



Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF 2607380 ONTARIO INC.**

Applicant

**APPLICATION RECORD OF THE APPLICANT
(Returnable February 25, 2020)**

February 24, 2020

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Lawyers for the Applicants

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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
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Applicant

NOTICE OF APPLICATION

TO THE RESPONDENTS:

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

THIS APPLICATION will come on for a hearing on February 25, 2020, at 10:00 a.m., at 330 University Avenue, Toronto, Ontario.

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

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

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

Date February 24, 2020

Issued by _____
Local registrar

Address of 330 University Avenue, Toronto,
court office Ontario M5G 1R7

APPLICATION

THE APPLICANT MAKES THIS APPLICATION FOR:

1. An initial order (the "Initial Order") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") substantially in the form attached at Tab 3 of the Applicant's Application Record, *inter alia*:

- (a) abridging the time for service of this Notice of Application and the materials filed in support of the Application and dispensing with further service thereof;
- (b) declaring that the Applicant is a party to which the CCAA applies;
- (c) appointing Richter Advisory Group Inc. ("Richter") as an officer of this Court to monitor the assets, businesses and affairs of the Applicant (in such capacity, the "Monitor");
- (d) staying all proceedings taken or that might be taken in respect of the Applicant, its director and officers, and the Monitor until March 6, 2020, subject to further Order of the Court (the "Stay Period");
- (e) staying all proceedings taken or that might be taken in respect of Nuvo Network Inc. ("Nuvo Network") or its directors and officers during the Stay Period;
- (f) staying all proceedings taken or that might be taken during the Stay Period in respect of Shawn Saulnier or Bridget Saulnier or any of their current and future assets, undertakings and properties, including all proceeds thereof, in connection with Mr. and Mrs. Saulnier's personal guarantees of any of the commitments or loans of the Applicant;
- (g) approving the debtor-in-possession credit facility ("DIP Facility") provided by Maynbridge Capital Inc., and an initial advance thereunder, which is to be secured by a charge over the Applicant's property ("DIP Charge");

- (h) in addition to the DIP Charge, granting the following charges over the Applicant's property:
 - (i) an administrative charge in favour of the Monitor, counsel to the Monitor, counsel to the Applicant and other professionals (the "**Administration Charge**");
 - (ii) a charge in favour of the directors and officers of the Applicant (the "**D&O Charge**"); and
- 2. Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THIS APPLICATION ARE:

General

- (a) The Applicant, 2607380 Ontario Inc., is insolvent;
- (b) The Applicant is a company to which the CCAA applies;
- (c) The claims against the Applicant exceed \$5 million;
- (d) The Applicant is in the business of the development and operation of the Nuvo Network Building (the "**Nuvo Building**") located at 1295 North Service Road, Burlington, Ontario (the "**Nuvo Property**");
- (e) The Applicant began renovating the Nuvo Building shortly after acquiring it in March 2018, with the aim of creating a multi-tenant commercial rental space with multiple uses, including office space, film and television studios, and corporate and personal event space. The renovations were initially expected to be completed in August 2019;
- (f) The financing for the renovations of the Nuvo Building (as well as its acquisition) was primarily provided by Meridian Credit Union Limited ("**Meridian**");

- (g) Further advances required to complete the renovations have not been made available to the Applicant. The delay in providing such financing has caused the Applicant significant hardship as it was unable to pay its general contractor or satisfy many of its other obligations to its lenders;
- (h) The Applicant has been unsuccessful in securing alternative sources of financing to continue its planned renovations of the Nuvo Building, outside formal restructuring proceedings;
- (i) In September 2019, the Applicant's general contractor stopped all construction on the Nuvo Building due to unpaid invoices. Construction remains halted. The unfinished state of the Nuvo Building has greatly impaired the Applicant's ability to generate the rental income it expected to earn from the Nuvo Property;
- (j) The forbearance periods granted by certain of the Applicant's creditors have now expired. The Applicant is facing a liquidity shortfall. The Applicant is in default of its obligations to its lenders, its general contractor, and others. Several construction liens have been registered against the Nuvo Property;
- (k) The Applicant requires immediate protection from this Court to permit it to stabilize its business and, amongst other things,
 - (i) Pursue financing to complete renovations. The Applicant has secured DIP financing to assist it in completing the planned renovations to the Nuvo Building. Once renovations are complete, the Applicant's liquidity is expect to improve in light of increased rental revenue
 - (ii) When the renovations are complete, the Applicant may explore refinancing options at that time; and/or
 - (iii) Develop a sale process. Both a refinancing or sale process would yield greater recoveries if commenced after the completion of renovations.
- (l) Richter has consented to act as the Monitor;

Stay of Proceedings

- (m) The Applicant requires a stay of proceedings and the other relief sought so that it can continue operating as a going concern as it pursues restructuring options in order to maximize enterprise value;
- (n) It is necessary and in the best interests of the Applicant and its stakeholders that the Applicant be afforded the "breathing space" provided by the CCAA as it attempts to restructure its business;
- (o) It is also necessary and in the best interests of the Applicant and its stakeholders that Nuvo Network be granted a stay of proceedings so that the Applicant has the opportunity to complete its restructuring efforts relating directly and indirectly to Nuvo Network;
- (p) Mr. and Mrs. Saulnier should also benefit from a stay of proceedings so that Mr. Saulnier, as sole director of the Applicant and Nuvo Network, can focus on the Applicant's restructuring without being distracted by potential enforcement actions taken against him or his spouse in their capacity as the personal guarantors of certain of the Applicant's obligations;

DIP Facility and Court Ordered Charges

- (q) The Applicant does not have sufficient liquidity to fund this process absent the DIP Facility. The Applicants have canvassed proposed DIP Facilities in advance of this application and have secured a DIP Facility;
- (r) The DIP Facility anticipates, and the Applicant requires, an initial advance under the DIP Facility;
- (s) The proposed \$700,000 advance under the DIP Facility is limited to what is reasonably necessary during the first ten days following the initial order. The Applicant will seek the more fulsome approval and charge at the ten day hearing;

- (t) The DIP Charge will attach to the Nuvo Property and will rank in second priority after the Administration Charge, but ahead of the D&O Charge;
- (u) The Administration Charge and D&O Charge are required to secure the professional services required to complete these CCAA proceedings and ensure the continued cooperation of the Applicant's director and officers.

Comeback Hearing

- (v) The Applicant intends to return to this Court on notice to the service list for a motion seeking, among other things, an expanded initial order with more fulsome restructuring provisions; approval of an expanded DIP Charge; and approval of critical supplier arrangements;

Other Grounds

- (w) The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
- (x) Rules 2.03, 3.02, 14.05(2) and 16 of the *Ontario Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended;
- (y) Section 106 of the *Ontario Courts of Justice Act*, R.S.O. 1990, c. C43 as amended; and
- (z) Such future and other grounds as counsel may advise and this Court may permit.

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

- (a) The Affidavit of Shawn Saulnier, sworn February 24, 2020, and the exhibits attached thereto;
- (b) The Pre-Filing Report of Richter dated February 24, 2020;

- (c) The consent of Richter; and
- (d) Such further and other evidence as counsel may advise and this Court may permit.

February 24, 2020

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2607380 ONTARIO INC.

