payment of all the Indebtedness;
- (b) sue the Borrower for the amount of the Indebtedness;
- (c) take proceedings and any other legal steps to compel the Borrower to keep the Borrower's promises and agreements contained in this Mortgage;
- (d) enter upon and take possession of the Lands;
- (e) sell the Lands and other property by public auction or private sale, or lease the Lands on terms decided by the Lender:
 - (i) on thirty (30) days notice to the Borrower if the Default has continued for thirty (30) days; or

- (ii) without notice to the Borrower if the Default has continued for sixty (60) days or more;
- (f) apply to the court for an order that the Lands be sold on terms approved by the court;
- (g) apply to the court to foreclose the Borrower's interest in the Lands so that when the court makes its final order of foreclosure the Borrower's interest in the Lands will be absolutely vested in and belong to the Lender;
- (h) appoint a receiver of the Lands;
- (i) enter upon and take possession of the Lands without the permission of anyone and make any arrangements the Lender considers necessary to:
 - (i) inspect, lease, collect rents or manage the Lands;
 - (ii) complete the construction of any building on the Lands; or
 - (iii) repair any building on the Lands;
- (j) take whatever action is necessary to take, recover and keep possession of the Lands.

11.2 Nothing in section 11.1 affects the jurisdiction of the court.

11.3 If the Lender sells the Lands by public auction or by private sale the Lender will use the amount received from the sale to pay:

- (a) any real estate agent's commission;
- (b) all adjustments usually made on the sale of Lands;
- (c) all of the Lender's expenses and costs described in section 11.5; and
- (d) the Indebtedness;

and will pay any surplus:

- (e) according to an order of the court if the Lands are sold by an order of the court; or
- (f) to the Borrower if the Lands are sold other than by an order of the court.

11.4 If the money available to pay the Indebtedness after payment of the commission, adjustments and expenses referred to in section 11.3 (a) to (c) is not sufficient to pay all the Indebtedness, the Borrower shall pay to the Lender on demand the amount of the deficiency.

11.5 The Borrower shall pay to the Lender on demand all expenses and costs incurred by the Lender in enforcing this Mortgage. These expenses and costs include the Lender's cost of taking and keeping possession of the Lands, the cost of the time and services of the Lender or the Lender's employees for so doing, the Lender's legal fees and disbursements on a solicitor and client basis, unless the court allows legal fees and disbursements be paid on a different basis, and all other costs and expenses incurred by the Lender to protect the Lender's interest under this Mortgage. These expenses and costs shall be added

to the Principal Amount, be payable on demand and bear interest at the Interest Rate until they are fully paid.

11.6 If the Lender obtains judgment against the Borrower as a result of a Default, the remedies described in section 11.1 may continue to be used by the Lender to compel the Borrower to perform the Borrower's promises and agreements set out in this Mortgage. The Lender will continue to be entitled to receive interest on the Indebtedness until the judgment is paid in full.

11.7 If the Lender does not exercise any of the Lender's remedies on the happening of a Default or does not ask the Borrower to cure it, the Lender is not prevented from later compelling the Borrower to cure that Default or exercising any of those remedies in connection with that Default or any later Default of the same or any other kind.

11.8 The taking of a judgment or judgments on any of the covenants herein contained will not operate as a merger of those covenants or affect the Lender's right to interest at the Interest Rate and times herein provided and any judgment may provide that interest thereon be computed at the Interest Rate and in the same manner until judgment is fully paid and satisfied.

11.9 All remedies stipulated for the Lender herein will be in addition to and not restricted to the remedies of a lender at law and in equity.

11.10 Each remedy of the Lender may be enforced in priority to or concurrently with or subsequent to any other remedy or remedies of the Lender.

11.11 The Lender may realize upon various securities and the parts thereof in any order that the Lender may determine and any realization upon any security or securities will not bar realization of any other security or securities. Unless the Lands are residential premises as defined by the *Residential Tenancy Act, S.B.C., 2002*, the Lender may distrain for arrears of interest or the Principal Amount or Other Moneys secured hereby and the powers of the Lender herein may be exercised to enforce the payment of any instalment and in respect of any other Default of the covenants, conditions and terms hereof.

12. Receiver

12.1 If the Borrower commits an act of Default, then the Lender may, in writing, appoint a Person (whether an officer or employee of the Lender or not) to be a receiver of the Lands and the rents and profits derived therefrom and may remove the receiver so appointed and appoint another in his place. The term "receiver" as used in this Mortgage will include a receiver and manager.

12.2 A receiver so appointed will be conclusively the agent of the Borrower and the Borrower shall be solely responsible for the acts or Defaults and for the remuneration and expenses of the receiver. The Lender will not be responsible in any way for any misconduct or negligence on the part of the receiver and may, from time to time, fix the remuneration of the receiver and be at liberty to direct payment thereof from proceeds collected.

12.3 Nothing contained herein and nothing done by the Lender or by the receiver will render the Lender a mortgagee in possession, or be responsible as such.

12.4 Any monies received by the receiver after providing for payment of Permitted Encumbrances and for all applicable costs, charges and expenses as to the exercise of any other powers of the receiver as herein set forth will be applied in or towards satisfaction of the Indebtedness.

12.5 The receiver will have the power to:

- (a) take possession of and collect rents and profits from the Lands and for that purpose may take any proceedings be they legal or other proceedings in the name of the Borrower or otherwise;
- (b) carry on or concur in carrying on the business which the Borrower is conducting on and from the Lands and for that purpose, make an application to court to borrow money on the security of the Lands; and
- (c) lease all or any portion of the Lands and for that purpose execute contracts in the name of the Borrower, which said contracts will be binding upon the Borrower.

12.6 The rights and powers conferred herein are supplemental to and not in substitution for any other rights which the Lender may have from time to time.

13. Leasehold Interest Provisions

13.1 If the interest of the Borrower in all or any part of the Lands derives from a Lease, then the Borrower hereby grants, mortgages, demises, subleases and charges to the Lender all estate, term, right, title and interest of the Borrower in and to the Lease and the Lands together with any and all other, further or additional estate, term, right, title and interest therein or any part thereof acquired by the Borrower and all benefit and advantage therefrom including any right or option to purchase, to have and to hold for and during the remainder of the term of the Lease, save and except the last day thereof (the "Reversion"), as security for the payment to the Lender of the Principal Amount, interest thereon and Other Money owing under this Mortgage and the performance of all covenants, agreements and obligations secured by this Mortgage upon the terms set out in this Mortgage.

13.2 The Borrower covenants with the Lender that:

- (a) the Borrower has a good leasehold title to the Lands;
- (b) the Borrower has the right to charge and sublet the leasehold to the Lands to the Lender in the manner herein provided and, if required, has obtained the landlord's consent to this Mortgage;
- (c) neither the Borrower or any other Person has made, done, or suffered any act to encumber the Lease or any part thereof save and except as provided in the Permitted Encumbrances;
- (d) the Lease is a good, valid and subsisting Lease and has not been surrendered, forfeited, amended, or become void or voidable and the rents and covenants reserved have been duly paid and performed by the Borrower up to the date of execution of this Mortgage;
- (e) during the continuance of this Mortgage, the Borrower shall not amend, surrender or modify the Lease without the written consent of the Lender and shall pay the rent reserved by the Lease and perform and observe the covenants, provisos, and conditions contained in the Lease on the tenant's part to be performed and observed and agrees to keep the Lender indemnified against all actions, claims and demands whatsoever in respect of the said rents and covenants or anything relating thereto;

- (f) the Borrower shall stand possessed of the Reversion of the Lease and the Lands in trust for the Lender and shall assign and dispose thereof as the Lender may direct;
- (g) on any sale of the Lands for the purpose of vesting the Reversion of any term or any renewal thereof in any purchaser thereof, the Lender will be entitled by deed or writing to appoint that purchaser or any other person or new trustee of the Reversion and any renewal of the term of the Lease in the place of the Borrower;
- (h) the Lender may vest the Reversion and any renewal accordingly in the new trustee freed and discharged from any obligation regarding the Reversion and any renewal;
- (i) any default under the Lease will be deemed to be a Default under this Mortgage;
- (j) the Borrower shall not transfer, assign, sublease, surrender or terminate the Lease or any of the Borrower's rights of interest in the Lease except as provided in this Mortgage;
- (k) the Borrower shall not allow any options (to renew or otherwise) or any rights of first refusal under the Lease to lapse and, subject to any contrary directions from the Lender, shall exercise any such options or rights so as to maintain or continue the term of the Lease;
- (l) if the Borrower becomes the owner of the freehold of the lands and premises demised by the Lease, this Mortgage will increase to be a mortgage of the freehold interest in such lands and premises to the same extent and effect as if the Borrower had been the owner of the freehold, free from encumbrances, at the date of this Mortgage. For the purpose of giving effect to the foregoing, the Borrower does hereby grant, mortgage and charge the freehold interest in the lands and premises demised by the Lease to and in favour of the Lender, such grant, mortgage and charge to take effect upon the Borrower acquiring freehold title to such lands and premises;
- (m) the Borrower shall immediately notify the Lender of any notice or advice from the lessor under the Lease of the lessor's intention to terminate the Lease prior to the expiration of the term of the Lease or any other notice or request received from the lessor; and
- (n) no action taken by the Lender pursuant to this section 13 will make the Lender a mortgagee in possession.

14. Strata Lot Provisions

14.1 If the Lands now, or at any other time hereafter, are comprised of one or more strata lots, then the provisions of this section will apply.

14.2 Where used in this section 14, the terms "common property", "Form F Certificate", "Form B Certificate", "Owner", "Strata Corporation" and "Strata Lot" have the meanings attributed to them in the *Strata Property Act*.

14.3 The Borrower shall observe and perform all the covenants and agreements, conditions and provisos required to be observed and performed under the *Strata Property Act* and any bylaws, rules and regulations that be passed by the Strata Corporation or section thereof of which the Borrower is a member by virtue of the Strata Lot(s) hereby charged.

14.4 The Borrower shall pay, on or before the due dates, the share of the common expenses and each and every assessment, contribution or levy made by the Strata Corporation thereof against the Strata Lot(s) and interest in the Lands and shall not permit or cause to permit a situation under which the Strata Corporation may register a Form G Certificate in the Land Title Office.

14.5 The Borrower shall forward to the Lender within ten (10) days of demand by the Lender a Form F Certificate or Form B Certificate (or both) certifying that no monies are owing to the Strata Corporation by the Borrower.

14.6 At the request of the Lender, the Borrower shall give the Lender copies of all notices, financial statements and other documents given by the Strata Corporation or Strata Council to the Borrower.

14.7 The Borrower shall not, without the prior written consent of the Lender:

- (a) assign any of the Borrower's rights, powers, duties or obligations under the *Strata Property Act* or bylaws; or
- (b) (give possession of any Strata Lot hereby charged to any Person whether on the basis of an agreement providing for the purchase of the Strata Lot or on the basis of a Lease for a term of one year or more.

14.8 The Borrower grants to the Lender all rights and powers to vote conferred on the Borrower by the *Strata Property Act*, but neither this section nor anything done by virtue hereof will render the Lender a mortgagee in possession.

14.9 The Borrower acknowledges and agrees that the Lender may exercise the power to vote on any matters relating to insurance, maintenance, finance or other matters affecting the security of this Mortgage and no additional notice need be given to the Borrower to permit the Lender to exercise the right and power to vote conferred on the Borrower in respect of these matters, and the Borrower may, at any duly called meeting of the Strata Corporation of which the Lender has received written notice, exercise the right to vote on these matters if the Lender is not by its authorized representative, agent or proxy, present at that meeting, provided that the Borrower votes against any resolution of the members of the Strata Corporation which could materially adversely affect the Lender's security under this Mortgage.

14.10 The Borrower acknowledges and agrees that the right and power to vote granted in this Mortgage to the Lender does not impose on the Lender any duty or obligation whatsoever to vote or to protect the interest of the Borrower, and the Lender will not be responsible for the consequences of any exercise of the right to vote or any failure to exercise the right to vote.

14.11 The Borrower hereby authorizes any officer of the Lender to apply at any time and from time to time to the Strata Corporation for certification to the Lender of the matters under section 36 of the *Strata Property Act*.

14.12 The Lender is the Borrower's agent to examine, inspect, and obtain copies of any and all records books, minutes and accounts or other documents of every nature and kind whatsoever which the Borrower is entitled to examine or inspect.

15. Assignment of Rents

15.1 If item 5(j) of the Mortgage Form indicates that there is an assignment of rents, this section applies.

15.2 In this section,

“**Assignment of Rents**” means the provisions of this section;

“**Notice**” means a notice from the Lender to the Borrower of the Lender’s intention to demand, collect, sue for, recover, or receive Rents from a Tenant;

“**Rents**” means any rent, revenue or other money due or accruing due or at any time hereafter due to the Borrower under any Lease, including the benefit of any guarantee of payment or covenant to pay the Rents; and

“**Tenant**” means any tenant, sub-tenant, user, occupant, or licensee of the Lands or any part thereof, and includes any guarantor, indemnitor or other person liable under any Lease.

15.3 The Borrower hereby assigns, transfers and sets over to the Lender the Rents (with the full power and authority to demand, collect, sue for, distrain for, recover, receive and give receipts for the Rents in the name of and as agent for the Borrower), TO HAVE AND TO HOLD unto the Lender until all the Indebtedness has been paid.

15.4 Although this is a present assignment, unless and until the Lender has delivered a Notice, the Borrower may collect and receive the Rents as and when they become due and payable according to the terms of each Lease. This section 15.4 does not relieve the Borrower from any obligation in this Mortgage.

15.5 If the Lender has delivered a Notice to the Borrower, the Lender or its agent may give notice to any Tenant under any Lease requiring the Tenant to pay the Rents to the Lender. The production of a copy of this section will be absolute and irrevocable authority to the Tenant to make payment to the Lender of any amount then due by the Tenant to the Borrower and of all amounts thereafter to become due from the Tenant to the Borrower until:

- (a) the Tenant has received a copy of a release of this Mortgage registered in the Land Title Office; or
- (b) the Lender has advised the Tenant in writing to make future payments to the Borrower (without prejudice to the Lender’s right at any time thereafter to deliver a further Notice to the Borrower).

15.6 No Tenant will be bound to ascertain the validity of this Assignment of Rents or any actions taken by the Lender pursuant to it. Payment of Rents by any Tenant to the Lender will be effective to discharge the liability of the Tenant to pay the Rents under its Lease, notwithstanding any deficiency or invalidity in connection with this Assignment of Rents or any action taken by the Lender pursuant to it.

15.7 Any Rents received by or on behalf of the Borrower after delivery of a Notice to the Borrower shall be held in trust by the Borrower for the Lender. The Borrower shall immediately deliver such Rents to the Lender.

15.8 Nothing in this section will:

- (a) make the Lender responsible for the collection of the Rents or for the performance of any covenant, provision, stipulation, term or condition of any party under any Lease; or
- (b) make the Lender a mortgagee in possession of the Lands.

15.9 The Lender will be liable to account only for such moneys as may actually come into its hands by virtue of this section (by applying them to the Indebtedness), including, without limitation, monies held in trust for it by the Borrower hereunder; provided, however, that the Lender is entitled to deduct all related expenses to which the Lender may be put in respect of collecting such moneys.

15.10 The Borrower shall not, without the written consent of the Lender:

- (a) assign, pledge, or hypothecate any Lease or Rents, except to the Lender;
- (b) do (or permit to be done) or omit to do anything that either directly or indirectly would have the effect of waiving, releasing, reducing, discounting or abating any rights or remedies of the Borrower or obligation of any other party under or in connection with any Lease;
- (c) terminate, surrender, accept a surrender of, sublet, assign, encumber, discount, anticipate, waive, reduce, release, abate or amend in any manner any Lease (other than a month-to-month tenancy); or
- (d) receive or permit the prepayment of Rents for more than one month in advance.

15.11 The Borrower shall at all times observe and perform all of its obligations under every Lease and do or cause to be done all things necessary or expedient to maintain, preserve and protect all of the rights and remedies of the Borrower under each Lease. If the Borrower fails to do so, the Lender may, in its absolute discretion, perform such obligations on behalf of the Borrower and may add any cost or expense thereby incurred to the amount owing by the Borrower to the Lender, and any such amount is secured by this Mortgage.

15.12 The Borrower shall from time to time:

- (a) provide to the Lender within seven (7) days of a request a current list of every Lease in such detail as the Lender may require and, if requested, a copy of any Lease;
- (b) execute such further assurances as may be required by the Lender to perfect this Assignment of Rents, including a specific assignment similar to this Assignment of Rents with respect to any or every Lease and the Borrower hereby irrevocably appoints the Lender as its attorney to execute any such assignment; and
- (c) give notice to any party to a Lease of this or any specific assignment of such Lease and obtain from such party acknowledgements of such notice in such forms as the Lender may require.

15.13 The Borrower represents and warrants that:

- (a) it has good right, full power and absolute authority to assign the Rents in accordance with this section;
- (b) none of the Rents have been or will be paid prior to the due date (other than one month's worth of such Rents);
- (c) there has been no material default under any Lease by any of the parties to such Lease;
- (d) there is no outstanding dispute between the Borrower and any other party to a Lease; and
- (e) the Borrower has observed and performed and shall observe and perform all of its obligations under each Lease.

15.14 The rights, powers, and remedies of the Lender under this Assignment of Rents are continuing rights, powers, and remedies and may be exercised from time to time at the discretion of the Lender.

15.15 No lease of the Lands or any part thereof made by the Borrower will have priority over this Mortgage without the express written consent of the Lender.

16. Construction Provisions

If all or any portion of the proceeds of this Mortgage are to be used by the Borrower for the construction of buildings or improvements on the Lands, then the following provisions shall apply:

16.1 Subject to acts of God, strikes, lockouts or other labour or industrial disturbances, the Borrower shall forthwith commence construction of the buildings and improvements on the Lands (hereinafter called "the Project") in accordance with the plans and specifications submitted to and approved by the Lender ("the Plans and Specifications") and shall carry on such construction and installation continuously, and diligently and with dispatch until completed and the Borrower shall devote its full efforts and energy to the development, construction and sale of the Project and shall not, save as herein set out, depart from the Plans and Specifications, and the judgment and determination of the Lender under this section shall be final and conclusive.

16.2 The Project shall be constructed in a good workmanlike manner, using first quality materials in accordance with the Plans and Specifications and shall comply with all restrictions, conditions, ordinances, codes, regulations, and laws applicable to the Lands, and to the building or improvements.

16.3 All utility services necessary for the construction of the Project and operation and use thereof for its intended purpose, including but not limited to, the water supply, storm and sanitary sewer facilities, gas, electric and telephone facilities are available to the boundaries of the Lands.

16.4 The Lands are contiguous to the publicly dedicated streets, roads or highways and vehicular and pedestrian access thereto is permitted or, if not, is the dominant tenement of a registered easement or easements creating the perpetual right of such access to any such publicly dedicated streets, roads or highways.

16.5 Any defects in the construction or variation of the construction in the Project as reported to the Lender by its consultants shall be promptly corrected by the Borrower to the satisfaction of the Lender.

16.6 All personal property, furniture, furnishings, Fixtures, attachments and equipment (hereinafter collectively called "the Chattels") delivered upon, attached to the Project or intended to become part of the Project shall be kept free and clear of all chattel mortgages, conditional sales agreements, vendors' liens, and all liens, encumbrances, and security interests other than as may be granted to the Lender and the Borrower will have the absolute ownership of the Chattels and shall, from time to time, furnish the Lender with satisfactory evidence of such ownership, including searches of applicable public records.

16.7 If any proceedings are commenced seeking to enjoin or otherwise to prevent or declare invalid or unlawful the construction, occupancy, maintenance, or operation of the Project or the Lands, or any portion thereof, the Borrower shall cause such proceedings to be contested in good faith and in the event of an adverse ruling or decision, prosecute all allowable appeals therefrom and shall, without limiting the generality of foregoing, resist the entry or seek the stay of any temporary or permanent injunction that may be entered and use its best efforts to bring about a favourable and speedy disposition of all such proceedings. Should the Lender in its absolute discretion deem it advisable to take proceedings either judicial or otherwise for the enforcement of the contracts and permits (as hereinafter defined) the Borrower shall join the Lender in such proceedings and does hereby grant to the Lender irrevocable authority to join the Borrower in such proceedings.

16.8 The Borrower shall forthwith provide the Lender with such documents, agreements, contracts and other materials in connection with the construction or proposed construction of the Project as the Lender may require.

16.9 The authority conferred upon the Lender and any action taken by the Lender in the exercise in such authority in making inspections of the Lands procuring sworn statements, approving permits, contracts, sub-contracts and plans and specifications will be taken by the Lender for its own protection only and the Lender will not assume any responsibility to the Borrower or to any other Person or waive any of the obligations of the Borrower by such approval or otherwise.

16.10 The Borrower shall cause to be paid as soon as the same are due, all claims and demands of contractors, material suppliers, workers and employees and all wages, salaries, holiday pay, workers' compensation, assessments, employer remittances to Canada Revenue Agency, goods and services tax owing to Canada Revenue Agency, or other charges of any nature or kind (hereinafter called "Charges"), which could, on any circumstances, constitute a lien or charge having priority over this Mortgage or any future advance hereunder and the Borrower shall, from time to time on demand, provide the Lender with such books, payrolls or other records, receipts, certificates and declarations as the Lender may deem necessary to satisfy itself that such Charges have in fact been paid as the same are due.

16.11 The Borrower shall not permit any lien to be acquired or registered against the Lands or any part thereof under the *Builders Lien Act* of British Columbia (the "*Builders Lien Act*"), or under any other statute or law. In the event that a lien is registered against the Lands or any part thereof, the Lender may, but will not be obliged to, pay such amounts as may be required to remove such lien from title. Any monies so paid by the Lender, together with all costs, charges and expenses incurred by the Lender in connection therewith (including without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis), shall be payable immediately by the Borrower, be added to the monies secured by this Mortgage, bear interest at the Interest Rate and form a charge on the Lands.

16.12 The Borrower shall establish, maintain and operate at all relevant times a holdback account or accounts in the manner required by the *Builders Lien Act* and provide to the Lender any information relating to such holdback account or accounts as the Lender may from time to time request. The Borrower shall use any funds in the holdback account only as permitted by the *Builders Lien Act* and shall not disburse funds from the holdback account or accounts until the expiry of all holdback periods as established under the *Builders Lien Act*. The Lender may require any part of the Principal Amount to be deposited in any such holdback account or accounts at such times and in such amounts as the Lender in its sole discretion may determine.

16.13 In no case are unadvanced portions of the Principal Amount to be considered by the Borrower or any other Person to be a holdback account under the *Builders Lien Act*. For greater certainty, the Lender will not maintain any holdback accounts.

16.14 The Borrower and Covenantor irrevocably consent to the disclosure of information pursuant to the *Builders Lien Act* by the Lender to any Person that purports to be entitled to request information under the *Builders Lien Act*.

16.15 On default by the Borrower under the Mortgage, the Lender will have the right in addition to any other remedies which the Lender may have to:

- (a) enter upon the Lands and complete the Project with such changes as the Lender may deem appropriate in its absolute discretion, which work shall be done at the cost and expense of the Borrower;
- (b) discontinue at any time any work commenced on the Lands or change any course of action taken by the Borrower;
- (c) assume any of the contracts made by the Borrower and take over and use all of the labour, material, supplies and equipment contracted by the Borrower;
- (d) engage builders, contractors, architects, engineers and other staff and trades as may be necessary for the purpose of completing construction of the Project;
- (e) pay, settle, or compromise all bills or claims which may become liens against the Lands; and
- (f) generally to take all or refrain from taking all such action hereunder as the Lender may, from time to time determine.

The Borrower shall be liable to the Lender for all sums paid by the Lender or incurred to construct or complete the Project and all such payment or liabilities incurred by the Lender shall be paid by the Borrower to the Lender upon demand with interest at the Interest Rate from the date of payment by the Lender to the payment date of such sums to the Lender. The Borrower hereby irrevocably constitutes and appoints the Lender as its true and lawful attorney in order to complete such acts.

16.16 Unless otherwise expressly agreed to in writing by the Lender, the Borrower shall:

- (a) utilize and pay any sums advanced hereunder for "Project Costs" which include all costs which may be incurred for the construction, interest, taxes, professional fees, insurance, promotion, maintenance, and other items in connection with the erection and sale of the

Project, but does not include any element of profit, interest, bonus, salary, or wage, other than such salary, wage or bonus that would normally be paid, return of invested capital, repayment of loans, withdrawal of equity to for or by the Borrower or for any "insider", "associate", or "affiliate", including controlled and subsidiary companies (as defined from time to time in the *Securities Act* of British Columbia) of the Borrower; and

- (b) to pay from sources, other than funds advanced hereunder such portion of the Project Costs as may be necessary so that the monies unadvanced hereunder from time to time shall, in the opinion of the Lender at all times be sufficient to pay all Project Costs necessary to complete the construction and the sale of the Project.

17. Current or Running Account - Advance of Funds

17.1 This Mortgage secures a current or running account and any portion of the Principal Amount secured by this Mortgage may be advanced or readvanced by the Lender in one or more sums at any future date or dates, and the amount of such advances and readvances when so made shall be secured by this Mortgage and shall be repayable with interest as provided herein.

17.2 Neither the execution nor registration of this Mortgage, nor the advance of any portion of the Principal Amount by the Lender will obligate the Lender to advance any unadvanced portion of the Principal Amount, but nevertheless the Mortgage hereby created shall take effect forthwith on the execution of this Mortgage.

18. Corporate Status

18.1 If the Borrower is a corporation then the Borrower covenants and agrees with the Lender that the Borrower:

- (a) is incorporated, licensed, or authorized to carry on business in the Province of British Columbia and is duly authorized to enter into this Mortgage and to borrow funds advanced to it by the Lender or secured hereunder and to grant this Mortgage; and
- (b) is not now in default with respect to the filing of any annual reports or other reports or notices with the Registrar of Companies for the Province of British Columbia and is in good standing and shall, until this Mortgage is fully repaid and discharged, remain in good standing as aforesaid and shall carry on its business and administer its affairs in accordance with the provisions of the *Business Corporations Act* of British Columbia.

19. Environmental Compliance

19.1 To the best of the Borrower's knowledge after due and diligent inquiry, no contaminants, wastes, hazardous or toxic materials are being stored in, on, or about the Lands nor have any contaminants, wastes, hazardous or toxic materials been stored or used in, on, or about the Lands prior to the Borrower's ownership, possession or control of the Lands. The Borrower agrees to provide written notice to the Lender immediately upon the Borrower becoming aware that the Lands are being or have been contaminated with any contaminants, wastes, hazardous or toxic materials. The Borrower shall not permit any activities on the Lands which directly or indirectly could result in the Lands being contaminated with contaminants, wastes, hazardous or toxic materials. The representations and warranties contained in this section 19 shall survive and remain in full force and effect notwithstanding

any independent inspections, investigations, and assessments which the Lender may conduct or cause to be conducted with respect to the Lands.

19.2 The Borrower shall pay immediately when due the cost of removal of any contaminants, wastes, or hazardous or toxic materials in, on, or about the Lands.

19.3 The Borrower shall indemnify and hold harmless the Lender and its directors, officers, employees and agents from and against all loss, cost, damage or expenses (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis) incurred in the investigation, defence and settlement of any claim due to the Borrower's or any other Person's failure to comply with any statutory regulation, order, bylaw, direction or equivalent relating to the protection of the environment, or due to the presence of any contaminant, waste, or hazardous or toxic material in, on, or about the Lands, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of this Mortgage or the release from this Mortgage of part or all of the Lands.

20. Additional Covenants

20.1 The doctrine of consolidation will apply to this Mortgage, notwithstanding section 31 of the *Property Law Act* of British Columbia.

20.2 The Borrower, without in any way affecting or releasing its liability to the Lender for the repayment of the Indebtedness, hereby assigns transfers and sets over to the Lender all its right, title, claim, demand and interest whatsoever at law or in equity or otherwise to indemnification or express or implied of and from payment of any and all monies due to the Borrower by any purchaser of the Lands from the Borrower.

20.3 At, or prior to the Maturity Date, the Lender may send a written offer to the Borrower offering to renew the Mortgage for varying terms and pre-payment privileges (the "Renewal Offer"). If the Borrower does not pay out the Mortgage in full at the Maturity Date and it does not return the signed Renewal Offer to the Lender by the Maturity Date, then the Borrower will be deemed to have accepted to renew this Mortgage at the Interest Rate and with the monthly payment as set out in the Renewal Offer for a six-month term which may be pre-paid in whole or in part at any time without notice, bonus or penalty.

20.4 The Borrower shall pay forthwith, upon demand, the costs, charges and expenses of the Lender of and incidental to:

- (a) the preparation, execution and registration of the Mortgage and any other instruments connected herewith and every renewal hereof;
- (b) the collection, enforcement and realization of the security herein contained;
- (c) procuring payment of the Indebtedness by exercise of the Lender's remedies on Default, including foreclosure, power of sale or execution proceedings commenced by the Lender or any other party;
- (d) any inspection required to be made of the Lands;
- (e) all necessary repairs required to be made to and fuel, fixtures, and goods of any sort supplied to be used on the Lands;

- (f) the Lender having to go into possession of the Lands to secure, complete and equip the building or buildings in any way in connection therewith;
- (g) the Lender's renewal of any leasehold interest;
- (h) the exercise of any powers of receiver contained herein;
- (i) all lawyers costs, charges and expenses of any necessary examination of title to and evaluation of the Lands. The costs, charges and expenses shall extend to and include any legal costs incurred by the Lender as between solicitor and his own client.

The costs, charges and expenses shall bear interest at the Interest Rate until paid, and until paid, shall form part of the Indebtedness.

20.5 Default by the Borrower under any other loan with the Lender shall be deemed to be a Default under this Mortgage and the entire balance of the Indebtedness under this Mortgage shall immediately become due and payable at the sole option of the Lender.

20.6 Time will be of the essence.

20.7 The Borrower and each Covenantor consent to and acknowledge that credit, financial and personal enquiries ("Personal Information") regarding the Borrower and each Covenantor and, if applicable, their respective officers, directors and principal shareholders, may be made at any time in connection with the Mortgage and in connection with any assignment, sale, syndication or securitization of the Mortgage by the Lender, and the Borrower and each Covenantor consents to the making of such enquiries by or on behalf of the Lender and consents to the disclosure, without restriction and without notice to or the consent of the Borrower and each Covenantor of the Personal Information to any credit reporting service, financial institution, rating agency, participant, investor, assignee or purchaser of all or any part of the Mortgage and any organization maintaining databases on the underwriting and performance of residential mortgage loans. All Personal Information provided by the Borrower and each Covenantor in relation to this Mortgage will be dealt with by the Lender in accordance with the terms of the Peoples Trust Privacy Policy, a copy of which is available at any of the Lender's branches or on its website at <http://www.peoplestrust.com>. The Borrower and each Covenantor acknowledge and agree that the collection, use and disclosure of the Personal Information is appropriate in these circumstances.

20.8 The disbursement of monies under this Mortgage will take place only when title to and all security in connection with the Lands and all other documents and matters with respect to the Mortgage are complete, satisfactory and acceptable to the Lender's lawyers.

20.9 The Borrower and Covenantor acknowledge and agree that the Lender may at its sole discretion assign the Mortgage or any security taken by it in connection therewith to any other Person or entity absolutely or by way of security, and no such assignment shall operate to release or discharge the Borrower and Covenantor from their obligations hereunder.

20.10 The Borrower acknowledges that the loan for which this Mortgage is delivered as security has been made on the express condition that the Lender's opinions, approvals, consents, requirements, estimates, determinations and decisions and what is or is not acceptable, material, adverse or satisfactory to it are in its sole and absolute discretion and are not subject to judicial review as to their reasonableness but only as to whether or not they are fraudulent.

20.11 No sale or other dealing, by the Borrower with the Lands or any part thereof will in any way change the liability of the Borrower, the Covenantor or any other Person liable for the payment of the Indebtedness or in any way alter the rights of the Lender as against the Borrower, the Covenantor, or any other Person liable for the payment of the Indebtedness.