Court File No.: _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**NOTICE OF APPLICATION
(RETURNABLE FEBRUARY 25, 2020)**

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Lawyers for the Applicant

TAB 2

**ONTARIO
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OF 2607380 ONTARIO INC.

(Applicant)

AFFIDAVIT OF SHAWN SAULNIER
(Sworn February 24, 2020)

I, Shawn Saulnier, of the Town of Campbellville, Ontario MAKE OATH AND SAY:

1. I am the President and Chief Executive Officer of 2607380 Ontario Inc. ("**Nuvo**" or the "**Applicant**"). As a result of my role with the Applicant, I have knowledge of the matters to which I hereinafter depose. I have also reviewed the books and records of the Applicant and have spoken with certain of the directors, officers and/or employees of the Applicant, as necessary and applicable. Where I have relied upon information received from such individuals, I believe such information to be true.
2. All references to currency in this affidavit are references to Canadian dollars, unless otherwise indicated.

I. INTRODUCTION

3. This affidavit is sworn in support of an application by the Applicant for an order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**" and such proceedings, the "**CCAA Proceedings**").
4. The Applicant's business is the development and operation of the Nuvo Network Building (the "**Nuvo Building**") located at 1295 North Service Road, Burlington, Ontario- a multi-purpose commercial building which leases out space to a variety of businesses, several television studios and for corporate and personal events.
5. This CCAA application was necessary due to Nuvo's lack of access to the necessary liquidity required to complete renovations of the Nuvo Building and the threat of

enforcement actions being taken by a number of lenders, the combination of which has halted construction, prevented the completion of the Nuvo Building, and caused Nuvo and certain related entities to default on their obligations to their lenders.

6. As will be outlined in greater detail below, Nuvo is seeking to make use of the flexibility and breathing room provided by the CCAA process in order to pursue additional renovation financing, refinancing and restructuring options that would permit the completion of the renovations to the Nuvo Building.

7. The Board of Directors of Nuvo has authorized this CCAA application.

II. BACKGROUND

8. Nuvo does not have access to the liquidity necessary to complete the renovations of the Nuvo Building, is in default of its obligations to its lenders and is unable to honour its obligations to, among others, its general contractor and on-site labourers. Nuvo is seeking CCAA protection in order to maintain the *status quo* while it explores avenues of financing to complete the renovations of the Nuvo Building and service its existing debt obligations. Once renovations are completed, Nuvo's liquidity situation is expected to improve significantly in light of increased rental income. Further, any ultimate refinancing of all of Nuvo's debt obligations is best placed to occur after renovations of the Nuvo Building are completed, and all remaining units are leased.

A. Corporate Structure and Operations

(i) Nuvo

9. Nuvo owns real property at 1295 North Service Rd, Burlington, Ontario (the "Nuvo Property"), which is further described below. I am the sole director of Nuvo. In addition to my position as President and Chief Executive Officer, Nuvo's management consists of a Chief Operating Officer and a Chief Financial Officer.

10. As described below, Nuvo manages the leases and studio and event rental arrangements for the Nuvo Building.

11. Nuvo has 9 full-time employees, consisting of cleaning staff, a property labourer and administrator, a client services manager, a concierge, as well as finance, IT and human resources staff. Nuvo has also engaged 8 independent contractors in connection with the

management of the Nuvo Building, including a finance consultant, an external cleaning service, two human resources consultants, and a sales consultant. Nuvo's employees are not unionized, and Nuvo does not sponsor any pension plans. Nuvo is current on all payments of wages to its employees and source deductions.

12. Nuvo has interim property taxes for 2020 in the amount of \$65,707.56, which are due to be paid in two installments, on February 21, 2020 and April 21, 2020. As of January 13, 2020, Nuvo also has \$140,608.02 in property tax arrears for amounts past due for 2019, inclusive of penalty charges. Nuvo's total outstanding property tax liability as of January 14, 2020 is \$206,315.58. A copy of the City of Burlington's 2020 Interim Tax Bill showing these amounts is attached hereto as **Exhibit "A"**.

13. Nuvo is current on all HST obligations.

(ii) Nuvo Network Inc.

14. Nuvo Network Inc. ("**Nuvo Network**") was incorporated following the acquisition of the Nuvo Property. The intention was to migrate the employees and leases of Nuvo to Nuvo Network. I am the sole director of Nuvo Network.

15. To date, some leases for the Nuvo Building have been migrated to Nuvo Network as the landlord; however, all rental income flows to Nuvo. During the course of the CCAA Proceedings, it is anticipated that the rental income will continue to flow to Nuvo, and I understand that the cashflows to be filed in the CCAA Proceedings reflect this ongoing stream and use of rental income for the global costs of the Nuvo Building and the restructuring.

16. The shares of Nuvo Network were pledged as collateral security to a lender who provided financing and obtained security on two other properties in Milton, Ontario, which are owned and operated by a related group of companies I control (the "**Mohawk Entities**"): the Mohawk Inn and Conference Centre (the "**Mohawk Inn**") at 9230 Guelph Line in Milton, Ontario, and the KOA Campground ("**KOA Campground**") located at 9301 Second Line, Milton, Ontario. At this time, it is my intention to have ongoing discussions with the lenders of the Mohawk Entities to ensure stability at the Mohawk Entities.

17. In the circumstances, Nuvo is seeking to extend the stay of proceedings to Nuvo Network to avoid steps being taken against Nuvo Network by the lenders of the Mohawk Entities which could trigger an insolvency of Nuvo Network.

III. ASSETS OF NUVO

18. Nuvo's primary asset is the Nuvo Property, which is described below. An April 2019 appraisal of the Nuvo Property, which is discussed below, values it at an amount that far exceeds its obligations to its lenders.

19. A copy of Nuvo's Balance Sheet as of December 31, 2019 is attached hereto as **Exhibit "B"**. The Balance Sheet was internally prepared and has not been audited. As of December 31, 2019, Nuvo's assets on a consolidated basis had a book value of approximately \$25.5 million. The bulk of these assets consists of the costs associated with the acquisition of the Nuvo Property and the renovation of the Nuvo Building, cash, accounts receivable, amounts due from shareholders and related parties and prepaid expenses.

20. A copy of Nuvo's Statement of Profit and Loss as of December 31, 2019 is attached hereto as **Exhibit "C"**. The Statement of Profit and Loss was internally prepared and has not been audited. For the fiscal year 2019, Nuvo generated \$208,506 in event income and \$2,370,321 in rental income. However, Nuvo generated an overall loss from operations of \$1.83 million in 2019.

A. The Nuvo Property

21. The Nuvo Property is approximately 4.9 acres in size, and is situated in a predominantly commercial office neighbourhood visible from the nearby Highway 403, Highway 407 and the Q.E.W. in Burlington.

22. The Nuvo Building is located on the Nuvo Property. The Nuvo Building was constructed in 1992 by Crossroads Christian Communications Inc. ("CCCI"), a producer of faith and values-based media content, to house their growing communications business. The Nuvo Building is approximately 144,000 ft² in size and was designed for commercial office space, production facilities and event space. CCCI did not occupy the entire building, and the excess space was leased to unrelated third parties.

23. At the time of Nuvo's acquisition of the Nuvo Property in 2018, the Nuvo Building was heavily underutilized, with only 99,000 ft² of leasable space. Nuvo acquired the Nuvo Property with the intention of renovating the Nuvo Building and rejuvenating and upgrading the event spaces. The overarching goal was to turn the Nuvo Building into a multi-use, multi-tenant rental and business operation. To that end, the Nuvo Building was designed to contain office and meeting rooms, co-working spaces, a banquet hall, multiple event spaces, a stage for music events, several production studios and an on-site commercial kitchen.

24. Currently, the Nuvo Building contains 86 rental spaces available for commercial use spanning three floors, along with 4 common area meeting rooms. Of the 86 rental spaces, 17 are designed to be used by television studios. As of the date of the swearing of this affidavit, 85% of the office spaces, 57% of the studio spaces and 23% of the event rental spaces are leased. A number of the spaces remain under construction, and, once renovations are completed, would represent approximately 49,618 ft² of additional leasable space.

25. As part of Nuvo's acquisition of the Nuvo Property, CCCI entered into a long-term lease with Nuvo for office, studio and production space, in respect of approximately 31,250 ft².

IV. LIABILITIES OF NUVO

26. As at December 31, 2019, as noted in Nuvo's Balance Sheet as of December 31, 2019 previously attached as Exhibit "B", Nuvo had liabilities totalling approximately \$27.8 million. The major liabilities of Nuvo consist of long-term debt, both as a borrower in connection with the financing obtained for the acquisition and renovation of the Nuvo Property, and as guarantor of the Mohawk Entities' debt.

27. Nuvo's primary loan obligation is to Meridian Credit Union Limited ("**Meridian**"), for the financing of the acquisition of the Nuvo Property and the partial renovation of the Nuvo Building, plus loan obligations to CCCI and Bridging as described herein. Nuvo's total outstanding indebtedness to Meridian is approximately \$17.3 million, inclusive of interest, as of January 31, 2020. Meridian has a first-ranking registration against the Nuvo Property to secure this amount, as well as holding other security.

28. As will be outlined below, the negotiations between Nuvo and Meridian related to the acquisition of the Nuvo Property were difficult and lengthy, and Meridian's actions in failing to provide funding to Nuvo on numerous occasions have resulted in lengthy delays to the renovation schedule of the Nuvo Building, which has been one of the factors necessitating the within CCAA filing.

29. As part of the acquisition of the Nuvo Property, CCCI agreed to provide a VTB to Nuvo in the amount of \$4.5 million, registered in second position on the Nuvo Property.

30. Nuvo was also required to obtain tertiary financing to finance the acquisition of the Nuvo Property, as Meridian reduced the amount of financing it was willing to provide at the last minute prior to the closing of the transaction. Nuvo obtained this additional financing through a commitment from Bridging Finance Inc. ("**Bridging**"). There is approximately \$2.8 million outstanding to Bridging under the facility as of January 31, 2020, secured by, among other things, a third ranking charge against the Nuvo Property.

31. Nuvo's long-term debt obligations are detailed below.

A. Meridian Credit Agreement

32. On March 13, 2018, after many months of negotiations which are described below, Nuvo entered into a Credit Agreement with Meridian, a copy of which is attached hereto as Exhibit "D" (the "**Meridian Credit Agreement**"). The Meridian Credit Agreement is guaranteed by certain of the Mohawk Entities and me personally. Nuvo is the borrower under the Meridian Credit Agreement, which originally provided for three loan facilities, as follows:

	Type	Max. Amount	Purpose	Repayment	Interest
1	Demand Loan	\$12,350,000	To finance up to 65% of the purchase price of the Nuvo Property	Interest only on a monthly basis from Nuvo's own resources. Full loan amount to be repaid within 24 months of initial advance from Facility #3a.	Prime Rate + 2%

	Type	Max. Amount	Purpose	Repayment	Interest
2	Demand Loans (for Construction)	Total \$5,000,000, divided into two lines: 2.a: \$3,500,000 2.b: \$1,500,000	2.a: To finance renovation costs to rejuvenate the Nuvo Building 2.b: To finance tenant improvement costs at the Nuvo Building	Interest only on a monthly basis from Nuvo's own resources. Principal to be repaid within 24 months of initial advance from proceeds of Facility #3a.	Prime Rate + 2.5%
3a	Non-Revolving Loan.	\$20,000,000	To provide long-term take-out financing for the Nuvo Property. This facility was removed through the Amendment and Forbearance Agreement.	Payments to be calculated based on a max. amortization period of 20 years from initial date of drawdown.	Prime Rate + 2%

33. Facility 1 and facility 2 were put in place to finance the acquisition of the Nuvo Property and the renovations to the Nuvo Building. Facility 3 was intended to be used as take-out financing to pay out the first two Meridian facilities and the Bridging Commitment (as defined below), at a lower borrowing cost for Nuvo, following the completion of renovations. However, facility 3 was removed in August 2019 through the Amendment and Forbearance Agreement (as defined and discussed below).

34. To secure its obligations under the Meridian Credit Agreement, Nuvo granted various security to Meridian including (i) a first-ranking collateral mortgage on the Nuvo Property (the "Meridian Charge") in the maximum amount of \$23 million, a copy of which is attached hereto as Exhibit "E", (ii) a personal guarantee from me, a copy of which is attached hereto as Exhibit "F", and guarantees from certain of the Mohawk Entities, (iii) a general assignment

of rents with respect to the Nuvo Property, and (iv) a general security agreement in all of Nuvo's present and after-acquired personal property, a copy of which is attached hereto as Exhibit "G".

B. Meridian Amendment and Forbearance Agreements

35. As will be described in greater detail below, commencing in February 2019, Nuvo engaged in a concerted effort to obtain the additional financing necessary to complete renovations on the Nuvo Building from Meridian, as was contemplated at the time the Meridian Credit Agreement was signed. At the time the Meridian Credit Agreement was signed, it was anticipated that an additional \$2 million would be provided by Meridian further to assurances made to me by the Meridian representative who had carriage of the matter at the time, Senior Vice- President Stephen Otten, that Nuvo would qualify for the additional funding if the Nuvo Building achieved a minimum of 75% of office space rental. As will be outlined in greater detail below, this milestone was achieved, but Meridian refused to provide additional financing. In addition, there were other positive developments which were anticipated to have incentivized Meridian to provide further financing, including the fact that one of the Nuvo Building's long term tenants, CCCI, invested an unanticipated \$3.5 million in lease hold improvements in order to upgrade the third floor, and that an April 2019 valuation of the Nuvo Building valued it at an amount significantly higher than a previous 2017 valuation, and at an amount that greatly exceeds Nuvo's obligations to its lenders.

36. Unfortunately, in February 2019, the Meridian team with carriage of this matter changed with only one weeks' notice to Nuvo, and the new team advised me and the Nuvo management team that they had to familiarize themselves with the history of the Nuvo Building. Nuvo worked diligently to bring the new Meridian team up to speed and answer any information requests, but ultimately Meridian never provided the additional financing to complete the renovations. This delay and the accumulation of costs arising from Meridian's prolonged failure to provide the additional financing created an immense challenge for Nuvo.

37. Meridian last advanced funds to Nuvo in March 2019, and refused to provide any additional financing after that time. Shortly thereafter, Nuvo began having difficulty in paying its general contractor, and otherwise staying current on the expenses associated with the Nuvo Property. Due to Nuvo's limited liquidity and inability to access additional funding,

Nuvo's payments to its general contractor Maple Reinders Inc. ("**Maple Reinders**") became delayed.