21. Covenantor's Provisions

21.1 As the lending of the Principal Amount will benefit the Covenantor, the Covenantor wishes the Lender to lend the Principal Amount to the Borrower and the Lender has agreed to do so and pay the sum of TEN (\$10.00) DOLLARS to the Covenantor, if the Covenantor makes the covenants set out in this section. The Covenantor acknowledges receipt and sufficiency of such consideration and covenants with the Lender and agrees:

- (a) to pay the Principal Amount and Other Money when due; and
- (b) to keep, perform and be bound by all of the Borrower's covenants and agreements contained in this Mortgage.

21.2 With or without notice to or consent from the Covenantor, the Covenantor agrees that the following shall in no way affect any of the covenants of the Covenantor or affect the liability of the Covenantor to the Lender:

- (a) the discharge or release of the Mortgage in whole or in part or the accepting of any composition or arrangements from the Borrower or any other Person or entity or the realizing upon the Mortgage or other security no matter when or in what manner;
- (b) any disregarding, waiver or consent to an event of Default;
- (c) the giving of time or other indulgences to the Borrower to do something that the Borrower has agreed to do or to cure a Default;
- (d) the giving up, modifying, varying, exchanging, renewing or abstaining from perfecting or taking advantage of the Mortgage or other security in whole or in part now or hereafter held by the Lender;
- (e) any renewal, extension or amendment of the Mortgage;
- (f) any neglect or default of the Lender that otherwise might operate as a discharge, whether partially or absolutely, of the Covenantor; and
- (g) any other dealing between the Borrower and the Lender that concerns this Mortgage or the Land.

21.3 All the Covenantor's covenants and agreements shall be binding upon the Covenantor until the Indebtedness has been fully paid to the Lender, the Borrower has performed all the Borrower's covenants and agreements contained in this Mortgage and any other agreements made in connection with this Mortgage and the Lender has no obligation to advance or readvance monies to or on behalf of the Borrower.

21.4 The Lender will not be bound to exhaust its recourse against the Borrower or other parties, or any security or evidence of debt which the Lender may hold before requiring payment by the Covenantor, and the Lender may enforce the various remedies available to it and may realize upon the various security or any part or parts thereof in any order as it may determine, and the Covenantor renounces all benefits of discussion and division.

21.5 The obligations and liabilities of the Covenantor hereunder will be independent of and not conditional or contingent upon or affected in any manner by any other obligation or liability of the Covenantor or of the Borrower or of any other Person or other entity who is or may become liable in respect of the Indebtedness or any prior notice, demand, action, or proceeding against the Borrower or any such other Person or entity.

21.6 The Covenantor's liability to make payment under this Mortgage shall arise forthwith after demand for payment has been made in writing on the Covenantor or any one of them, if more than one, and such demand shall be deemed to have been effectually made when an envelope containing such demand addressed to the Covenantor or such one of them at the address of the Covenantor or such one of them last known to the Lender is posted, postage prepaid, in the post office.

21.7 Any account settled or stated by or between the Lender and the Borrower or admitted by or on behalf of the Borrower, may be adduced by the Lender and shall in that case be accepted by the Covenantor as conclusive evidence that the balance or amount thereof thereby appearing as due by the Borrower to the Lender is correct.

21.8 The covenants of the Covenantor contained herein shall be in addition to and not in substitution for any other covenants or other securities which the Lender may now or hereafter hold in respect of the Indebtedness and the Lender will be under no obligation to marshal in favour of the Covenantor any other covenants or other securities or any moneys or other assets which the Lender may be entitled to receive or may have a claim upon; and no loss of or in respect of or unenforceability of any other covenants or other securities which the Lender may now or hereafter hold in respect of the Indebtedness, whether occasioned by the fault of the Lender or otherwise, shall in any way limit or lessen the Covenantor's liability.

21.9 No change in the name, objects, share capital, or constitution of the Borrower or any agreement made by it, including but not limited to the disposition of a part or all or substantially all of its assets (whether or not the same shall form part of the security herein) or an amalgamation with another corporation, shall in any way affect the liability of the Covenantor.

21.10 Until repayment in full of all the Indebtedness, all dividends, compositions, proceeds of securities, securities valued or payments received by the Lender from the Borrower or others or from estates in respect of the Indebtedness will be regarded for all purposes as payments in gross without any right on the part of the Covenantor to claim the benefit thereof in reduction of the liability under this Mortgage, and the Covenantor shall not claim any set-off or counterclaim against the Borrower in respect of any liability of the Borrower to the Covenantor, claim or prove in the Lender bankruptcy or insolvency of the Borrower in competition with the Lender or have any right to be subrogated to the Lender.

21.11 The covenants of the Covenantor contained herein shall not be discharged or otherwise affected by the death or loss of capacity of the Borrower, by any change in the name of the Borrower, or in the membership of the Borrower, if a partnership, or in the objects, capital structure or constitution of the Borrower, if a corporation, or by the sale of the Borrower's business or any part thereof or by the

Borrower being amalgamated with a corporation, but shall, notwithstanding any such event, continue to apply to all Indebtedness whether theretofore or thereafter incurred; and in the case of a change in the membership of the Borrower which is a partnership or in the case of the Borrower being amalgamated with a corporation, this Mortgage shall apply to the liabilities of the resulting partnership or corporation, and the term "Borrower" shall include each such resulting partnership and corporation.

21.12 The Covenantor is a primary debtor to the same extent as if the Covenantor had signed the Mortgage as Borrower and not as a guarantor or surety and the Covenantor's covenants and agreements are joint and several with the covenants and agreements of the Borrower.

21.13 All debts and liabilities, present and future, of the Borrower owed to the Covenantor are hereby assigned to the Lender and postponed to the Indebtedness, and all monies received by the Covenantor in respect thereof shall be received in trust for the Lender and forthwith upon receipt shall be paid over to the Lender, the whole without in any way lessening or limiting the liability of the Covenantor hereunder; and this assignment and postponement shall remain in full force and effect until repayment in full to the Lender of all the Indebtedness. The Covenantor hereby waives all rights to receive from the Lender a copy of any financing statement, financing change statement or verification statement filed at any time in respect of this security interest.

22. Commitment Letter

22.1 The Lender and the Borrower agree that the accepted terms and conditions of the Commitment Letter shall survive funding of the loan secured by this Mortgage and continue to be in full force and effect after said funding. Default by the Borrower of any of the terms or requirements contained in the Commitment Letter shall constitute a Default hereunder. In the event there is a conflict between the terms and conditions of this Mortgage and the Commitment Letter, then the Lender, at its discretion, will determine which document will prevail. There will be no conflict if the terms and conditions of the Commitment Letter should enlarge or clarify the terms and conditions of this Mortgage, or vice versa.

23. Renewal

23.1 At or prior to the Balance of Due Date of this Mortgage, the Lender, at its absolute discretion, may send written notice to the Borrower offering to renew the Mortgage for varying terms and prepayment privileges (the "Renewal Offer"). In the event that the Borrower does not either pay out the Mortgage in full at the Balance Due Date or return the Renewal Offer to the Lender confirming the Borrower's choice of term, and paying any applicable fee, then the Borrower will be deemed to have accepted the terms and conditions of the Renewal Offer selecting the six month term option, which may be prepaid at any time without penalty, and the Borrower shall pay within three Business Days of the commencement date of the renewal term the applicable fee owing under the Renewal Offer.

SCHEDULE "A"

INTEREST RATE MONTHLY	EQUIVALENT HALF-YEARLY RATE	INTEREST RATE MONTHLY	EQUIVALENT HALF-YEARLY RATE	INTEREST RATE MONTHLY	EQUIVALENT HALF-YEARLY RATE
3.000	3.01881	8.000	8.13452	13.000	13.35721
3.125	3.14542	8.125	8.26378	13.125	13.48916
3.250	3.27208	8.250	8.39310	13.250	13.62118
3.375	3.39882	8.375	8.52249	13.375	13.75327
3.500	3.52562	8.500	8.65195	13.500	13.88543
3.625	3.65249	8.625	8.78147	13.625	14.01766
3.750	3.77942	8.750	8.91106	13.750	14.14995
3.875	3.90642	8.875	9.04072	13.875	14.28231
4.000	4.03348	9.000	9.17045	14.000	14.41474
4.125	4.16061	9.125	9.30024	14.125	14.54724
4.250	4.28781	9.250	9.43010	14.250	14.67981
4.375	4.41507	9.375	9.56002	14.375	14.81244
4.500	4.54240	9.500	9.69002	14.500	14.94514
4.625	4.66979	9.625	9.82008	14.625	15.07791
4.750	4.79725	9.750	9.95021	14.750	15.21075
4.875	4.92478	9.875	10.08040	14.875	15.34366
5.000	5.05237	10.000	10.21066	15.000	15.47664
5.125	5.18003	10.125	10.34099	15.125	15.60968
5.250	5.30776	10.250	10.47139	15.250	15.74279
5.375	5.43555	10.375	10.60185	15.375	15.87597
5.500	5.56341	10.500	10.73238	15.500	16.00922
5.625	5.69133	10.625	10.86298	15.625	16.14254
5.750	5.81932	10.750	10.99365	15.750	16.27593
5.875	5.94738	10.875	11.12438	15.875	16.40939
6.000	6.07550	11.000	11.25519	16.000	16.54291
6.125	6.20369	11.125	11.38605	16.125	16.67650
6.250	6.33195	11.250	11.51699	16.250	16.81016
6.375	6.46027	11.375	11.64800	16.375	16.94389
6.500	6.58866	11.500	11.77909	16.500	17.07769
6.625	6.71711	11.625	11.91021	16.625	17.21156
6.750	6.84564	11.750	12.04141	16.750	17.34550
6.875	6.97423	11.875	12.17269	16.875	17.47950
7.000	7.10288	12.000	12.30403	17.000	17.61358
7.125	7.23160	12.125	12.43544	17.125	17.74772
7.250	7.36039	12.250	12.56692	17.250	17.88193
7.375	7.48925	12.375	12.69846	17.375	18.01621
7.500	7.61817	12.500	12.83008	17.500	18.15056
7.625	7.74716	12.625	12.96176	17.625	18.28498
7.750	7.87621	12.750	13.09351	17.750	18.41947
7.875	8.00534	12.875	13.22533	17.875	18.55403

INTEREST RATE MONTHLY	EQUIVALENT HALF-YEARLY RATE	INTEREST RATE MONTHLY	EQUIVALENT HALF-YEARLY RATE	INTEREST RATE MONTHLY	EQUIVALENT HALF-YEARLY RATE
18.000	18.68865	21.000	21.94047	24.000	25.23248
18.125	18.82335	21.125	22.07683	24.125	25.37053
18.250	18.95811	21.250	22.21326	24.250	25.50865
18.375	19.09295	21.375	22.34977	24.375	25.64683
18.500	19.27785	21.500	22.48634	24.500	25.78509
18.625	19.36282	21.625	22.62298	24.625	25.92342
18.750	19.49766	21.750	22.75969	24.750	26.06181
18.875	19.63297	21.875	22.89647	24.875	26.20028
19.000	19.76815	22.000	23.03332	25.000	26.33882
19.125	19.90340	22.125	23.17024	25.125	26.47743
19.250	20.03872	22.250	23.30724	25.250	26.61611
19.375	20.17411	22.375	23.44430	25.375	26.75486
19.500	20.30956	22.500	23.58143	25.500	26.89369
19.625	20.44509	22.625	23.71863	25.625	27.03258
19.750	20.58068	22.750	23.85590	25.750	27.17154
19.875	20.71635	22.875	23.99324	25.875	27.31058
20.000	20.85208	23.000	24.13066	26.000	27.44969
20.125	20.98789	23.125	24.26814	26.125	27.58886
20.250	21.12376	23.250	24.40569	26.250	27.72811
20.375	21.25971	23.375	24.54331	26.375	27.86743
20.500	21.39572	23.500	24.68101	26.500	28.00682
20.625	21.53180	23.625	24.81877	26.625	28.14628
20.750	21.66796	23.750	24.95660	26.750	28.28581
20.875	21.80418	23.875	25.09451	26.875	28.42541

END OF SET

RENEWAL AGREEMENT

Censorio Group (Hastings & Carleton) Holdings Ltd.
4723 Hastings Street
Burnaby, BC V5C 2K8

Attention: Peter Censorio

Date: October 16, 2019

Dear Sir,

Mortgage No. 48646

RENEWAL AND MODIFICATION OF EXISTING PEOPLES TRUST MORTGAGE
(the "Renewal Commitment")

We are pleased to offer to renew and modify your Peoples Trust Mortgage as of the Loan Renewal Date upon and subject to the terms and conditions set out below and in the attached schedule. We confirm the particulars of the Peoples Trust Mortgage are as follows:

MORTGAGED LANDS	CIVIC:	4223 & 4225 Hastings Street Burnaby BC V5K 2B1	
	LEGAL:	Lot 1 District Lot 121, Group 1 New Westminster District, Plan EPP56644 PID # 029-877-555	

MORTGAGOR:	NAME:	Censorio Group (Hastings & Carleton) Holdings Ltd.	
	ADDRESS:	4723 Hastings Street , Burnaby, BC V5C 2K8	
	TEL. NO.:	(604) 662-8009	FAX. NO.:

COVENANTOR/ GUARANTOR:	NAME:	Strada 39 Trust Peter Censorio	
	ADDRESS:	4723 Hastings Street , Burnaby, BC V5C 2K8	
	TEL. NO.:		FAX. NO.:

PEOPLES TRUST MORTGAGE:	A FIRST mortgage charge against the Mortgaged Property registered in favour of Peoples Trust Company at the British Columbia Land Title Office under number CA6245585/CA6245586. The term "Peoples Trust Mortgage" also includes any additional or collateral security granted in favour of Peoples Trust Company, including any prior renewal agreements, any general security or chattel mortgage agreement, any deposit agreement, assignment of leases or assignment of rents.
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PRINCIPAL AMOUNT (as at Oct 16, 2019):	\$10,705,937.00 Drawn (approximately) \$794,063.00 Undrawn \$11,500,000.00 Total Approved
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LOAN RENEWAL DATE:	September 30, 2019
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The renewal and modification terms are as follows:

RENEWAL LOAN AMOUNT	\$10,705,937.00 Drawn (Approximately) \$794,063.00 Undrawn \$11,500,000.00 Total Approved	(Assuming that all payments to and including the Loan Renewal Date have been honoured)
RENEWAL FEE	\$28,750.00 <i>(see the Renewal Fee clause)</i>	
RENEWAL ANNUAL INTEREST RATE	Bank of Montreal Prime Rate plus 2.00% Minimum Interest Rate 5.95% <i>(see the Renewal Annual Interest Rate clause)</i>	
INTEREST ONLY PAYMENT	TBD	
FIXED PRINCIPAL PAYMENT	N/A	
TAX PORTION PAYMENT	N/A	
NEW TOTAL MONTHLY PAYMENT	TBD	
NEW TERM	3 Months (open)	
AMORTIZATION	N/A	
NEW MATURITY DATE	December 31, 2019	

This Renewal Commitment shall be irrevocable and open for acceptance by you until 5:00 o'clock p.m. on October 23, 2019.

Each person named as a Mortgagor/Covenantor/Guarantor may accept this Renewal Commitment by:

- (a) signing a copy of this Renewal Commitment where provision has been made for that purpose; and
- (b) returning the signed copy to us at our office at Suite 1400, 888 Dunsmuir Street, Vancouver, BC V6C 3K4, by the date and time last-mentioned. We confirm that you may forward your acceptance by mail or by facsimile transmission (604) 683-2787, Attention: Jonathan Wong).

This agreement amends and extends your mortgage. It is not meant to create an entirely new mortgage or to amend or prejudice any rights Peoples Trust Company may have with respect to security collateral to the mortgage or any other person, not a party to this Renewal Commitment, whether such person is an original or previous borrower, a covenantor, a guarantor, a surety or subsequent encumbrancer, or anyone else interested in the mortgage property, or to amend the

Borrower's Initials PC
Borrower's Initials _____

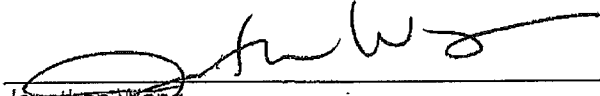
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Revision Date: August 20, 2019

rights of any such person. All the terms and conditions of your mortgage will remain in effect, except as amended by this renewal Commitment. Your mortgage will be deemed to be dated as of the Maturity Date of the maturing term

Upon your acceptance of this Renewal Commitment, it is understood that there will be a binding contract between you and us and each Covenantor/Guarantor for us to renew and modify the Peoples Trust Mortgage upon and subject to the terms of this Renewal Commitment and the schedule to this Renewal Commitment.