38. On June 14, 2019, the parties entered into an Amendment and Forbearance Agreement (the "**First Meridian Amendment and Forbearance Agreement**"), a copy of which is attached as **Exhibit "H"** hereto, pursuant to which Meridian agreed to forbear from exercising its enforcement rights with respect to the Nuvo Property until August 31, 2019 (the "**Forbearance Period**"). The First Meridian Amendment and Forbearance Agreement amended the Meridian Credit Agreement by removing previous facility 3, consisting of the \$20 million take-out financing for the Nuvo Property, and adding a new facility (facility 3a) in the amount of \$2.5 million to finance renovations at the Nuvo Building. Pursuant to the First Meridian Amendment and Forbearance Agreement, facility 1, facility 2 and facility 3a, totalling \$19.85 million, became repayable in full on or before July 16, 2020.

39. Further, the First Meridian Amendment and Forbearance Agreement imposed additional requirements on Nuvo, including (i) the engagement by Nuvo of Intrepid Quality Surveying Inc. ("**Intrepid**") to monitor and report on construction costs and activity at the Nuvo Property, (ii) the preparation of a detailed construction budget and cash flow statement setting out the construction costs for the Nuvo Building, in form and substance acceptable to Meridian, (iii) more frequent financial reporting to Meridian, and (iv) a covenant not to further encumber the Nuvo Property without Meridian's prior consent.

40. On August 14, 2019, following further discussions with Meridian regarding the terms on which Meridian would provide additional financing to complete renovations, the parties entered into a further Amendment and Forbearance Agreement (the "**Second Meridian Amendment and Forbearance Agreement**"), a copy of which is attached as **Exhibit "I"** hereto, pursuant to which Meridian agreed to extend the Forbearance Period until October 30, 2019, on substantially the same terms as those contained in the First Meridian Amendment and Forbearance Agreement. Pursuant to the Second Meridian Amendment and Forbearance Agreement, the three credit facilities were to become payable in full on or before July 30, 2020, and Nuvo was required to provide confirmation of the injection of incremental equity in the minimum amount of \$738,951, associated with the financing need of approximately \$3.2 million at the time, to complete renovations of the Nuvo Building. Despite the additional financing being provided by me to assist with the construction costs, as required by the

Second Meridian Amendment and Forbearance Agreement, Meridian has not provided the additional construction cost financing to date.

41. As of January 31, 2020, a total of approximately \$17.3 million in aggregate principal and interest is outstanding under the Meridian Credit Agreement, as amended by the Meridian Amendment and Forbearance Agreements.

C. CCCI VTB

42. On January 23, 2018, CCCI granted a VTB mortgage to Nuvo in the principal amount of \$4.5 million, which was secured on title to the Nuvo Property, in second position behind the Meridian Charge (the “CCCI Charge”). A copy of the CCCI Charge is attached hereto as **Exhibit “J”**. The CCCI Charge does not bear interest until 2022, and is repayable in full in January 2023.

D. Bridging Commitment

43. As will be explained below, Nuvo was required to seek additional funding to finance the acquisition of the Nuvo Property in light of Meridian’s failure to credit certain amounts advanced by Nuvo to finance the initial renovation expenses on the Nuvo Building to reduce Nuvo’s required equity contribution for the acquisition.

44. On March 20, 2018, Bridging entered into a commitment letter with Nuvo as borrower in the maximum principal amount of \$2.5 million (the “**Bridging Commitment**”), for the purpose of providing the required additional financing for the acquisition of the Nuvo Property. The Bridging Commitment is guaranteed by me and certain of the Mohawk Entities. A copy of the Bridging Commitment is attached hereto as **Exhibit “K”**.

45. The Bridging Commitment bears interest at a rate of prime plus 11.8% per annum, with interest being capitalized and added to the principal of the loan commencing on March 31, 2018 through to September 30, 2018, and interest only payments to be made commencing on October 31, 2018. The Bridging Commitment matures on the earlier of (i) March 23, 2020, (ii) the date of demand by Bridging, and (iii) the date of the maturity or demand under the Meridian Credit Agreement. The Bridging Commitment also required Nuvo to meet certain reporting requirements, including providing annual financial statements to Bridging.

46. Nuvo granted Bridging various security to secure the obligations under the Bridging Facility, including (i) a third ranking charge on the Nuvo Property (the "Bridging Charge") (ii) a general security agreement granting a security interest in all the present and after acquired property of Nuvo, a copy of which is attached hereto as Exhibit "L", and (iii) an unsecured guarantee provided by me, a copy of which is attached hereto as Exhibit "M", and unsecured guarantees provided by certain of the Mohawk Entities.

47. Due to the severe liquidity constraints faced by Nuvo, Nuvo has been unable to make interest payments under the Bridging Facility since July 2019. As of January 31, 2020, approximately \$2.8 million is outstanding under the Bridging Facility, inclusive of interest. Priority, Postponement and Standstill Agreement

48. In connection with the initial acquisition of the Nuvo Building in March 2018, Meridian, Bridging and CCCI signed a standstill agreement setting out the relative priorities of the security held by them on the Nuvo Property. On August 16, 2019, Meridian, CCCI and Bridging entered into an Amended and Restated Priority, Postponement and Standstill Agreement, a copy of which is attached hereto as Exhibit "N" (as amended, the "Standstill Agreement"). The Standstill Agreement provided that the relative priorities of the security granted to Meridian, CCCI and Bridging as against the Nuvo Property would be as follows:

Rank	Charge
First	<ul style="list-style-type: none">• Meridian Charge, up to the amount of \$20, 735,000 (the "Meridian Limited Indebtedness")• CCCI Charge, over all amounts in excess of the Meridian Limited Indebtedness
Second	<ul style="list-style-type: none">• Meridian Charge, any amounts in excess of the Meridian Limited Indebtedness
Subordinate	<ul style="list-style-type: none">• Bridging Charge

49. The Standstill Agreement also provides that CCCI and Bridging cannot take any collection, realization or enforcement proceedings or remedies against the Nuvo Property for a period of 90 days following the delivery by CCCI or Bridging of a default notice to Nuvo and Meridian. Further, pursuant to the Standstill Agreement, Bridging and CCCI cannot take any steps to enforce or realize upon their security following a period of 90 days from the delivery of an enforcement notice by Meridian

E. Celernus Loan

50. Pursuant to a July 18, 2019 Letter of Commitment (the "**Letter of Commitment**") with the loan arranger Keep Capital Ltd., Celernus Investment Partners Inc. ("**Celernus**") provided a \$2.5 million loan (as amended, the "**Celernus Loan**") to Nuvo, certain of the Mohawk Entities, my wife Bridget Saulnier and myself, as joint borrowers. The amount of the Celernus Loan was increased to \$2.75 million with the inclusion of an interest reserve on or around July 23, 2019. Nuvo obtained the Celernus Loan in order to meet the requirement, set out in the Second Meridian Amendment and Forbearance Agreement, to inject additional equity into the Nuvo Property, in order to obtain the additional \$2.5 million funding from Meridian. This financing was ultimately never provided, as described below.

51. The Celernus Loan carries an annual interest rate of 15% and matured on February 1, 2020. A copy of the Letter of Commitment setting out the terms of Celernus Loan, as amended, is attached hereto as **Exhibit "O"**.

52. The Celernus Loan was guaranteed in full by each of the corporate borrowers, as well as Bridget and myself. Copies of the personal guarantees are attached hereto as **Exhibit "P"**. To secure the amounts due under the Celernus Loan, a charge in the amount of \$2.75 million was registered against the KOA Campground and the Mohawk Inn. Charges were also registered against my personal homes in Hamilton and Milton. The Celernus Loan contemplated a charge against the Nuvo Property on a best commercial effort basis, but no such charge was ever registered.