If I can be of any further assistance to you, please do not hesitate to contact me.

Yours truly,
PEOPLES TRUST COMPANY


Jonathan Wong
Vice President & Regional Manager, Commercial Banking - B.C.

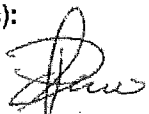
The Mortgagor accepts the terms of the Renewal Commitment this 18 day of October, 2019.

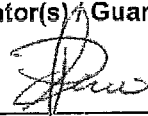
→ PC **If this box is not initialed the renewal cannot be processed.**

In accordance with the terms of your mortgage and this renewal you are required to maintain adequate property insurance during the term of this renewal and any subsequent renewal. By initialing the box above, I/We confirm that we are in compliance with this requirement.

We also authorize Peoples Trust Company to obtain credit information on the borrower and guarantors from sources they deem necessary and covenant to promptly provide such further information requested by Peoples Trust Company to process this loan.

The Borrower is in compliance with all laws, rules, requirements, orders, directions, ordinances and regulations (collectively, the "Laws") of every governmental, municipal, or civil authority or agency in connection with the payment of any monies owing under the Laws, including but not limited to the payment of all goods and services tax, harmonized sales tax and payroll remittances owing to the applicable agency or authority.

Borrower(s):

Censorio Group (Hastings & Carleton) Holdings Ltd.

Covenantor(s) / Guarantor(s):

Strada 39 Trust


Peter Censorio

Borrower's Initials PC
Borrower's Initials _____

Additional Definitions

In this Renewal Commitment:

- (a) "First Monthly Payment Date" means the 1st day of the month immediately following the month in which the Loan Renewal Date occurs;
- (b) "Improvements" mean all buildings, structures and improvements constructed on the Mortgaged Lands;
- (c) "Monthly Payment Date" means the 1st day of each month;
- (d) "New Maturity Date" means a date which is 3 months after the Loan Renewal Date;
- (e) "Peoples Trust Mortgage" means the mortgage and other security referred to on page 1 of this Renewal Commitment;
- (f) "Total Loan Amount" means the outstanding balance of all amounts owing from time to time under the Mortgage;
- (g) "you" and "your" mean each person who has signed this Renewal Commitment as Mortgagor/Covenator/Guarantor; and
- (h) "we", "our" and "us" mean Peoples Trust Company, its successors and assigns.
- (i) "Renewal Annual Interest Rate" means the sum of the Bank of Montreal's Prime Lending Rate set from time to time plus 200 basis points expressed as an annual rate of interest. The minimum interest rate is 5.95 %.
- (j) Prime Rate means the rate of interest per annum designated from time to time during the currency of this loan by the Bank of Montreal as being the prime commercial rate charged by the bank for demand loans in Canadian funds. If the Prime rate changes and so often as the same occurs at anytime until the amounts owing under this loan have been paid in full, the Renewal Annual Interest Rate under this loan shall also change by the same amount, on the same day.

Effective Date

This renewal and modification of the Peoples Trust Mortgage is effective as of the Loan Renewal Date and notwithstanding any provision of the Peoples Trust Mortgage, the terms and conditions contained in this Renewal Commitment shall apply as and from the Loan Renewal Date and any other provision contained in the Peoples Trust Mortgage which is inconsistent with this Renewal Commitment shall no longer apply and the Peoples Trust Mortgage shall be amended and modified accordingly.

Renewal Annual Interest Rate

You will pay interest on the Renewal Loan Amount from time to time outstanding at the Renewal Annual Interest Rate calculated monthly not in advance, as well after as before maturity, default and judgment from the Loan Renewal Date until the Total Loan Amount is paid in full. You will also pay interest on overdue interest at the Renewal Annual Interest Rate until that overdue interest is paid in full.

Monthly Payment

You will pay a New Monthly Payment of interest only, on each Monthly Payment Date during the Renewal Term commencing on the First Monthly Payment Date.

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Borrower's Initials _____

Realty Tax Instalments and Other Levies

Confirmation that all taxes, assessments, utilities, condominium fees and all other amounts charged or levied against the Lands have been paid in full. In the Province of Quebec, Mutation Duties must be paid in full. By accepting this Renewal Letter, the Borrower also consents to the release by City of Burnaby of all personal information including name and address of property owner and amount of monthly payment if property taxes are paid through the tax installment plan. This authorization is granted in accordance with the applicable provincial privacy act.

Prepayment Privileges

You will have the right to prepay all or any part of the Total Loan Amount prior to the New Maturity Date.

No Partial Discharge Privilege

You will have no right to obtain a partial discharge of the Mortgage prior to New Maturity Date.

Discrepancy

If there is a discrepancy between the commitment letter and the mortgage document or any other security taken by the Lender to secure the loan, then the Lender, at its discretion shall determine which document shall prevail.

Misrepresentations

The agreement arising from your acceptance of this Renewal Commitment is conditional upon and subject to the accuracy of all information provided and representations made in connection by you and the Covenantors in connection with this Renewal Commitment. If, at any time, we discover any facts or discover any misrepresentation made by you or any Covenantor that would, in our opinion, adversely affect our security, then, we, at our sole discretion, may cancel the agreement arising on the acceptance of this Renewal Commitment and require the immediate repayment of the Total Loan Amount.

Loan Renewal

The Lender shall have the first and last right of renewal of the mortgaged loan upon maturity. At or prior to the Balance Due Date the Lender, at its absolute discretion, may send written notice to the Borrower offering to renew the Loan for varying terms and prepayment privileges (the "Renewal Offer"). In the event that the Borrower does not either pay out the Loan in full at the Balance Due Date or return the Renewal Offer to the Lender confirming the Borrower's choice of term, and paying any applicable fee then the Borrower will be deemed to have accepted the terms and conditions of the Renewal Offer selecting the six month term option, which may be prepaid at any time without penalty, and the Borrower shall pay within three Business Days of the commencement date of the renewal term the applicable fee owing under the Renewal Offer. The rate for this auto renewal term will be set at Bank of Montreal Prime Lending Rate plus 5%.

Insurance Requirements

The Borrower shall provide the Lender with evidence of insurance in compliance with the Lender's requirements. The Borrower's terms of coverage and their insuring companies must be entirely acceptable to the Lender and its insurance consultants. The Borrowers and any Beneficial Owners shall be Named Insureds on all policies and the Borrower's policies shall provide:

a) Buildings and (where applicable) Contents Insurance:

To be written on an "All-risks" (Broad Form) basis, and to include the perils of earthquake, flood, and sewer back-up. The policy must be written on a replacement cost basis and include blanket by-law coverage. Any same-site / adjacent site provisions within the policy must be removed. The amount of coverage on the building and contents shall be for the full replacement cost of the property including foundations, footings and debris removal, and be without deduction for depreciation.

b) Machinery and Boiler Insurance:

To be written on a "Comprehensive" Machinery Breakdown Form, also incorporating the perils, extensions and stipulations of the property insurance conditions as stated in the foregoing.

Borrower's Initials PC
Borrower's Initials _____

c) Rental Income Insurance:

To be written on a Gross Rentals Broad Form as part of the foregoing property and boiler policies, also incorporating the perils, extensions and stipulations of those policies as they are described above. The rental insurance coverage shall contain a waiting period deemed acceptable to the Lender, and the period of indemnity shall be for a term of no less than eighteen (18) months. Such Gross Rentals are to include without limitation, base rent, operating costs and expenses, and realty taxes. The amount of coverage shall be for 100% of the gross rentals for the term, based upon 100% of the current rent roll, or 100% of the anticipated gross rents for the coming term, whichever amount is greater.

d) Commercial General Liability Insurance:

To be written in the amount of at least Two Million dollars (\$2,000,000) with respect to each occurrence. The commercial general liability policy and any excess or umbrella policies shall include Peoples Trust Company as an Additional Insured, but only with regard to the operations of the Borrower. For loans of \$10 million or greater, the borrower will maintain liability insurance in an amount of Five Million dollars (\$5,000,000) or greater.

e) IBC Standard Mortgage Clause and Boiler & Machinery Mortgage Clause:

All fire, boiler, and rental insurance policies shall contain the Insurance Bureau of Canada Standard Mortgage Clause, and shall name Peoples Trust Company as First Mortgagee and as Loss Payee. The boiler policy may also include a provision for suspension of coverage in accordance with the Canadian Boiler and Machinery Underwriters' Association Mortgage Clause.

f) Cancellation or Amendment to any Policy:

Each policy shall provide for thirty (30) days prior written notice to the Lender of termination of the policy, or of alteration of the policy to the prejudice of the Lender. If the Borrower suspends, cancels or lets lapse any part of the insurance, the Lender has the right to obtain equivalent insurance on its own behalf and the insurance premium shall be paid by the Borrower within ten days after having received the Lender's notice of obtaining such insurance, with interest at the current mortgage Renewal Annual Interest Rate. This right is in addition to any other right the Lender may have.

The Lender will engage an insurance consultant to review the Borrower's insurance policies to determine their compliance with the Lender's insurance requirements. The Lender's insurance consultant will be paid through the loan proceeds at the time of disbursement and the following fees will apply:

Risk Review Inc.

Loan Value

Up to \$10 Million
Over \$10 Million to \$25 Million
Over \$25 Million to \$39 Million

Consultation Costs

\$395.00 + Applicable tax
\$695.00 + Applicable tax
\$995.00 + Applicable tax

By accepting this Commitment Letter, the Borrower also authorizes and consents to the release, by its insurance provider, of all personal information related in any way to the property described within their insurance coverage to the lender or any of its agents or employees, or to the Lender's insurance consultant. The Borrower will be responsible for all costs incurred for the insurance coverage and its review as described herein.

The insurance conditions established by the Lender and / or the Lender's insurance consultant do not constitute complete coverage for the Borrower, and the Borrower and their insurance provider must independently determine what insurance coverage is appropriate for the Borrower's purposes.

Time

Time shall be of the essence.

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Borrower's Initials _____

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48646 Censorio Group (Hastings and Carleton) Holdings Ltd.
Renewal Agreement 4223 & 4225 Hastings Street, Burnaby, BC JPW
Revision Date: August 20, 2019

Interpretation

The agreement arising out of the acceptance of this Renewal Commitment shall enure to the benefit of and be binding on you, us and each Covenantor and the heirs, executors, administrators, successors and permitted assigns of each. Where you or any Covenantor are comprised of more than one person, your obligations and liabilities or the obligations and liabilities of each such Covenantor will be joint as well as several.

Additional Documentation

You and the Covenantor authorize us to file whatever notices we deem necessary with the Personal Property Registry giving notice of the extension of any collateral security held by Peoples Trust Company in connection with this Renewal Commitment and you waive your right to receive copies of the filing notices.

Covenantor's Provisions

In consideration Peoples Trust Company agreeing to modify the terms of the Peoples Trust Mortgage and in further consideration of the sum of \$10.00 and other good and valuable consideration now paid by Peoples Trust Company to the Covenantor, (the receipt and sufficiency of which is hereby acknowledged), the Covenantor jointly and severally covenants with Peoples Trust Company to pay or cause to be paid the Total Loan Amount and interest thereon and all other monies hereby secured and adopt and perform each and every covenant on the part of the Mortgagor to be performed under the Peoples Trust Mortgage as modified by this Renewal Commitment. The Covenantor further covenants and agrees with Peoples Trust Company that its liability hereunder shall not be affected by any partial release of the Peoples Trust Mortgage or any or all collateral or other securities (if any) held by Peoples Trust Company or by the extension of time of payment, or by the taking of any note or other obligation for payment of the Total Loan Amount and interest or Peoples Trust Company taking any security whatsoever for payment or by any act whatsoever Peoples Trust Company does with or without notice to the Covenantor.

Renewal Fee

The Borrower shall pay a renewal processing fee of \$28,750.00.

Costs

The Borrower shall pay all costs, charges and expenses to renew and modify the existing mortgage including the legal fees and disbursements of our lawyers.

Cancellation

This Renewal Commitment Letter may be cancelled at Peoples Trusts' option if any of the conditions set out herein are not complied with or if any of the requirements of its solicitors are not satisfactorily fulfilled.

Original Commitment

All of the terms and conditions of our Original Commitment Letter dated August 4, 2017 remain valid and in force with the exception of the terms and conditions being amended by this Renewal Commitment.

Due on Sale

In the event of the Borrower selling, conveying, transferring or entering into an agreement for sale or transfer of the Lands hereby mortgaged to a purchaser or transferee not approved in writing by the Lender, which approval shall not be unreasonably withheld, then all monies secured, together with accrued interest thereon shall forthwith become due and payable at the Lender's option and sole discretion. In order to approve the assumption of the loan by a subsequent purchaser, the Lender shall require a net worth statement from the subsequent purchaser, together with other such financial information as the Lender may reasonably require.

Conditions of Renewal

The Borrower shall deliver and/or fulfil the Conditions of Renewal, satisfactory to the Lender.

- A) Receipt of the Renewal Fee Amount as mentioned on page two (2) of this Renewal Commitment.
- B) Receipt of any outstanding Sundry Fees owed to Peoples Trust Company in the amount of \$161.73 as of October 16, 2019.
- C) Confirmation that the property taxes are paid in full on the mortgaged property as mentioned above.
- D) Receipt of Proof of Insurance on the subject property, satisfactory to Peoples Trust Company.

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 Borrower's Initials _____

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 48646 Censorio Group (Hastings and Carleton) Holdings Ltd.
 Renewal Agreement 4223 & 4225 Hastings Street, Burnaby, BC JPW
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Photos

The Borrower agrees to allow Peoples Trust to photograph or utilize existing photographs of the subject property for possible use in internal and external marketing programs.

Consent to Disclosure and Privacy Policy

The Borrower and each Covenantor consent to and acknowledge that credit, financial and personal inquiries ("Personal Information") regarding the Borrower and each Covenantor, their respective officers, directors and principal shareholder(s), may be made at any time in connection with the Loan and in connection with any assignment, sale, syndication or securitization of the Loan by the Lender, and the Borrower and each Covenantor consent to the making of such inquiries by or on behalf of the Lender and consent to disclosure, without restriction and without notice to or the consent of the Borrower and each Covenantor of the Personal Information to any credit reporting service, financial institution, rating agency, participant, investor, assignee or purchaser of all or any part of the Loan or interest therein and any organization maintaining databases on the underwriting and performance of commercial mortgage loans. All Personal Information provided by the Borrower and each Covenantor in relation to this Loan, will be dealt with by the Lender in accordance with the terms of the Peoples Trust Privacy Policy, a copy of which is available at any of our branches, or on our website: <http://www.peopletrust.com>. The Borrower and each Covenantor acknowledge and agree that the aforementioned collection, use and disclosure of the Personal Information is appropriate in these circumstances.

Peoples Trust and its service providers may use and store your information at facilities in various countries (including Canada and the United States of America). The personal information protection laws of those countries might be different from the laws of the jurisdiction in which you are located, and might permit courts, government, law enforcement and regulatory agencies and security authorities to access your information without notice.

Peoples Trust Privacy Policy

This will confirm that you have consented to provide certain confidential information with respect to the above described loan. This information will be governed by the terms of the Peoples Trust Privacy Policy, a copy of which is available at any of our branches, or on our website: <http://www.peopletrust.com>.

Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) and Regulations

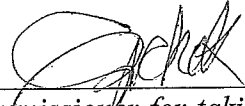
This will confirm that you have consented and agree to provide the Lender with such documentation and information, including identification, as the Lender may require to ensure compliance with the above legislation, and that the provision of such documentation and information shall be a condition to this loan renewal.

END OF SCHEDULE

Borrower's Initials PC
Borrower's Initials _____

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48646 Censorio Group (Hastings and Carleton) Holdings Ltd.
Renewal Agreement 4223 & 4225 Hastings Street, Burnaby, BC JPW
Revision Date: August 20, 2019

This is Exhibit "B" referred to in the Affidavit of JONATHAN WONG sworn before me at Vancouver, B.C., this 21 day of January, 2020.



A Commissioner for taking Affidavits within British Columbia

Gloria Ann Bychek
A Commissioner for Taking Affidavits
for British Columbia
Suite 1400 - 888 Dunsmuir Street
Vancouver, B.C. V6C 3K4
EXPIRY OCTOBER 31, 2022

GENERAL SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made the 10th day of August, 2017.

BETWEEN:

CENSORIO GROUP (HASTINGS & CARLETON) HOLDINGS LTD.
800 – 885 West Georgia Street, Vancouver, B.C. V6C 3H1

(the "Debtor")

OF THE FIRST PART

AND:

PEOPLES TRUST COMPANY
14th Floor - 888 Dunsmuir Street
Vancouver, BC V6C 3K4

(the "Secured Party")

OF THE SECOND PART

FOR VALUE RECEIVED, the Debtor hereby covenants, agrees, warrants, represents, acknowledges, and confirms to and with the Secured Party and creates and grants the mortgages, charges, and security interests as follows:

1. SECURITY INTEREST

1.1 Subject to the exception in clause 2, the Debtor does hereby:

- (a) mortgage and charge as and by way of a continuing, fixed, and specific charge to and in favour of the Secured Party, and assign, transfer, and grant by way of mortgage, charge, assignment, transfer, and security interest in all of the Debtor's and each Debtor's right, title, and interest, present and future, in and to all present and after-acquired Goods, Chattel Paper, Instruments, Documents of Title, Money, Investment Properties, and Intangibles located at, on, or about the real property described in Schedule "A" hereto (the "Real Property") or used or acquired in connection with or related exclusively to the business of the Debtor conducted on or with respect to the Real Property and in and to all Proceeds and renewals thereof and therefrom, accretions thereto, and substitutions therefor, including, without limitation, all of the following now owned or in the future owned or acquired by or on behalf of the Debtor:

- (i) all inventory of whatever kind and wherever situate, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, and all packaging materials, supplies, and containers relating to or used or consumed in connection with any of the foregoing (collectively the "Inventory");
 - (ii) all equipment of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, fixtures, furniture, furnishings, chattels, motor vehicles, air conditioning, heating, ventilating, electrical, mechanical, plumbing, communications and data systems, elevators, escalators and other conveyancing devices, boilers, furnaces, carpets, blinds, window coverings, curtains, drapes, awnings, light fixtures, doors, windows, demising walls, partitions, wiring, pipes and conduits, and other tangible personal property of whatsoever nature or kind that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing (collectively the "Equipment");
 - (iii) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action, and demands of every nature and kind howsoever arising or secured, including letters of credit and advices of credit, which are now due, owing, or accruing or growing due to or owned by or which may hereafter become due, owing, or accruing or growing due to or owned by the Debtor (collectively the "Debts");
 - (iv) all contractual rights, insurance claims, licences, goodwill, patents, trademarks, trade names, copyrights, and other industrial or intellectual property of the Debtor, all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor;
 - (v) all deeds, documents, writings, papers, books of account and other books, and electronically recorded data relating to the Real Property or relating to or being records of Debts, Chattel Paper, or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (b) mortgage and charge as and by way of a fixed and specific charge to and in favour of the Secured Party, and assign and transfer to the Secured Party and grant to the Secured Party, by way of mortgage, charge, assignment and

transfer, a security interest in all of the Debtor's and each Debtor's right, title, and interest, both present and future, in and to all of its presently owned or held and after acquired or held property which:

- (i) is or hereafter becomes a fixture on or to the Real Property, or
- (ii) constitutes a licence, quota, permit, or other similar right or benefit or crops which relates to the business of the Debtor conducted on or with respect to the Real Property.

1.2 The mortgages, charges, assignments and transfers, and security interests created or granted pursuant to clause 1.1 hereof are collectively the "Security Interest", and all property, assets, interests, and undertakings (including Proceeds) subject to the Security Interest or otherwise charged or secured hereby or expressed to be charged, assigned or transferred, or secured by any instruments supplemental hereto or in implementation hereof is collectively the "Collateral".

2. EXCEPTIONS AND DEFINITIONS

The Security Interest granted hereby shall not extend or apply to and the Collateral shall not extend to:

- (i) any consumer goods of the Debtor; and
- (ii) the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign and dispose thereof as the Secured Party shall direct.

Words and expressions used herein that have been defined in the Personal Property Security Act of the Province of British Columbia, as amended from time to time, which Act, including regulations and amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "Act", shall, unless otherwise defined herein or otherwise required by the context, be interpreted pursuant to their respective meanings in the Act whether expressed herein with or without initial capital letters and whether in the singular or plural. Provided always that the term "Inventory" shall include livestock and the young thereof after conception and crops that become such within six months of execution of this Security Agreement. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof". The term "Proceeds" whenever used and interpreted as above shall by way of example include trade-ins, equipment, cash, bank accounts, notes, chattel paper, goods, contract rights, accounts, and any other personal property or obligation received when such collateral or proceeds are sold, exchanged, collected, or otherwise disposed of. The term "licence" means any licence or similar right at any time owned or held by the Debtor, including without limitation to a "licence" as defined in the Act, and the meaning of the term "crops" whenever used herein includes but is not limited to "crops" as defined in the Act.

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The following words when used in this Security Agreement shall have the following meanings:

"Commitment Letter" means the letter dated August 4, 2017 (and any amendments thereto) from the Secured Party to the Debtor setting out the terms and conditions of a loan in the sum of \$11,500,000.00, secured in part by a first mortgage charge over the Real Property (the "Mortgage").

"Loan" means the loan made or to be made by the Secured Party to the Debtor pursuant to the terms of the Commitment Letter.

3. OBLIGATIONS SECURED

This Security Agreement and the Security Interest are in addition to and not in substitution for any other security interest now or hereafter held by the Secured Party from the Debtor or from any other person whomsoever and shall be general and continuing security for the payment of all indebtedness and liability of the Debtor to the Secured Party (including interest thereon), present or future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate balance thereof, including all advances on current or running account and all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor be bound alone or with another or others and whether as principal or surety, and for the performance and satisfaction of all obligations of the Debtor to the Secured Party, whether or not contained in this Security Agreement and whether the Debtor be bound alone or with another or others (all of which indebtedness, liability, and obligations are collectively the "Obligations").

4. PROHIBITIONS

Without the prior written consent of the Secured Party the Debtor shall not and shall not have power to:

- (a) grant, create, or permit to be created any security interest in, charge, encumbrance, or lien over, or claim against any of its property, assets, or undertakings which ranks or could in any event rank in priority to or pari passu with the Security Interest,
- (b) grant, sell, or otherwise assign its Chattel Paper, or
- (c) issue or have outstanding at any time any secured or unsecured bonds, debentures, debenture stock, or other evidences of indebtedness of the Debtor or of any predecessor in title of the Debtor issued under a trust deed or other instrument running in favour of a trustee.

5. ATTACHMENT

The Debtor hereby acknowledges and confirms that:

- (a) there is no intention to delay the time of attachment of the Security Interest hereby created and that the Security Interest shall attach at the earliest time permissible under the laws governing this Security Agreement;
- (b) that value has been given; and
- (c) that the Debtor has (or in the case of any after acquired property, will have at the time of acquisition) rights in the Collateral.

6. REPRESENTATIONS AND WARRANTIES

6.1 The Debtor represents and warrants to the Secured Party that:

- (a) if the Debtor is a company or a partnership, this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) or of the partners, as the case may be, of the Debtor and that all other matters and things have been done and performed so as to authorize and make the execution and delivery of this Security Agreement, and the performance of the Debtor's obligations hereunder, legal, valid, and binding;
- (b) the Debtor lawfully owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens, and claims, save only the charges or security interests, if any, shown in any Schedule hereto and those consented to in writing by the Secured Party, and the Debtor has good right and lawful authority to grant a security interest in the Collateral as provided by this Security Agreement;
- (c) where the Collateral includes Accounts, Chattel Paper, or Instruments, each is enforceable in accordance with its terms against the party obligated thereunder and that the Debtor has fully and accurately disclosed to the Secured Party the amount owing thereunder and any other relevant information concerning liability for payment thereunder;
- (d) with respect to goods constituting Collateral, the Debtor has herein or elsewhere fully and accurately disclosed to the Secured Party the locations thereof and of the business operations and records of the Debtor.

6.2 All representations and warranties given by the Debtor pursuant to the Loan shall form representations and warranties of this Security Agreement and this Security Agreement shall be read and construed to include such representations and warranties.

7. COVENANTS OF THE DEBTOR

7.1 The Debtor covenants and agrees with the Secured Party that at all times while this Security Agreement remains in effect the Debtor will:

- (a) defend the title to the Collateral for the benefit of the Secured Party against the claims and demands of all persons;
- (b) fully and effectually maintain and keep maintained the validity and effectiveness of the Security Interest;
- (c) maintain the Collateral in good order and repair;
- (d) forthwith pay:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims, dues, and other charges of every nature which may be lawfully levied, assessed, or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Secured Party may require; and
 - (ii) all security interests, charges, encumbrances, liens, and claims which rank or could in any event rank in priority to the Security Interest, other than the charges or security interests, if any, shown in any Schedule hereto and those consented to in writing by the Secured Party;
- (e) forthwith reimburse and indemnify the Secured Party for all costs, charges, expenses, and legal fees and disbursements which may be incurred by the Secured Party in:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting, and registering this Security Agreement or notice of it and other documents, whether or not relating to this Security Agreement;
 - (iii) investigating title to the Collateral;
 - (iv) taking, recovering, keeping possession of, and insuring the Collateral; and
 - (v) all other actions and proceedings taken in connection with the preservation of the Collateral and the enforcement of this Security Agreement and of any

other Security Interest held by the Secured Party as security for the Obligations;

- (f) at the Secured Party's request at any time and from time to time, execute, and deliver such further and other documents and instruments and do all acts and things as the Secured Party in its absolute discretion requires in order to confirm and perfect, and maintain perfection of, the Security Interest in favour of the Secured Party upon any of the Collateral;
- (g) notify the Secured Party promptly of:
 - (i) any change in the information contained herein relating to the Debtor, its address, its business, or the Collateral, including without limitation any change of name or address of the Debtor and any change in location of any Collateral;
 - (ii) the details of any material acquisition of Collateral;
 - (iii) any material loss or damage to the Collateral;
 - (iv) any material default by any account debtor in payment or other performance of his obligations to the Debtor with respect to any Accounts;
 - (v) the return to or repossession by the Debtor of the Collateral where such return or repossession of the Collateral is material in relation to the business of the Debtor; and
 - (vi) the details of any claims or litigation affecting the Debtor or the Collateral.
- (h) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;
- (i) permit the Secured Party and its representatives, at all reasonable times, access to all its property, assets, and undertakings and to all its books of account and records for the purpose of inspection and render all assistance necessary for such inspection; and
- (j) deliver to the Secured Party from time to time promptly upon request:
 - (i) any Documents of Title, Instruments, Investment Properties, and Chattel Paper constituting, representing, or relating to Collateral;

- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists, and other writings relating to the Collateral for the purpose of inspecting, auditing, or copying the same;
 - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
 - (iv) all policies and certificates of insurance relating to the Collateral; and
 - (v) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Secured Party may reasonably require;
- (k) carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning Collateral;
- (l) observe and perform the additional covenants, if any, set out in any schedule attached hereto.

7.2 The Debtor, if a company, covenants that at all times while this Security Agreement remains in effect, without the prior written consent of the Secured Party, it will not:

- (a) declare or pay any dividends;
- (b) purchase or redeem any of its shares or otherwise reduce its share capital;
- (c) become guarantor of any obligation; or
- (d) become an endorser in respect of any obligation or otherwise become liable upon any note or other obligation other than bills of exchange deposited to any bank accounts of the Debtor.

7.3 Except as herein provided, without the prior written consent of the Secured Party, the Debtor will not:

- (a) sell, lease, or otherwise dispose of the Collateral;
- (b) release, surrender, or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdiction or jurisdictions in which the Security Interest has been perfected.

- 7.4 Provided that the Debtor is not in default under this Security Agreement, at any time without the consent of the Secured Party the Debtor may lease, sell, license, consign, or otherwise deal with items of Inventory in the ordinary course of its business and for the purposes of carrying on its business.
- 7.5 All covenants given by the Debtor pursuant to the Loan shall form covenants of this Security Agreement and this Security Agreement shall be read and construed to include such covenants.
- 7.6 The Debtor covenants and agrees that it has not and will not permit any party, other than the Secured Party if required under this Security Agreement, to obtain control of Investment Properties of the Debtor, with "control" having the meaning as set out in Section 1(1.1) of the Act.

8. INSURANCE

- 8.1 The Debtor covenants that at all times while this Security Agreement is in effect the Debtor shall:
- (a) maintain or cause to be maintained insurance on the Collateral with an insurer, of kinds, for amounts, and payable to such person or persons, all as the Secured Party may require, and in particular but without limitation maintain insurance on the Collateral to its full insurable value against loss or damage by fire, including extended coverage endorsement and in the case of motor vehicles and other mobile Collateral, maintain insurance against theft;
 - (b) cause the insurance policy or policies required hereunder to be assigned to the Secured Party and have as part thereof a standard mortgage clause or a mortgage endorsement, as appropriate; and
 - (c) pay all premiums in connection with such insurance, and deliver all such policies to the Secured Party, if it so requires.
- 8.2 If proceeds of any insurance required hereunder become payable the Secured Party may, in its absolute discretion, apply such proceeds to such part or parts of the Obligations as the Secured Party may see fit or the Secured Party may release any such insurance proceeds to the Debtor for the purpose of repairing, replacing, or rebuilding, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement.
- 8.3 The Debtor will forthwith, on the happening of loss or damage to the Collateral, notify the Secured Party thereof and furnish to the Secured Party at the Debtor's expense any necessary proof and do any necessary act to enable the Secured Party to obtain payment of

the insurance proceeds, but nothing herein contained shall limit the Secured Party's right to submit to the insurer a proof of loss on its own behalf.

- 8.4 The Debtor hereby irrevocably authorizes and directs the insurer under any policy of insurance required hereunder to include the name of the Secured Party as a loss payee on any cheque or draft which may be issued with respect to a claim under and by virtue of such insurance, and the production by the Secured Party to any insurer of a certified copy of this Security Agreement shall be its full and complete authority for so doing.
- 8.5 If the Debtor fails to maintain insurance as required hereby, the Secured Party may, but shall not be obliged to, maintain, or effect such insurance coverage, or so much thereof as the Secured Party considers necessary for its protection.

9. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with the Debtor's covenants contained herein and clause 11 hereof, the Debtor may, until default, possess, operate, collect, use, and enjoy and deal with the Collateral in the ordinary course of the Debtor's business in any manner not inconsistent with the provisions hereof; provided always that the Secured Party shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Secured Party may consider appropriate and the Debtor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith and for such purpose to grant to the Secured Party or its agents access to all places where the Collateral may be located and to all premises occupied by the Debtor.

10. INVESTMENT PROPERTIES

- 10.1 To enable the Secured Party to perfect and protect its Security Interest in the Investment Properties included in the Collateral, the Secured Party shall have the right:
- (a) to have any Investment Properties included in the Collateral registered in its name or in the name of its nominee; and for such purpose the Debtor shall comply with clause 10.2, as applicable, upon the request of the Secured Party; and
 - (b) to become or have its nominee become the entitlement holder with respect to any Investment Properties included in the Collateral; and for such purpose the Debtor shall comply with clause 10.2 upon the request of the Secured Party.
- 10.2 To enable the Secured Party to perfect and protect its Security Interest in the Investment Properties included in the Collateral, promptly upon request from time to time by the Secured Party, the Debtor shall:
- (a) to do all such acts and things that are necessary or desirable for the Secured Party, or its nominee:

- (i) to receive delivery of the Investment Properties and endorsement thereof to the Secured Party, or its nominee, and/or accompanied by such instruments of assignment and transfer in such form and substance as the Secured Party may reasonably request; or
 - (ii) to obtain control of the Investment Properties, including any consent of the Debtor as a registered owner of Investment Properties, as entitlement holder or a futures customer, as the case may be, necessary or desirable for such control to be obtained by the Secured Party;
- (b) direct the issuer of any and all certificated securities included in or relating to the Collateral as the Secured Party may specify in its request to register the applicable security certificates in the name of the Secured Party or such nominee as it may direct;
- (c) direct the issuer of any and all uncertificated securities included in or relating to the Collateral, as the Secured Party may specify in its request, to register the Secured Party or such nominee as it may direct as the registered owner of such uncertificated securities; and
- (d) direct the securities intermediary for any security entitlements, securities accounts or futures accounts included in or relating to the Collateral, as the Secured Party may specify in its request, to transfer any or all of the financial assets to which such security entitlements, securities accounts or futures accounts relate to such security entitlements, securities accounts or futures accounts as the Secured Party may specify such that the Secured Party shall become the entitlement holder with respect to such financial assets or the person entitled to exercise all rights with respect to such securities accounts or futures accounts.
- 10.3 Notwithstanding any other term of this Security Agreement, until the occurrence of an event of default under this Security Agreement, the Debtor is entitled to receive dividends or other distributions, vote any Investment Properties and give entitlement orders, instructions, directions and other consents, waivers and ratifications in respect of any Investment Properties, provided that no such action shall be taken which would impair the validity, perfection or priority of the Security Interest or the value of any Investment Properties or which would be inconsistent with or violate the provisions of this Security Agreement or the Mortgage.
- 10.4 As the registered holder of any Investment Properties or the entitlement holder with respect to any Investment Properties included in the Collateral, the Secured Party shall be entitled but not bound or required to exercise any of the rights that any holder of such securities or such entitlement holder may at any time have, or to vote in respect of Investment Properties at any meeting at which the holder thereof is entitled to vote. The Secured Party will not be responsible for any loss occasioned by its exercise of any of

such rights or by failure to exercise the same within the time limited for the exercise thereof, and the Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee as registered owner of the Investment Properties.