53. As of January 31, 2020, \$2.75 million is outstanding under the Celernus Loan.

V. FINANCIAL DIFFICULTIES OF NUVO

A. Acquisition of the Nuvo Property and Difficulties in Finalizing Financing Arrangements

54. In the summer of 2017, Nuvo began negotiations with Meridian with respect to the financing for the acquisition of the Nuvo Property and the renovation of the Nuvo Building.

55. These discussions and negotiations were difficult from the outset. On multiple occasions, Meridian agreed to certain financing terms, only to change course and request

different terms in order to proceed. As a result, the negotiations became protracted and delayed the closing of the acquisition of the Nuvo Property.

56. On September 5, 2017, Mohawk Properties Ltd. entered into an Agreement of Purchase and Sale with CCCI for the acquisition of the Nuvo Property, for a purchase price of \$19 million. Due to the protracted negotiations with Meridian, the September 2017 Agreement of Purchase and Sale needed to be amended multiple times to, among other things, extend the conditions to closing and assign the Agreement of Purchase and Sale to Nuvo, which occurred in March 2018. In September 2017, Meridian provided Nuvo with a "Discussion Paper", outlining the terms on which they were prepared to consider financing the acquisition of the Nuvo Property and the renovation of the Nuvo Building.

57. During this time, negotiations were ongoing with Meridian regarding the terms on which financing would be provided. Originally, Meridian agreed to provide \$12.5 million to finance the acquisition of the Nuvo Property and \$7 million to fund the renovation of the Nuvo Building. It was also understood between the parties that a portion of the acquisition would be funded through a cash investment from Nuvo.

58. In October 2017, after the Agreement of Purchase and Sale for the Nuvo Property had been signed but prior to the closing of the transaction, CCCI agreed that Nuvo could access the Nuvo Property and arrange for an architect, a design and engineering company to attend at the site to commence renovations. Time was of the essence, as Nuvo had entered into a contract to lease the second floor of the Nuvo Building as a co-working space, which required the co-working space to become available on December 31, 2017. As a result of this impending deadline, commencing in November 2017, 4 months before owning the Nuvo Building, with the agreement of CCCI and the acknowledgment of Meridian's then Senior Vice President Stephen Otten, Nuvo financed the costs of the initial work carried out by its consultants and contractors for the renovation of the second floor of the Nuvo Building. Nuvo advanced a total of \$2 million to finance initial renovations.

59. Meridian was kept apprised of these developments, and it was agreed that Meridian would credit the amounts advanced by Nuvo to finance the initial renovations to reduce the amount of the cash that Nuvo would be required to pay at closing towards the acquisition.

60. In December 2017, Meridian provided Nuvo with the first draft of a Credit Agreement setting out Meridian's requested terms for the financing. Between December 2017 and March 2018, negotiations between Meridian and Nuvo continued, as Meridian sought to impose additional conditions. During this time, Meridian advised that it was no longer prepared to abide by the original agreement to credit the amounts Nuvo advanced to fund the early renovation work, nor to advance \$7 million toward the \$9 million construction budget for the financing of the renovations. I was told by Stephen Otten and John Schrader, Nuvo's account managers at Meridian, that the credit department reduced Nuvo's terms to \$5 million of construction financing. Mr. Otten told me at the time that if 75% office rental was achieved at the Nuvo Building, he would approve the balance of the \$ 2 million required to complete renovations. As described further below, Nuvo relied on this assurance in proceeding with the transaction and engaging in subsequent discussions with Meridian in order to obtain this additional financing, though it was ultimately never provided. As a result, Nuvo was forced to seek additional financing to complete the transaction, which was ultimately provided by Bridging.

61. The Meridian Credit Agreement and associated security documentation was finalized in the spring of 2018, on the terms outlined above. The Nuvo Property transaction closed on March 25, 2018, for a purchase price of \$19 million.

B. Delays in the Renovation Timeline and Changes to the Budget

62. Nuvo entered into an agreement with the general contractor, Maple Reinders for the renovation of the Nuvo Building on November 1, 2017.

63. The preliminary construction schedule provided by Maple contemplated that renovations of the Nuvo Building would be carried out in four phases, with staggered completion dates between May 2019 through to December 2019. Nuvo ultimately decided not to proceed with the fourth phase, such that all renovation work was scheduled to be completed by August 2019.

64. Maple Reinders engaged several subcontractors to assist in carrying out the renovations. Phase 1 of the renovations commenced in June 2018. Each month, Nuvo submitted requests to Meridian supported by invoices from Maple Reinders to draw funds under the Meridian Credit Facility, in order to fund the renovation costs incurred to date.

Each draw request also outlined the remaining costs to complete the renovations. Between June 2018 and March 2019, a total of 13 draw requests were made by Nuvo and paid by Meridian, amounting to a total of \$5 million advanced by Meridian.

65. The renovations proceeded on schedule throughout 2018, aside from minor adjustments caused by unanticipated repairs to the roof structure and an elevator shaft. In May 2018, Nuvo was also required to take over the management of the second floor of the Nuvo Building, to change the space from a single lease co-working tenant with its own clients to a space with 35 individual office spaces. This was necessary as the owner of the co-working company suffered a personal tragedy that prevented him from carrying out the remainder of his contract with Nuvo. Ultimately, this change resulted in Nuvo being able to lease out the space to various parties at a higher cost, resulting in increased revenues.

66. As outlined below, in 2019, the renovation schedule began to incur significant delays due to Meridian's refusal to fund the promised additional \$2 million required to complete the renovations on the Nuvo Building.

67. In light of the requirement imposed by Meridian in the First Meridian Amendment and Forbearance Agreement and the Second Meridian Amendment and Forbearance Agreement, Intrepid attended at the Nuvo Property in the summer of 2019 to monitor the progress of renovations. Nuvo has paid a total of \$10,000 to Intrepid, in accordance with the requirement to do so under the Second Meridian Amendment and Forbearance Agreement. A further \$10,000 remains owing to Intrepid for payment of invoices rendered.

C. Meridian's Refusal to Provide Additional Financing to Complete Renovations

68. Commencing in February 2019 and continuing through to the summer of 2019, Meridian representatives visited the Nuvo Property several times to monitor the progress of renovations. During these visits, and during subsequent visits to the Meridian offices, I and the Nuvo management team had numerous discussions with Meridian regarding the additional \$2 million to be funded to complete renovations at the Nuvo Building. Meridian understood that the additional funding was crucial in order to complete the renovations.

69. Meridian has not provided any funding to Nuvo since March 2019, at which time Meridian provided the final advance under the Meridian Credit Agreement. In light of

Meridian's refusal to provide additional financing, Nuvo became unable to pay Maple Reinders, who in turn could not make payments to all of its subcontractors.

70. In April 2019, Nuvo commissioned an appraisal of the Nuvo Property, which valued the Nuvo Property at an amount that far exceeds its obligations to its lenders on a fully-leased basis (the "**April 2019 Valuation**"). A copy of the April 2019 Valuation will be filed with the Court under seal.

71. In the summer of 2019, without prior warning, Meridian indicated that it would not provide the additional \$2 million financing to complete renovations, unless and until Nuvo agreed to the imposition of certain additional terms, which were later formalized through the First Meridian Amendment and Forbearance Agreement and the Second Meridian Amendment and Forbearance Agreement described above.