11. COLLECTION OF DEBTS

Before or after default under this Security Agreement, without notice to the Debtor, the Secured Party may notify all or any account debtors of the Debtor of the Security Interest and may also direct such account debtors to make all payments on Collateral to the Secured Party. The Debtor acknowledges that any payments on or other proceeds of Collateral received by the Debtor from account debtors, whether before or after notification of this Security Interest to account debtors and whether before or after default under this Security Agreement shall be received and held by the Debtor in trust for the Secured Party and shall be turned over to the Secured Party upon request.

12. INCOME FROM AND INTEREST ON COLLATERAL

12.1 Until default, the Debtor reserves the right to receive any money constituting income from or interest on Collateral and if the Secured Party receives any such money prior to default, the Secured Party shall either credit the same against the Obligations or pay the same promptly to the Debtor.

12.2 After default, the Debtor will not request or receive any money constituting income from or interest on Collateral and if the Debtor receives any such money in any event, the Debtor will hold such money in trust for the Secured Party and will pay the same promptly to the Secured Party.

13. INCREASES, PROFITS, PAYMENTS, OR DISTRIBUTIONS

13.1 Whether or not default has occurred, the Debtor authorizes the Secured Party:

- (a) to receive any increase in or profits on the Collateral (other than money) and to hold the same as part of the Collateral. Money so received shall be treated as income for the purposes of clause 12 hereof and dealt with accordingly, and
- (b) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

13.2 If the Debtor receives any such increase or profits (other than money) or payments or distributions, the Debtor will deliver the same promptly to the Secured Party to be held by the Secured Party as herein provided.

14. DISPOSITION OF MONIES

Subject to any applicable requirements of the Act, all monies collected or received by the Secured Party pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of the Obligations in such manner as the Secured Party deems best or, at the option of the Secured Party, may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Secured Party hereunder, and any surplus shall be accounted for as required by law.

15. PERFORMANCE OF OBLIGATIONS

If the Debtor fails to perform any of its obligations hereunder, the Secured Party may, but shall not be obliged to, perform any or all of such obligations without prejudice to any other rights and remedies of the Secured Party hereunder, and any payments made and any costs, charges, expenses, and legal fees and disbursements (on a solicitor and his own client basis) incurred in connection therewith shall be payable by the Debtor to the Secured Party forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall be secured hereby and rank prior to all claims subsequent to this Security Agreement.

16. DEFAULT

16.1 Unless waived by the Secured Party, it shall be an event of default ("default") under this Security Agreement and this Security Agreement shall become enforceable if any term, covenant, or representation of this Security Agreement is breached or if default shall occur under the Loan or if any other agreement between the parties hereto has been breached by the Debtor.

16.2 In accordance with the Property Law Act (British Columbia), the doctrine of consolidation applies to this Security Agreement.

17. ACCELERATION

The Secured Party, in its sole discretion, may declare all or any part of the Obligations which are not by their terms payable on demand to be immediately due and payable in the event of any default, or, in the absence of default, if the Secured Party considers or deems itself insecure or that the Collateral is in jeopardy. The provisions of this clause do not and are not intended to affect in any way any rights of the Secured Party with respect to any Obligations which may now or hereafter be payable on demand.

18. ENFORCEMENT

18.1 Upon any default under this Security Agreement, the security hereby constituted will immediately become enforceable. To enforce and realize on the security constituted by this Security Agreement the Secured Party may take any action permitted by law or in equity, as

it may deem expedient, and in particular, but without limiting the generality of the foregoing, the Secured Party may do any of the following:

- (a) appoint by instrument a receiver, receiver and manager, or receiver-manager (the person so appointed is hereinafter called the "Receiver") of the Collateral, with or without bond as the Secured Party may determine, and from time to time in its absolute discretion remove such Receiver and appoint another in its stead;
- (b) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents, and its servants therefrom, without becoming liable as a mortgagee in possession;
- (c) preserve, protect, and maintain the Collateral and make such replacements thereof and repairs and additions thereto as the Secured Party may deem advisable;
- (d) sell, lease, or otherwise dispose of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Secured Party may seem reasonable, provided that if any sale, lease, or other disposition is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease, or other disposition until the monies therefor are actually received; and
- (e) exercise all of the rights and remedies of a secured party under the Act.

18.2 A Receiver appointed pursuant to this Security Agreement shall be the agent of the Debtor and not of the Secured Party and the Secured Party shall not be in any way responsible for any misconduct, negligence, or non-feasance on the part of any Receiver, its servants, agents, or employees. A Receiver shall, to the extent permitted by law or to such lesser extent permitted by its appointment, have all the powers of the Secured Party hereunder, and in addition shall have power to carry on the business of the Debtor and for such purpose to enter upon, use, and occupy all premises owned or occupied by the Debtor wherein Collateral may be situate, maintain Collateral upon such premises, use Collateral directly or indirectly in carrying on the Debtor's business and from time to time to borrow money either unsecured or secured by a security interest in any of the Collateral.

18.3 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of Collateral pursuant to this Security Agreement will be applied as the Secured Party, in its absolute discretion, may direct or as follows:

- (a) in payment of all costs, charges, and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by the Secured Party in connection with or incidental to:
 - (i) the exercise by the Secured Party of all or any of the powers granted to it pursuant to this Security Agreement; and
 - (ii) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to it pursuant to this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver excluding the Receiver's borrowings;
- (b) in payment of any sum or sums borrowed by the Receiver from the Secured Party and interest thereon if such sum or sums are secured by the Collateral;
- (c) in or toward payment to the Secured Party of all principal and other monies (except interest) due in respect of the Obligations;
- (d) in or toward payment to the Secured Party of all interest remaining unpaid in respect of the Obligations;
- (e) in or toward payment of any sum or sums borrowed by the Receiver from any financial institution, corporation, or person other than the Secured Party and interest thereon if such sum or sums are secured by the Collateral.

Subject to applicable law and the claims, if any, of other creditors of the Debtor, any surplus will be paid to the Debtor.

- 18.4 The Debtor agrees that the Secured Party may exercise its rights and remedies hereunder immediately upon default, except as may be otherwise provided in the Act, and the Debtor hereby expressly confirms that except as may be otherwise provided herein or in the Act, the Secured Party has not given any covenant, express or implied, and is under no obligation to allow the Debtor any period of time to remedy any default prior to the Secured Party exercising its rights and remedies hereunder.

19. DEFICIENCY

If the amounts realized from the disposition of the Collateral are not sufficient to pay the Obligations in full, the Debtor will immediately pay to the Secured Party the amount of such deficiency.

20. RIGHTS CUMULATIVE

All rights and remedies of the Secured Party set out in this Security Agreement are cumulative and no right or remedy contained herein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or in any existing or future Security Agreement or now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and the Secured Party that may be in effect from time to time.

21. LIABILITY OF SECURED PARTY

The Secured Party shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfillment of contracts during any period when the Secured Party shall manage the Collateral upon entry, as herein provided, nor shall the Secured Party be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. The Secured Party shall not be bound to do, observe, or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall the Secured Party, in the case of Investment Properties, Instruments, or Chattel Paper, be obliged to preserve rights against other persons, nor shall the Secured Party be obliged to keep any of the Collateral identifiable. The Debtor hereby waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party than aforesaid.

22. APPOINTMENT OF ATTORNEY

The Debtor hereby irrevocably appoints the Secured Party or the Receiver, as the case may be, with full power of substitution, to be the attorney of the Debtor for and in the name of the Debtor to sign, endorse, or execute under seal or otherwise any deeds, documents, transfers, cheques, instruments, demands, assignments, assurances, or consents that the Debtor is obliged to sign, endorse or execute, and generally to use the name of the Debtor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Secured Party or the Receiver, as the case may be, pursuant to this Security Agreement.

23. ACCOUNTS

Notwithstanding any other provision of this Security Agreement, the Secured Party may collect, realize, sell, or otherwise deal with the Accounts or any part thereof in such manner, upon such terms and conditions, and at such time or times, whether before or after default, as may seem to it advisable, and without notice to the Debtor, except in the case of disposition after default and then subject to the provisions of Part 5 of the Act. All monies or other forms of payment received by the Debtor in payment of any Account will be received and held by the Debtor in trust for the Secured Party.

24. APPROPRIATION OF PAYMENTS

Any and all payments made in respect of the Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Secured Party may see fit, and the Secured Party may at all times and from time to time change any appropriation as the Secured Party may see fit.

25. LIABILITY TO ADVANCE

None of the preparation, execution, perfection, and registration of this Security Agreement or notice hereof or the advance of any monies shall bind the Secured Party to make any advance or loan or further advance or loan, or renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Secured Party.

26. WAIVER

The Secured Party may from time to time and at any time waive in whole or in part any right, benefit, or default under any clause of this Security Agreement but any such waiver of any right, benefit, or default on any occasion shall be deemed not to be a waiver of any such right, benefit, or default thereafter, or of any other right, benefit, or default, as the case may be, and no delay or omission by the Secured Party in exercising any right or remedy hereunder or with respect to any default shall operate as a waiver thereof or of any other right or remedy.

27. NOTICE

Notice may be given by any party in writing and shall be well and sufficiently given if sent by prepaid registered mail, by delivery, or by facsimile transmission to the party for whom it is intended, at the address or transmitted to the facsimile number herein provided, or to such other address or to such other facsimile number as may be set forth in any notice given pursuant to these notice provisions from time to time. Any such notice shall be deemed to have been given and received:

- (a) if delivered, when delivered,
- (b) if mailed by prepaid registered mail when there is no known or anticipated disruption of postal services, on the third business day following that on which it was mailed; and
- (c) if sent by facsimile transmission, on the close of business on the day on which it was transmitted.

28. EXTENSIONS

The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of the Security Interest, and otherwise deal with the Debtor, account debtors of the Debtor, sureties, and others and with the Collateral, the Security Interest, and other security interests as the Secured Party may see fit without prejudice to the liability of the Debtor or the Secured Party's right to hold and realize on the security constituted by this Security Agreement.

29. NO MERGER

This Security Agreement shall not operate so as to create any merger or discharge of any of the Obligations, or of any assignment, transfer, guarantee, lien, mortgage, contract, promissory note, bill of exchange or security interest of any form held or which may hereafter be held by the Secured Party from the Debtor or from any other person whomsoever. The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

30. ASSIGNMENT

The Secured Party may, without further notice to the Debtor, at any time assign, transfer, or grant a security interest in this Security Agreement and the Security Interest. The Debtor expressly agrees that the assignee, transferee, or secured party, as the case may be, shall have all of the Secured Party's rights and remedies under this Security Agreement and the Debtor will not assert any defence, counterclaim, right of set-off or otherwise with respect to any claim which the Debtor now has or hereafter acquires against the Secured Party in any action commenced by such assignee, transferee, or secured party, as the case may be, and will pay the Obligations to the assignee, transferee, or secured party, as the case may be, as the Obligations become due.

31. SATISFACTION AND DISCHARGE

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to the Secured Party, shall be deemed not to be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations and upon written request by the Debtor and payment to the Secured Party of all costs, charges, expenses, and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Secured Party in connection with the Obligations and such release and discharge.

32. ENUREMENT

This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, personal representatives, successors, and permitted assigns.

33. INTERPRETATION

- 33.1 In this Security Agreement, "Debtor" and the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more individuals, corporations, or partnerships and, if more than one, shall apply to and be binding upon each of them jointly and severally;
- 33.2 Words and expressions used herein in the singular shall be read as if the plural were expressed, and vice-versa, and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm, or corporation.
- 33.3 Should any provision of this Security Agreement be declared or held invalid or unenforceable in whole or in part or against or with respect to the Debtor by a court of competent jurisdiction, such invalidity or unenforceability will not affect the validity or enforceability of any or all of the remaining provisions of this Security Agreement which will continue in full force and effect and be construed as if this Security Agreement had been executed without the invalid or unenforceable provision.
- 33.4 The headings of the sections and clauses of this Security Agreement have been inserted for reference only and do not define, limit, alter, or enlarge the meaning of any provision of this Security Agreement.
- 33.5 This Security Agreement shall be governed by the laws of British Columbia.

34. MISCELLANEOUS

- 34.1 The Debtor hereby authorizes the Secured Party to file such financing statements, financing change statements, and other documents and do such acts, matters, and things as the Secured Party may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve the Collateral and to realize upon the Security Interest.
- 34.2 The Debtor hereby waives protest of any Instrument constituting Collateral at any time held by the Secured Party on which the Debtor is any way liable and, subject to the provisions of the Act, notice of any other action taken by the Secured Party.

34.3 The Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:

- (a) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and
- (b) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to the Secured Party at the time of amalgamation and any "Obligations" of the amalgamated company to the Secured Party thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with the Debtor, and by the amalgamated company, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

34.4 The Debtor hereby authorizes the Secured Party to provide a copy of this Security Agreement and such other information and documents specified under the Act to any person entitled pursuant to the Act to demand and receive same.

34.5 This Security Agreement may be executed in counterparts and all counterparts so executed (including those executed and delivered by fax, email or other electronic means) will constitute one Security Agreement binding on the parties effective upon execution.

35. COPY OF AGREEMENT AND FINANCING STATEMENT


The Debtor hereby:

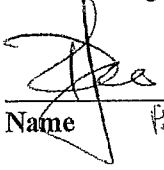
- (a) acknowledges receiving a copy of this Security Agreement, and

(b) waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement or verification statement filed, issued, or obtained at any time in respect of this Security Agreement.

IN WITNESS WHEREOF the Debtor has executed this Security Agreement on the date indicated above.

Executed in the presence of:


 Name Leticia C. Hernandez
47040 Washington St.
La Oyster, Ch 42253
 Address/Occupation Nothing Public

) CENSORIO GROUP (HASTINGS &
) CARLETON) HOLDINGS LTD., by its
) authorized signatory(ies):
)
) 
) Name Peter Censorio
)
) _____
) Name _____

Schedule A - "Real Property"

That property lying, situated and being in the City of Burnaby, Province of British Columbia, more particularly known and described as:

PID: 029-877-555, Lot 1 District Lot 121 Group 1 NWD Plan EPP56644

This is Exhibit "C" referred to in the Affidavit of JONATHAN WONG sworn before me at Vancouver, B.C., this 21 day of January, 2020.



A Commissioner for taking Affidavits within British Columbia

Gloria Ann Bychek
A Commissioner for Taking Affidavits
for British Columbia
Suite 1400 - 888 Dunsmuir Street
Vancouver, B.C. V6C 3K4
EXPIRY OCTOBER 31, 2022

GENERAL SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made the 10th day of August, 2017.

BETWEEN:

PETER CENSORIO and **PETER CENSORIO**, in his capacity as the sole trustee of **STRADA 39 TRUST**, both care of 4723 Burnaby Street, Vancouver, B.C. V5C 2K8

(collectively, the "Debtor")

OF THE FIRST PART

AND:

PEOPLES TRUST COMPANY
14th Floor - 888 Dunsmuir Street
Vancouver, BC V6C 3K4

(the "Secured Party")

OF THE SECOND PART

FOR VALUE RECEIVED, the Debtor hereby covenants, agrees, warrants, represents, acknowledges, and confirms to and with the Secured Party and creates and grants the mortgages, charges, and security interests as follows:

1. SECURITY INTEREST

1.1 Subject to the exception in clause 2, the Debtor does hereby:

- (a) mortgage and charge as and by way of a continuing, fixed, and specific charge to and in favour of the Secured Party, and assign, transfer, and grant by way of mortgage, charge, assignment, transfer, and security interest in all of the Debtor's and each Debtor's right, title, and interest, present and future, in and to all present and after-acquired Goods, Chattel Paper, Instruments, Documents of Title, Money, Investment Properties, and Intangibles in and to all Proceeds and renewals thereof and therefrom, accretions thereto, and substitutions therefor, including, without limitation, all of the following now owned or in the future owned or acquired by or on behalf of the Debtor:
 - (i) all inventory of whatever kind and wherever situate, including, without limitation, goods acquired or held for sale or lease or

furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, and all packaging materials, supplies, and containers relating to or used or consumed in connection with any of the foregoing (collectively the "Inventory");

- (ii) all equipment of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, fixtures, furniture, furnishings, chattels, motor vehicles, air conditioning, heating, ventilating, electrical, mechanical, plumbing, communications and data systems, elevators, escalators and other conveyancing devices, boilers, furnaces, carpets, blinds, window coverings, curtains, drapes, awnings, light fixtures, doors, windows, demising walls, partitions, wiring, pipes and conduits, and other tangible personal property of whatsoever nature or kind that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing (collectively the "Equipment");
- (iii) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action, and demands of every nature and kind howsoever arising or secured, including letters of credit and advices of credit, which are now due, owing, or accruing or growing due to or owned by or which may hereafter become due, owing, or accruing or growing due to or owned by the Debtor (collectively the "Debts");
- (iv) all contractual rights, insurance claims, licences, goodwill, patents, trademarks, trade names, copyrights, and other industrial or intellectual property of the Debtor, all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor; and
- (v) all deeds, documents, writings, papers, books of account and other books, and electronically recorded data relating to or being records of Debts, Chattel Paper, or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable.

1.2 The mortgages, charges, assignments and transfers, and security interests created or granted pursuant to clause 1.1 hereof are collectively the "Security Interest", and all property, assets, interests, and undertakings (including Proceeds) subject to the Security Interest or otherwise charged or secured hereby or expressed to be charged, assigned or transferred, or secured by any instruments supplemental hereto or in implementation hereof is collectively the "Collateral".

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2. EXCEPTIONS AND DEFINITIONS

The Security Interest granted hereby shall not extend or apply to and the Collateral shall not extend to:

- (i) any consumer goods of the Debtor; and
- (ii) the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign and dispose thereof as the Secured Party shall direct.

Words and expressions used herein that have been defined in the Personal Property Security Act of the Province of British Columbia, as amended from time to time, which Act, including regulations and amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "Act", shall, unless otherwise defined herein or otherwise required by the context, be interpreted pursuant to their respective meanings in the Act whether expressed herein with or without initial capital letters and whether in the singular or plural. Provided always that the term "Inventory" shall include livestock and the young thereof after conception and crops that become such within six months of execution of this Security Agreement. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof". The term "Proceeds" whenever used and interpreted as above shall by way of example include trade-ins, equipment, cash, bank accounts, notes, chattel paper, goods, contract rights, accounts, and any other personal property or obligation received when such collateral or proceeds are sold, exchanged, collected, or otherwise disposed of. The term "licence" means any licence or similar right at any time owned or held by the Debtor, including without limitation to a "licence" as defined in the Act, and the meaning of the term "crops" whenever used herein includes but is not limited to "crops" as defined in the Act.

The following words when used in this Security Agreement shall have the following meanings:

"Commitment Letter" means the letter dated August 4, 2017 (and any amendments thereto and renewals thereof) from Peoples Trust Company to Censorio Group (Hastings & Carleton) Holdings Ltd. (the "Borrower") setting out the terms and conditions of a loan in the sum of \$11,500,000.00.

"Loan" means the loan made or to be made by the Secured Party to the Borrower pursuant to the terms of the Commitment Letter, under which each party comprising the Debtor is a Covenantor on the Loan.

3. OBLIGATIONS SECURED

This Security Agreement and the Security Interest are in addition to and not in substitution for any other security interest now or hereafter held by the Secured Party from the Debtor or from any other person whomsoever and shall be general and continuing security for the payment of all indebtedness and liability of the Debtor to the Secured Party (including interest thereon), present or future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate balance thereof, including all advances on current or running account and all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor be bound alone or with another or others and whether as principal or surety, and for the performance and satisfaction of all obligations of the Debtor to the Secured Party, whether or not contained in this Security Agreement and whether the Debtor be bound alone or with another or others (all of which indebtedness, liability, and obligations are collectively the "Obligations").

4. PROHIBITIONS

Without the prior written consent of the Secured Party the Debtor shall not and shall not have power to:

- (a) grant, create, or permit to be created any security interest in, charge, encumbrance, or lien over, or claim against any of its property, assets, or undertakings which ranks or could in any event rank in priority to or pari passu with the Security Interest,
- (b) grant, sell, or otherwise assign its Chattel Paper, or
- (c) issue or have outstanding at any time any secured or unsecured bonds, debentures, debenture stock, or other evidences of indebtedness of the Debtor or of any predecessor in title of the Debtor issued under a trust deed or other instrument running in favour of a trustee.

5. ATTACHMENT

The Debtor hereby acknowledges and confirms that:

- (a) there is no intention to delay the time of attachment of the Security Interest hereby created and that the Security Interest shall attach at the earliest time permissible under the laws governing this Security Agreement;
- (b) that value has been given; and

- (c) that the Debtor has (or in the case of any after acquired property, will have at the time of acquisition) rights in the Collateral.

6. REPRESENTATIONS AND WARRANTIES

6.1 The Debtor represents and warrants to the Secured Party that:

- (a) if the Debtor is a company or a partnership, this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) or of the partners, as the case may be, of the Debtor and that all other matters and things have been done and performed so as to authorize and make the execution and delivery of this Security Agreement, and the performance of the Debtor's obligations hereunder, legal, valid, and binding;
- (b) the Debtor lawfully owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens, and claims, save only the charges or security interests, if any, shown in any Schedule hereto and those consented to in writing by the Secured Party, and the Debtor has good right and lawful authority to grant a security interest in the Collateral as provided by this Security Agreement;
- (c) where the Collateral includes Accounts, Chattel Paper, or Instruments, each is enforceable in accordance with its terms against the party obligated thereunder and that the Debtor has fully and accurately disclosed to the Secured Party the amount owing thereunder and any other relevant information concerning liability for payment thereunder;
- (d) with respect to goods constituting Collateral, the Debtor has herein or elsewhere fully and accurately disclosed to the Secured Party the locations thereof and of the business operations and records of the Debtor.

6.2 All representations and warranties given by the Debtor pursuant to the Loan shall form representations and warranties of this Security Agreement and this Security Agreement shall be read and construed to include such representations and warranties.

7. COVENANTS OF THE DEBTOR

7.1 The Debtor covenants and agrees with the Secured Party that at all times while this Security Agreement remains in effect the Debtor will:

- (a) defend the title to the Collateral for the benefit of the Secured Party against the claims and demands of all persons;

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- (b) fully and effectually maintain and keep maintained the validity and effectiveness of the Security Interest;
- (c) maintain the Collateral in good order and repair;
- (d) forthwith pay:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims, dues, and other charges of every nature which may be lawfully levied, assessed, or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Secured Party may require; and
 - (ii) all security interests, charges, encumbrances; liens, and claims which rank or could in any event rank in priority to the Security Interest, other than the charges or security interests, if any, shown in any Schedule hereto and those consented to in writing by the Secured Party;
- (e) forthwith reimburse and indemnify the Secured Party for all costs, charges, expenses, and legal fees and disbursements which may be incurred by the Secured Party in:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting, and registering this Security Agreement or notice of it and other documents, whether or not relating to this Security Agreement;
 - (iii) investigating title to the Collateral;
 - (iv) taking, recovering, keeping possession of, and insuring the Collateral; and
 - (v) all other actions and proceedings taken in connection with the preservation of the Collateral and the enforcement of this Security Agreement and of any other Security Interest held by the Secured Party as security for the Obligations;
- (f) at the Secured Party's request at any time and from time to time, execute, and deliver such further and other documents and instruments and do all acts and things as the Secured Party in its absolute discretion requires in order to confirm and perfect, and maintain perfection of, the Security Interest in favour of the Secured Party upon any of the Collateral;
- (g) notify the Secured Party promptly of:

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- (i) any change in the information contained herein relating to the Debtor, its address, its business, or the Collateral, including without limitation any change of name or address of the Debtor and any change in location of any Collateral;
 - (ii) the details of any material acquisition of Collateral;
 - (iii) any material loss or damage to the Collateral;
 - (iv) any material default by any account debtor in payment or other performance of his obligations to the Debtor with respect to any Accounts;
 - (v) the return to or repossession by the Debtor of the Collateral where such return or repossession of the Collateral is material in relation to the business of the Debtor; and
 - (vi) the details of any claims or litigation affecting the Debtor or the Collateral.
- (h) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;
- (i) permit the Secured Party and its representatives, at all reasonable times, access to all its property, assets, and undertakings and to all its books of account and records for the purpose of inspection and render all assistance necessary for such inspection; and
- (j) deliver to the Secured Party from time to time promptly upon request:
- (i) any Documents of Title, Instruments, Investment Properties, and Chattel Paper constituting, representing, or relating to Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists, and other writings relating to the Collateral for the purpose of inspecting, auditing, or copying the same;
 - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
 - (iv) all policies and certificates of insurance relating to the Collateral; and
 - (v) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Secured Party may reasonably require;

- (k) carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning Collateral;
- (l) observe and perform the additional covenants, if any, set out in any schedule attached hereto.

7.2 The Debtor, if a company, covenants that at all times while this Security Agreement remains in effect, without the prior written consent of the Secured Party, it will not:

- (a) declare or pay any dividends;
- (b) purchase or redeem any of its shares or otherwise reduce its share capital;
- (c) become guarantor of any obligation; or
- (d) become an endorser in respect of any obligation or otherwise become liable upon any note or other obligation other than bills of exchange deposited to any bank accounts of the Debtor.

7.3 Except as herein provided, without the prior written consent of the Secured Party, the Debtor will not:

- (a) sell, lease, or otherwise dispose of the Collateral;
- (b) release, surrender, or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdiction or jurisdictions in which the Security Interest has been perfected.

7.4 Provided that the Debtor is not in default under this Security Agreement, at any time without the consent of the Secured Party the Debtor may lease, sell, license, consign, or otherwise deal with items of Inventory in the ordinary course of its business and for the purposes of carrying on its business.

7.5 All covenants given by the Debtor pursuant to the Loan shall form covenants of this Security Agreement and this Security Agreement shall be read and construed to include such covenants.

7.6 The Debtor covenants and agrees that it has not and will not permit any party, other than the Secured Party if required under this Security Agreement, to obtain control of

Investment Properties of the Debtor, with "control" having the meaning as set out in Section I(1.1) of the Act.

8. INSURANCE

- 8.1 The Debtor covenants that at all times while this Security Agreement is in effect the Debtor shall:
- (a) maintain or cause to be maintained insurance on the Collateral with an insurer, of kinds, for amounts, and payable to such person or persons, all as the Secured Party may require, and in particular but without limitation maintain insurance on the Collateral to its full insurable value against loss or damage by fire, including extended coverage endorsement and in the case of motor vehicles and other mobile Collateral, maintain insurance against theft;
 - (b) cause the insurance policy or policies required hereunder to be assigned to the Secured Party and have as part thereof a standard mortgage clause or a mortgage endorsement, as appropriate; and
 - (c) pay all premiums in connection with such insurance, and deliver all such policies to the Secured Party, if it so requires.
- 8.2 If proceeds of any insurance required hereunder become payable the Secured Party may, in its absolute discretion, apply such proceeds to such part or parts of the Obligations as the Secured Party may see fit or the Secured Party may release any such insurance proceeds to the Debtor for the purpose of repairing, replacing, or rebuilding, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement.
- 8.3 The Debtor will forthwith, on the happening of loss or damage to the Collateral, notify the Secured Party thereof and furnish to the Secured Party at the Debtor's expense any necessary proof and do any necessary act to enable the Secured Party to obtain payment of the insurance proceeds, but nothing herein contained shall limit the Secured Party's right to submit to the insurer a proof of loss on its own behalf.
- 8.4 The Debtor hereby irrevocably authorizes and directs the insurer under any policy of insurance required hereunder to include the name of the Secured Party as a loss payee on any cheque or draft which may be issued with respect to a claim under and by virtue of such insurance, and the production by the Secured Party to any insurer of a certified copy of this Security Agreement shall be its full and complete authority for so doing.
- 8.5 If the Debtor fails to maintain insurance as required hereby, the Secured Party may, but shall not be obliged to, maintain, or effect such insurance coverage, or so much thereof as the Secured Party considers necessary for its protection.

9. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with the Debtor's covenants contained herein and clause 11 hereof, the Debtor may, until default, possess, operate, collect, use, and enjoy and deal with the Collateral in the ordinary course of the Debtor's business in any manner not inconsistent with the provisions hereof; provided always that the Secured Party shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Secured Party may consider appropriate and the Debtor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith and for such purpose to grant to the Secured Party or its agents access to all places where the Collateral may be located and to all premises occupied by the Debtor.

10. INVESTMENT PROPERTIES

10.1 To enable the Secured Party to perfect and protect its Security Interest in the Investment Properties included in the Collateral, the Secured Party shall have the right:

- (a) to have any Investment Properties included in the Collateral registered in its name or in the name of its nominee; and for such purpose the Debtor shall comply with clause 10.2, as applicable, upon the request of the Secured Party; and
- (b) to become or have its nominee become the entitlement holder with respect to any Investment Properties included in the Collateral; and for such purpose the Debtor shall comply with clause 10.2 upon the request of the Secured Party.

10.2 To enable the Secured Party to perfect and protect its Security Interest in the Investment Properties included in the Collateral, promptly upon request from time to time by the Secured Party, the Debtor shall:

- (a) to do all such acts and things that are necessary or desirable for the Secured Party, or its nominee:
 - (i) to receive delivery of the Investment Properties and endorsement thereof to the Secured Party, or its nominee, and/or accompanied by such instruments of assignment and transfer in such form and substance as the Secured Party may reasonably request; or
 - (ii) to obtain control of the Investment Properties, including any consent of the Debtor as a registered owner of Investment Properties, as entitlement holder or a futures customer, as the case may be, necessary or desirable for such control to be obtained by the Secured Party;
- (b) direct the issuer of any and all certificated securities included in or relating to the Collateral as the Secured Party may specify in its request to register the applicable

security certificates in the name of the Secured Party or such nominee as it may direct;

- (c) direct the issuer of any and all uncertificated securities included in or relating to the Collateral, as the Secured Party may specify in its request, to register the Secured Party or such nominee as it may direct as the registered owner of such uncertificated securities; and
- (d) direct the securities intermediary for any security entitlements, securities accounts or futures accounts included in or relating to the Collateral, as the Secured Party may specify in its request, to transfer any or all of the financial assets to which such security entitlements, securities accounts or futures accounts relate to such security entitlements, securities accounts or futures accounts as the Secured Party may specify such that the Secured Party shall become the entitlement holder with respect to such financial assets or the person entitled to exercise all rights with respect to such securities accounts or futures accounts.

10.3 Notwithstanding any other term of this Security Agreement, until the occurrence of an event of default under this Security Agreement, the Debtor is entitled to receive dividends or other distributions, vote any Investment Properties and give entitlement orders, instructions, directions and other consents, waivers and ratifications in respect of any Investment Properties, provided that no such action shall be taken which would impair the validity, perfection or priority of the Security Interest or the value of any Investment Properties or which would be inconsistent with or violate the provisions of this Security Agreement.