72. Over the summer of 2019, as negotiations with Meridian were not progressing in a timely way, Nuvo attempted to obtain the additional financing to complete the renovations of the Nuvo Building from other sources. Nuvo approached 12 potential financing parties and entered into a \$7.1 million term sheet with one party who would have provided sufficient financing to cover the remaining renovation costs, funds to fully pay out Bridging's third mortgage, as well as providing an interest reserve for one year to ensure Nuvo didn't compromise the free cash flow requirements with Meridian. This party requested to replace Bridging as the third charge on the Nuvo Property, behind Meridian and CCCI. Meridian declined to consent, so this transaction did not proceed. Nuvo's management team was told by Robert Neufeld, Meridian's new account manager at the time, that Meridian's Credit Committee refused the offer as Meridian intended to provide the required financing itself. However, in late November 2019, at a meeting at Meridian's head office with John Trivieri, the head of Meridian's Credit Committee, Mr. Trivieri indicated that he had never been provided with a copy of the offer.

73. In August 2019, following protracted negotiations with Meridian, Nuvo signed the Second Meridian Amendment and Forbearance Agreement in order for Meridian to make the funding available to permit the renovations at the Nuvo Building to proceed. As noted, the Second Meridian Amendment and Forbearance Agreement contemplated that Meridian

would provide an additional \$2.5 million to finance the completion of renovations. It also imposed additional requirements on Nuvo, including the engagement of Intrepid to monitor and report on construction costs and activity at the Nuvo Property, and the preparation of a detailed construction budget and cash flow statement setting out the construction costs for the Nuvo Building, in form and substance acceptable to Meridian.

74. Despite entering into the Second Meridian Amendment and Forbearance Agreement with Nuvo, Meridian refused to advance any further funds to Nuvo to finance the completion of renovations and has not advanced any funds to Nuvo since March 2019. Meridian took the position that Nuvo had failed to meet the conditions precedent to the advance of funds under the Second Meridian Amendment and Forbearance Agreement. Nuvo disputes this.

75. For example, the Second Meridian Amendment and Forbearance Agreement contemplated that Nuvo was required to inject \$738,951 in equity into the Nuvo Building before Meridian would advance the additional \$2.5 million. In July 2019, Nuvo used \$1.2 million obtained through the Celernus Loan to meet this condition. Nuvo paid approximately \$600,000 to Maple Reinders to reduce the outstanding arrears, paid outstanding arrears to Bridging, and paid certain operating expenses for the Nuvo Building, including amounts owed to the engineering companies and the architect. The total equity injection exceeded Meridian's requirement imposed in the Second Meridian Amendment and Forbearance Agreement. However, Meridian refused to credit the entire amount invested by Nuvo and continued to maintain that the required equity contribution had not been paid.

76. As a result of Meridian's continued refusal to fund, construction activity on site temporarily shut down in July 2019, and Maple Reinders left the site. By late August 2019, most subcontractors had left the site. By early September 2019, all work at the site had stopped. The targeted date of August 2019 for the completion of renovations could not be met.

D. Construction Liens Registered on the Nuvo Property and Proposed Loan from Maple Reinders

77. As noted, in July 2019, Maple Reinders left the site due to lack of payment. On November 25, 2019, Maple Reinders registered a construction lien on title to the Nuvo Property, in the amount of \$1.86 million, for arrears of payment. A copy of the construction

lien is attached hereto as **Exhibit "Q"**. A subcontractor hired by Maple Reinders, Barrie Glass & Mirror Ltd. ("**Barrie Glass**"), also registered a construction lien on the Nuvo Property for unpaid work in the amount of \$89, 543.93. A copy of this construction lien is attached hereto as **Exhibit "R"**.

78. Even after advancing the new equity required in the summer of 2019, I and members of Nuvo's management team met with Meridian representatives on numerous occasions in the fall of 2019, with the aim of reaching an agreement on the terms pursuant to which Meridian would fund the additional \$2.5 million contemplated by the Second Meridian Amendment and Forbearance Agreement. Costs related to the Nuvo Property continued to accumulate during this time, and as such, Nuvo's funding requirements to complete renovations at the Nuvo Building increased. During this time, to facilitate funding from Meridian, Meridian required that Nuvo advance another \$550,000. To meet this requirement, Nuvo negotiated a \$550,000 loan from Maple Reinders, which would have been applied to reduce the arrears outstanding to Maple Reinders (the "**Maple Reinders Loan Agreement**"), a copy of which is attached hereto as **Exhibit "S"**. It was contemplated that I would be the borrower under the Maple Reinders Loan Agreement, with Nuvo as a corporate guarantor, and that the agreement would be signed once the terms of the \$2.5 million Meridian financing were agreed upon.

79. Meridian was provided with a copy of the Maple Reinders Loan Agreement; however, it was never executed as Meridian continued to maintain the position that the \$2.5 million would not be funded until new and additional conditions precedent were satisfied.

80. In early December 2019, I was advised by the Chief Financial Officer of Maple Reinders that Maple Reinders had a satisfactory meeting with Meridian to review the completion schedule and budget for the renovations of the Nuvo Building, to ensure it was consistent with Nuvo's submissions to Meridian. Shortly after this meeting between Meridian and Maple Reinders, I received a phone call from Bernie Huber of Meridian confirming the meeting with Maple Reinders was satisfactory and that Meridian had told Maple Reinders that they would pay down the arrears in approximately a week.

81. Based on these representations from senior representatives of Meridian, Maple Reinders' Project Coordinator Olaf Nieczyporowicz attended at the Nuvo Property on December 11, 2019, and notified the subcontractors of the resumption of construction activity. Around that time, I had a meeting with the Nuvo Building's tenants explaining the good news that the renovations would re-start shortly. However, Meridian never made the promised payment to Maple Reinders. Maple Reinders advised me that phone calls and emails to Meridian following up on this matter have been ignored. Maple Reinders sought Nuvo's intervention in ensuring that Meridian would make the required payment.

82. I attended at the Meridian offices on December 13, 2019 in order to try once again to reach an agreement with Meridian regarding the additional financing to complete the renovations of the Nuvo Building, but Bernie Huber of Meridian continued to insist that certain additional conditions needed to be met before funding would be provided.

83. Maple Reinders has estimated that the cost to complete the renovations of the Nuvo Building is approximately \$4.07 million, as of February 24, 2020. The cost to complete is increasing on a daily basis due to interest being charged on outstanding arrears for completed work. Meridian has refused to provide additional funding, and has frustrated Nuvo's efforts to seek funding from third party sources to complete renovations.

E. Other Liabilities

84. Nuvo's liquidity situation has deteriorated. Rental incomes cannot be maximized as a result of the cessation of renovations.

85. As an example, we have been in arrears on utilities payments, and received letters threatening to cut off services. As a further example, Nuvo has also been unable to keep current on its obligations to the cleaning service provider for the Nuvo Building, Canway Group Corporation ("Canway"). On February 3, 2020, Canway delivered a letter demanding confirming outstanding arrears of \$77, 626.07 and demanding payment of \$38,813.04 by February 28, 2020 to avoid the suspension of services as of March 1, 2020. A copy of this letter is attached hereto as Exhibit "T". Nuvo is also falling behind on payments to its snow removal service provider, and the provider has been threatening to cease any further work until payment for outstanding amounts is made.

86. Interest and principal payments to our secured lenders have not been kept current.

87. As noted, property taxes for the Nuvo Property have also fallen into significant arrears, in the total amount of \$206,315.58.

88. We have required the assistance of professional advisors to assist with restructuring efforts. We have been unable to provide more than minimal retainers to these advisors.