10.4 As the registered holder of any Investment Properties or the entitlement holder with respect to any Investment Properties included in the Collateral, the Secured Party shall be entitled but not bound or required to exercise any of the rights that any holder of such securities or such entitlement holder may at any time have, or to vote in respect of Investment Properties at any meeting at which the holder thereof is entitled to vote. The Secured Party will not be responsible for any loss occasioned by its exercise of any of such rights or by failure to exercise the same within the time limited for the exercise thereof, and the Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee as registered owner of the Investment Properties.

11. COLLECTION OF DEBTS

Before or after default under this Security Agreement, without notice to the Debtor, the Secured Party may notify all or any account debtors of the Debtor of the Security Interest and may also direct such account debtors to make all payments on Collateral to the Secured Party. The Debtor acknowledges that any payments on or other proceeds of Collateral received by the Debtor from account debtors, whether before or after notification of this Security Interest to account debtors and

whether before or after default under this Security Agreement shall be received and held by the Debtor in trust for the Secured Party and shall be turned over to the Secured Party upon request.

12. INCOME FROM AND INTEREST ON COLLATERAL

- 12.1 Until default, the Debtor reserves the right to receive any money constituting income from or interest on Collateral and if the Secured Party receives any such money prior to default, the Secured Party shall either credit the same against the Obligations or pay the same promptly to the Debtor.
- 12.2 After default, the Debtor will not request or receive any money constituting income from or interest on Collateral and if the Debtor receives any such money in any event, the Debtor will hold such money in trust for the Secured Party and will pay the same promptly to the Secured Party.

13. INCREASES, PROFITS, PAYMENTS, OR DISTRIBUTIONS

- 13.1 Whether or not default has occurred, the Debtor authorizes the Secured Party:
- (a) to receive any increase in or profits on the Collateral (other than money) and to hold the same as part of the Collateral. Money so received shall be treated as income for the purposes of clause 12 hereof and dealt with accordingly, and
 - (b) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.
- 13.2 If the Debtor receives any such increase or profits (other than money) or payments or distributions, the Debtor will deliver the same promptly to the Secured Party to be held by the Secured Party as herein provided.

14. DISPOSITION OF MONIES

Subject to any applicable requirements of the Act, all monies collected or received by the Secured Party pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of the Obligations in such manner as the Secured Party deems best or, at the option of the Secured Party, may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Secured Party hereunder, and any surplus shall be accounted for as required by law.

15. PERFORMANCE OF OBLIGATIONS

If the Debtor fails to perform any of its obligations hereunder, the Secured Party may, but shall not be obliged to, perform any or all of such obligations without prejudice to any other rights and remedies of the Secured Party hereunder, and any payments made and any costs, charges, expenses, and legal fees and disbursements (on a solicitor and his own client basis) incurred in connection therewith shall be payable by the Debtor to the Secured Party forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall be secured hereby and rank prior to all claims subsequent to this Security Agreement.

16. DEFAULT

16.1 Unless waived by the Secured Party, it shall be an event of default ("default") under this Security Agreement and this Security Agreement shall become enforceable if any term, covenant, or representation of this Security Agreement is breached or if default shall occur under the Loan or if any other agreement between the parties hereto has been breached by the Debtor.

16.2 In accordance with the Property Law Act (British Columbia), the doctrine of consolidation applies to this Security Agreement.

17. ACCELERATION

The Secured Party, in its sole discretion, may declare all or any part of the Obligations which are not by their terms payable on demand to be immediately due and payable in the event of any default, or, in the absence of default, if the Secured Party considers or deems itself insecure or that the Collateral is in jeopardy. The provisions of this clause do not and are not intended to affect in any way any rights of the Secured Party with respect to any Obligations which may now or hereafter be payable on demand.

18. ENFORCEMENT

18.1 Upon any default under this Security Agreement, the security hereby constituted will immediately become enforceable. To enforce and realize on the security constituted by this Security Agreement the Secured Party may take any action permitted by law or in equity, as it may deem expedient, and in particular, but without limiting the generality of the foregoing, the Secured Party may do any of the following:

- (a) appoint by instrument a receiver, receiver and manager, or receiver-manager (the person so appointed is hereinafter called the "Receiver") of the Collateral, with or without bond as the Secured Party may determine, and from time to time in its absolute discretion remove such Receiver and appoint another in its stead;

- (b) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents, and its servants therefrom, without becoming liable as a mortgagee in possession;
- (c) preserve, protect, and maintain the Collateral and make such replacements thereof and repairs and additions thereto as the Secured Party may deem advisable;
- (d) sell, lease, or otherwise dispose of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Secured Party may seem reasonable, provided that if any sale, lease, or other disposition is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease, or other disposition until the monies therefor are actually received; and
- (e) exercise all of the rights and remedies of a secured party under the Act.

18.2 A Receiver appointed pursuant to this Security Agreement shall be the agent of the Debtor and not of the Secured Party and the Secured Party shall not be in any way responsible for any misconduct, negligence, or non-feasance on the part of any Receiver, its servants, agents, or employees. A Receiver shall, to the extent permitted by law or to such lesser extent permitted by its appointment, have all the powers of the Secured Party hereunder, and in addition shall have power to carry on the business of the Debtor and for such purpose to enter upon, use, and occupy all premises owned or occupied by the Debtor wherein Collateral may be situate, maintain Collateral upon such premises, use Collateral directly or indirectly in carrying on the Debtor's business and from time to time to borrow money either unsecured or secured by a security interest in any of the Collateral.

18.3 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of Collateral pursuant to this Security Agreement will be applied as the Secured Party, in its absolute discretion, may direct or as follows:

- (a) in payment of all costs, charges, and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by the Secured Party in connection with or incidental to:
 - (i) the exercise by the Secured Party of all or any of the powers granted to it pursuant to this Security Agreement; and
 - (ii) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to it pursuant to this Security Agreement,

including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver excluding the Receiver's borrowings;

- (b) in payment of any sum or sums borrowed by the Receiver from the Secured Party and interest thereon if such sum or sums are secured by the Collateral;
- (c) in or toward payment to the Secured Party of all principal and other monies (except interest) due in respect of the Obligations;
- (d) in or toward payment to the Secured Party of all interest remaining unpaid in respect of the Obligations;
- (e) in or toward payment of any sum or sums borrowed by the Receiver from any financial institution, corporation, or person other than the Secured Party and interest thereon if such sum or sums are secured by the Collateral.

Subject to applicable law and the claims, if any, of other creditors of the Debtor, any surplus will be paid to the Debtor.

18.4 The Debtor agrees that the Secured Party may exercise its rights and remedies hereunder immediately upon default, except as may be otherwise provided in the Act, and the Debtor hereby expressly confirms that except as may be otherwise provided herein or in the Act, the Secured Party has not given any covenant, express or implied, and is under no obligation to allow the Debtor any period of time to remedy any default prior to the Secured Party exercising its rights and remedies hereunder.

19. DEFICIENCY

If the amounts realized from the disposition of the Collateral are not sufficient to pay the Obligations in full, the Debtor will immediately pay to the Secured Party the amount of such deficiency.

20. RIGHTS CUMULATIVE

All rights and remedies of the Secured Party set out in this Security Agreement are cumulative and no right or remedy contained herein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or in any existing or future Security Agreement or now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and the Secured Party that may be in effect from time to time.

21. LIABILITY OF SECURED PARTY

The Secured Party shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfillment of contracts during any period when the
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Secured Party shall manage the Collateral upon entry, as herein provided, nor shall the Secured Party be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. The Secured Party shall not be bound to do, observe, or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall the Secured Party, in the case of Investment Properties, Instruments, or Chattel Paper, be obliged to preserve rights against other persons, nor shall the Secured Party be obliged to keep any of the Collateral identifiable. The Debtor hereby waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party than aforesaid.

22. APPOINTMENT OF ATTORNEY

The Debtor hereby irrevocably appoints the Secured Party or the Receiver, as the case may be, with full power of substitution, to be the attorney of the Debtor for and in the name of the Debtor to sign, endorse, or execute under seal or otherwise any deeds, documents, transfers, cheques, instruments, demands, assignments, assurances, or consents that the Debtor is obliged to sign, endorse or execute, and generally to use the name of the Debtor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Secured Party or the Receiver, as the case may be, pursuant to this Security Agreement.

23. ACCOUNTS

Notwithstanding any other provision of this Security Agreement, the Secured Party may collect, realize, sell, or otherwise deal with the Accounts or any part thereof in such manner, upon such terms and conditions, and at such time or times, whether before or after default, as may seem to it advisable, and without notice to the Debtor, except in the case of disposition after default and then subject to the provisions of Part 5 of the Act. All monies or other forms of payment received by the Debtor in payment of any Account will be received and held by the Debtor in trust for the Secured Party.

24. APPROPRIATION OF PAYMENTS

Any and all payments made in respect of the Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Secured Party may see fit, and the Secured Party may at all times and from time to time change any appropriation as the Secured Party may see fit.

25. LIABILITY TO ADVANCE

None of the preparation, execution, perfection, and registration of this Security Agreement or notice hereof or the advance of any monies shall bind the Secured Party to make any advance or

loan or further advance or loan, or renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Secured Party.

26. WAIVER

The Secured Party may from time to time and at any time waive in whole or in part any right, benefit, or default under any clause of this Security Agreement but any such waiver of any right, benefit, or default on any occasion shall be deemed not to be a waiver of any such right, benefit, or default thereafter, or of any other right, benefit, or default, as the case may be, and no delay or omission by the Secured Party in exercising any right or remedy hereunder or with respect to any default shall operate as a waiver thereof or of any other right or remedy.

27. NOTICE

Notice may be given by any party in writing and shall be well and sufficiently given if sent by prepaid registered mail, by delivery, or by facsimile transmission to the party for whom it is intended, at the address or transmitted to the facsimile number herein provided, or to such other address or to such other facsimile number as may be set forth in any notice given pursuant to these notice provisions from time to time. Any such notice shall be deemed to have been given and received:

- (a) if delivered, when delivered,
- (b) if mailed by prepaid registered mail when there is no known or anticipated disruption of postal services, on the third business day following that on which it was mailed; and
- (c) if sent by facsimile transmission, on the close of business on the day on which it was transmitted.

28. EXTENSIONS

The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of the Security Interest, and otherwise deal with the Debtor, account debtors of the Debtor, sureties, and others and with the Collateral, the Security Interest, and other security interests as the Secured Party may see fit without prejudice to the liability of the Debtor or the Secured Party's right to hold and realize on the security constituted by this Security Agreement.

29. NO MERGER

This Security Agreement shall not operate so as to create any merger or discharge of any of the Obligations, or of any assignment, transfer, guarantee, lien, mortgage, contract, promissory note,

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bill of exchange or security interest of any form held or which may hereafter be held by the Secured Party from the Debtor or from any other person whomsoever. The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

30. ASSIGNMENT

The Secured Party may, without further notice to the Debtor, at any time assign, transfer, or grant a security interest in this Security Agreement and the Security Interest. The Debtor expressly agrees that the assignee, transferee, or secured party, as the case may be, shall have all of the Secured Party's rights and remedies under this Security Agreement and the Debtor will not assert any defence, counterclaim, right of set-off or otherwise with respect to any claim which the Debtor now has or hereafter acquires against the Secured Party in any action commenced by such assignee, transferee, or secured party, as the case may be, and will pay the Obligations to the assignee, transferee, or secured party, as the case may be, as the Obligations become due.

31. SATISFACTION AND DISCHARGE

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to the Secured Party, shall be deemed not to be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations and upon written request by the Debtor and payment to the Secured Party of all costs, charges, expenses, and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Secured Party in connection with the Obligations and such release and discharge.

32. ENUREMENT

This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, personal representatives, successors, and permitted assigns.

33. INTERPRETATION

- 33.1 In this Security Agreement, "Debtor" and the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more individuals, corporations, or partnerships and, if more than one, shall apply to and be binding upon each of them jointly and severally;
- 33.2 Words and expressions used herein in the singular shall be read as if the plural were expressed, and vice-versa, and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm, or corporation.

- 33.3 Should any provision of this Security Agreement be declared or held invalid or unenforceable in whole or in part or against or with respect to the Debtor by a court of competent jurisdiction, such invalidity or unenforceability will not affect the validity or enforceability of any or all of the remaining provisions of this Security Agreement which will continue in full force and effect and be construed as if this Security Agreement had been executed without the invalid or unenforceable provision.
- 33.4 The headings of the sections and clauses of this Security Agreement have been inserted for reference only and do not define, limit, alter, or enlarge the meaning of any provision of this Security Agreement.
- 33.5 This Security Agreement shall be governed by the laws of British Columbia.

34. MISCELLANEOUS

- 34.1 The Debtor hereby authorizes the Secured Party to file such financing statements, financing change statements, and other documents and do such acts, matters, and things as the Secured Party may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve the Collateral and to realize upon the Security Interest.
- 34.2 The Debtor hereby waives protest of any Instrument constituting Collateral at any time held by the Secured Party on which the Debtor is any way liable and, subject to the provisions of the Act, notice of any other action taken by the Secured Party.
- 34.3 The Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:
- (a) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and
 - (b) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to the Secured Party at the time of amalgamation and any "Obligations" of the amalgamated company to the Secured Party thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with the Debtor, and by the amalgamated company, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

34.4 The Debtor hereby authorizes the Secured Party to provide a copy of this Security Agreement and such other information and documents specified under the Act to any person entitled pursuant to the Act to demand and receive same.

34.5 This Security Agreement may be executed in counterparts and all counterparts so executed (including those executed and delivered by fax, email or other electronic means) will constitute one Security Agreement binding on the parties effective upon execution.

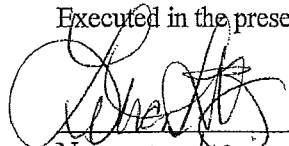
35. COPY OF AGREEMENT AND FINANCING STATEMENT

The Debtor hereby:

- (a) acknowledges receiving a copy of this Security Agreement, and
- (b) waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement or verification statement filed, issued, or obtained at any time in respect of this Security Agreement.

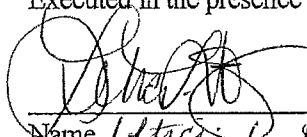
IN WITNESS WHEREOF the Debtor has executed this Security Agreement on the date indicated above.


Executed in the presence of:


 Name Leticia D. Hernandez
47040 Washington St.
La Quinta, CA
 Address/Occupation Notary Public

)
)
) 
) _____
) **PETER CENSORIO**

Executed in the presence of:


 Name Leticia D. Hernandez
47040 Washington St.
La Quinta, CA 92033
 Address/Occupation Notary Public

)
)
) 
) _____
) **PETER CENSORIO**, in his capacity as the
) sole trustee of **STRADA 39 TRUST**

No. _____
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH
COLUMBIA**

BETWEEN:

PEOPLES TRUST COMPANY

Petitioner

AND:

CENSORIO GROUP (HASTINGS & CARLETON)
HOLDINGS LTD., PETER CENSORIO also known as PETER
ANTHONEY CENSORIO and PETER ANTHONY CENSORIO,
STRADA 39 TRUST, BANCORP GROWTH MORTGAGE
FUND II LTD., BANCORP BALANCED MORTGAGE FUND II
LTD., BANCORP FINANCIAL SERVICES INC., PK CAPITAL
LTD., ALL CANADIAN INVESTMENT CORPORATION, FBM
CANADA GSD, INC., MEDINA CONCRETE SERVICES LTD.,
TUCUVAN CONSTRUCTION LTD., OMNI DRYWALL LTD.,
SERIN INVESTMENTS LTD., CLARION PROPERTY
CORPORATION, G. I. H. PROPERTIES LTD., BARRY
CHARLES HOLDINGS LTD., BECISON HOLDING
CORPORATION, SANDRA CHAPPELL, CREST CAPITAL
CORPORATION, DURHAM CAPITAL MANAGEMENT INC.,
YORK VENTURES LTD., HI-GROVE HOLDINGS (1995)
LTD., DIANE RAUCH, JEFFREY RAUCH, GERHARD
RAUCH, HELGA RAUCH, PAVILION INVESTMENTS INC.,
RODNEY GRANT KENYON, ALAN LONG and MANDATE
MANAGEMENT CORPORATION

AFFIDAVIT

OWEN BIRD LAW CORPORATION
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Three Bentall Centre
2900 - 595 Burrard Street
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Attention: Alan A. Frydenlund, Q.C.
File No. 22880/0112