F. Enforcement Steps Taken to Date

(i) Meridian

89. On December 20, 2019, Meridian delivered a letter to Nuvo, summarizing Meridian's version of a series of meetings held between Nuvo and Meridian representatives in the fall of 2019 with the aim of negotiating an agreement regarding the additional funding to be provided to complete renovations at the Nuvo Property (the "**Meridian Letter**"). A copy of the Meridian Letter is attached hereto as **Exhibit "U"**. Nuvo disputes the contents of the letter.

90. By the fall of 2019, as costs continued to accumulate, Nuvo's funding needs had also increased, so Nuvo was required to seek additional financing from Meridian to complete renovations. The Meridian Letter indicates that Meridian was prepared to seek Credit Committee approval for an additional \$3.1 million credit facility, subject to obtaining certain confirmations from Nuvo, including that (i) Maple Reinders was still willing to provide the \$550,000 loan, (ii) Nuvo had sourced a \$2.4 million cash flow shortfall and would inject it into the cost of renovating the Nuvo Building, and (iii) Nuvo would provide confirmation that CCCI and Bridging would agree to amend the Standstill Agreement or enter into a new one. Meridian threatened to take any and all enforcement actions to recover its debt if the requested confirmations were not provided by January 6, 2020, including enforcement of its security.

91. In February 2020, it came to Nuvo's attention that Meridian was taking the position that significant arrears had accumulated on a credit card that Meridian had provided to Nuvo, which has a limit of \$50,000. We were surprised by this, since in the summer of 2019, Nuvo had asked Meridian to set up automatic withdrawals from Nuvo's Meridian bank account in order to make the monthly payments on the Meridian credit card. It now appears that

Meridian failed to do this, and is now seeking payment of the amount of arrears, including interest costs.

92. In early January 2020, Nuvo retained Richter Advisory Group Inc. ("**Richter**") to assist with the preparation of cashflows and a consideration of restructuring efforts. The draft cashflows were presented to Meridian, and a request was made to confirm the requested additional financing to meet renovation costs, accrued interest costs and costs to fund operations totalling \$5.6 million.

93. As was done in the past, Meridian advised they were seeking Credit Committee approval for the funds, or portions thereof. Despite repeated requests, Meridian has failed to confirm if Credit Committee approval was obtained or put forward the complete list of conditions to be placed on the additional financing. Nuvo's construction efforts have been on hold as a result and our liquidity position continues to deteriorate as we wait.

(ii) Bridging

94. On December 30, 2019, Bridging delivered a letter to Nuvo stating that no payments had been made under the Bridging Commitment since July 2019, and that Bridging was no longer willing to tolerate the arrears. In its letter, Bridging indicated that unless payment of all arrears was received by January 7, 2020, it would issue demand for payment of all amounts owing under the Bridging Commitment. A copy of this letter is attached hereto as **Exhibit "V"**.

(iii) Celernus Loan and Threatened Litigation

95. The Celernus Loan matured on February 1, 2020. In light of Nuvo's severe liquidity constraints and inability to access additional funding, Nuvo was unable to repay the amount owing to Celernus.

96. Furthermore, in August 2019, litigation was threatened in connection with the Celernus Loan. The Celernus Loan was arranged by Keep Capital Inc. and sourced by Six Words Inc. (the "**MacDonald Group**"), a corporation owned by a contact of a business associate of mine. The MacDonald Group has taken the position that, by entering into the Celernus Loan, my wife and I, along with various undefined entities owned and controlled

by us, agreed to enter into a partnership with the MacDonald Group, which included the MacDonald Group acquiring a 5% interest in all real property interests held by my wife and I, and our corporations. This proposition is heavily disputed.

VI. NUVO'S NEED FOR CCAA PROTECTION

97. As noted above, Nuvo is in default of its obligations to its lenders. Nuvo's forbearance arrangements with Meridian have expired, and Meridian has refused to provide any additional financing to complete the renovations of the Nuvo Building. Further, Meridian and Nuvo's other lenders have threatened to take enforcement steps to protect their security. Without additional financing, Nuvo is unable to honour its obligations to its lenders, and is unable to continue to meet its payroll requirements, pay hydro and other expenses associated with the Nuvo Building, or pay the arrears owing to Maple Reinders.

98. Nuvo is seeking CCAA protection to obtain the breathing room to obtain alternative financing to complete the renovations of the Nuvo Building and service its existing debt obligations. Once renovations are completed, Nuvo's liquidity situation is expected to improve significantly in light of increased rental income. Further, any ultimate refinancing of all of Nuvo's debt obligations is best placed to occur after renovations of the Nuvo Building are completed, and all remaining units are leased. If necessary to maximize value, Nuvo is also considering conducting a sale process within the CCAA Proceedings concurrent with its refinancing efforts. As is the case with a refinancing, a sale process would yield greater recoveries if it is commenced after the completion of renovations.

99. Nuvo has finalized arrangements with a lender who is willing to provide Debtor-in-Possession ("DIP") financing during the CCAA Proceedings, to assist in completing renovations, and servicing other post-filing obligations.

100. Nuvo's lenders would not be prejudiced by the maintenance of the *status quo* during the CCAA Proceedings. The April 2019 Valuation of the Nuvo Property reflects a value that exceeds Nuvo's obligations to its lenders. Further, the cash flows to be filed reflect the payment of post-filing interest to Nuvo's lenders. Nuvo needs the protection of the CCAA in order to prevent its lenders from taking enforcement steps that would jeopardize the value of the Nuvo Property and be prejudicial to Nuvo's stakeholders.

VII. CASH FLOW FORECAST

101. A 13-week cash flow projection (the “**Cash Flow Statement**”) was prepared by Nuvo in consultation with Richter, the proposed court-approved Monitor in these proceedings (the “**Monitor**”), for the period from February 21, 2020 to the week ending May 22, 2020. During this time, Nuvo’s estimated principal uses of cash will consist of the payment of ongoing day-to-day operational expenses and professional fees and disbursements in connection with these CCAA Proceedings. I understand from counsel to Nuvo that a copy of the Cash Flow Statement will be attached to the pre-filing report of the proposed Monitor which is to be filed with the Court.

102. As of February 24, 2020, Nuvo will have an estimated -\$17,855 of cash on hand. The Cash Flow Statement projects that, subject to obtaining the relief outlined herein, including approval of the DIP Financing (defined below), Nuvo will have sufficient cash to fund its projected operating costs until the end of the stay period.

(i) Cash Management System

103. In the ordinary course of its business, Nuvo uses a centralized cash management system (the “**Cash Management System**”) to, among other things, collect funds and pay expenses associated with its operations. The Cash Management System gives Nuvo the ability to efficiently and accurately track and control corporate funds and ensure cash availability.

104. Nuvo maintains two bank accounts: an account with the Toronto-Dominion Bank (the “**TD Account**”) and an account with Meridian. All rent cheques received from the tenants of the Nuvo Building are being deposited into the TD Account, and disbursements are being made from this account.

105. During the CCAA Proceedings, it is anticipated that the Monitor will have additional powers beyond those typically seen in CCAA proceedings, pertaining to certain disbursements to be made by the Applicant. Specifically, the Monitor will be required to approve the following outflows:

- (a) any single disbursement that exceeds \$1,000; and

- (b) any and all disbursements that exceed \$5,000 in aggregate in the course of one (1) calendar day.

106. Nuvo has consented to these additional provisions in order to promote transparency and increase confidence in the CCAA process. During the CCAA Proceedings, the Monitor will attend at the Nuvo Building each week to review the proposed cash flow disbursements to be made the following week. Once the Monitor is satisfied that all is in order, a funding request will be submitted to the DIP lender (as discussed below), and funds will be released by Monday of the following week. It is anticipated that any advances under the DIP Facility (as defined and discussed below) will be deposited into the TD Account.

VIII. PROPOSED INITIAL ORDER

A. Engagement of Richter

107. As described above, Richter was previously retained by Nuvo and has played a central role in advising and assisting Nuvo with liquidity management and operational restructuring initiatives.

108. In the proposed Initial Order, Nuvo is seeking the Court's confirmation of the retention of Richter as the proposed Monitor.

B. Extension of Stay of Proceedings to Nuvo Network and Shawn and Bridget Saulnier

109. Upon the completion of the renovations of the Nuvo Building, it is anticipated that the employees and lease obligations of Nuvo will be migrated to Nuvo Network, and that the business and affairs of the two entities will become highly integrated.

110. As noted above, the shares of Nuvo Network were pledged as collateral security to a lender who provided financing and obtained security over certain of the property of the Mohawk Entities.

111. The Mohawk Entities are also facing financial difficulties. I have and will continue to engage in ongoing discussions with the lenders of the Mohawk Entities to ensure stability in the Mohawk Entities' operations.

112. Nuvo is seeking to extend the stay of proceedings to Nuvo Network to avoid steps being taken against Nuvo Network by the lenders of the Mohawk Entities which could trigger an insolvency of Nuvo Network, and thereby cause a loss of value for the Nuvo enterprise.

113. In addition, Nuvo is seeking to extend the stay of proceedings to myself and my wife Bridget in our personal capacities. As set out above, I have personally guaranteed Nuvo's indebtedness to Meridian, Bridging and Celernus. Bridget has personally guaranteed Nuvo's indebtedness to Celernus.

114. Allowing enforcement on personal guarantees given by Bridget and I during the pendency of the CCAA Proceedings will jeopardize the primary purpose of the main stay of proceedings, which is to maximize recoveries for all creditors. Most of my and Bridget's net worth is tied up in the equity in the Nuvo Property and various projects related to the Mohawk Entities. It is the intention of Bridget and I to use the equity realized in the CCAA Proceedings to repay our creditors, and we require the benefit of a stay while an orderly restructuring process is conducted.

115. I am the sole director of Nuvo and its' President and Chief Executive Officer. The extension of the stay of proceedings to me is necessary to permit me to focus on enabling Nuvo to continue operations in the ordinary course while it pursues refinancing and sale options in the context of the CCAA Proceedings, rather than investing time and resources in responding to potential enforcement actions taken against me by Nuvo's lenders. The potential threat of an action against our personal homes while these proceedings are ongoing has caused significant concern and anxiety and I am concerned that I will not be able to focus on the Nuvo restructuring efforts if Bridget and I are forced to respond to those enforcement actions as well. As such, I am asking for a short time for breathing room on those potential enforcement actions.

C. Reduced Restructuring Provisions in Proposed Initial Order

116. I am advised by counsel that, in line with current practice since the amendments to the CCAA came into force on November 1, 2018, Nuvo is seeking a "skinny" form of Initial Order, which seeks only the relief reasonably necessary for the first 10 days until the hearing of the Comeback Motion (as defined below), and does not contain some of the more fulsome restructuring language found in the Initial Order developed by the model order

subcommittee of the Commercial List Users' Committee of the Ontario Superior Court of Justice (the "**Model Initial Order**"). The proposed Initial Order also provides for a limited initial advance under the DIP Credit Agreement, secured by the DIP Charge. Similar to the Model Initial Order, the proposed Initial Order does provide the Monitor with broad powers to, among other things, monitor Nuvo's receipts and disbursements and advise Nuvo in the preparation of cash flow statements.

D. Administration Charge

117. The Applicant seeks a Charge (defined below) on the Applicant's assets, property and undertakings (the "**Property**") in the maximum amount of \$500,000 to secure the fees and disbursements incurred in connection with services rendered to the Applicants both before and after the commencement of the CCAA proceedings by Richter as the proposed Monitor, counsel to the Monitor, counsel to the Applicants (the "**Administration Charge**").

118. The Applicant worked with Richter to estimate the proposed quantum of the Administration Charge. Richter has reviewed the quantum of the Administration Charge and believes it is reasonable and appropriate in view of the complexities of the Applicant's CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge. Further, in this case given the restricted financial position of the Applicant, the professional advisors do not have the benefit of retainers as would ordinarily be the case and as such the proposed Administration Charge reflects the quantum of such retainers and fees going forward to the return date of the 10 day hearing.

(i) Beneficiaries of the Administration Charge

119. The Applicant is represented by Stikeman Elliott LP. Richter is the Financial Advisor to the Applicant, and will continue on in the role as Monitor. The Monitor has retained Bennett Jones LLP as independent counsel.

120. The Initial Order provides that the Administration Charge shall rank first on the Property of the Applicant.

E. DIP Financing

121. Accounting for the variance of cash flows and taking a conservative approach, the Applicant, in consultation with its advisors and the proposed Monitor has determined that

Nuvo will have insufficient liquidity to maintain an appropriate minimum level of cash throughout the proposed CCAA Proceedings and require interim debtor-in-possession financing ("**DIP Financing**") to complete construction costs and provide suppliers, employees and other stakeholders with confidence that the business of the Applicant will continue to operate smoothly throughout these CCAA Proceedings. DIP Financing is critical to allow the Applicant the appropriate time to run a post-filing sales and investment solicitation process.

(i) Process for Selecting DIP Financing

122. The solicitation process for DIP financing is described in further detail in Richter's Pre-Filing Report, which I understand will be filed in connection with the within application. I understand that Richter issued non-disclosure agreements ("**NDAs**") to six parties who expressed an interest in providing DIP financing to the Applicant during the CCAA Proceedings, five of whom executed an NDA. Of these five parties, three submitted conditional term sheets to provide DIP financing to the Applicant during the CCAA Proceedings.

123. Of the solicited parties, the most competitive proposal was from Maynbridge Capital Inc. ("**Maynbridge**").

(ii) Summary of DIP Financing

124. The Applicant and its counsel, along with Richter, have negotiated and finalized an agreement with Maynbridge (the "**DIP Credit Agreement**") pursuant to which the Applicant will obtain access to a facility (the "**DIP Facility**") in the maximum amount of \$7.18 million. A copy of the DIP Credit Agreement is attached hereto as **Exhibit "W"**.

125. The Applicant will seek approval from this Court of an initial advance of \$700,000, under the DIP Credit Agreement (the "**Initial Advance**"), to be secured by a DIP Charge of \$700,000. Of this amount, \$500,000 will be advanced to Nuvo, and the remainder pertains to Maynbridge's commitment fee under the DIP Credit Agreement and its professional fees. At the Comeback Motion, the Applicant will seek a more fulsome DIP Charge to secure the entirety of the DIP Facility.

126. Some of the material terms of the DIP Credit Agreement are set out below:

- (a) **Borrower:** Nuvo;
- (b) **Guarantor:** Nuvo Network;
- (c) **Facility Amount:** a non-revolving credit facility up to a maximum amount of \$7.18 million, including the Commitment Fee (the "**Maximum Amount**");
- (d) **Commitment Fee:** Borrower to pay the DIP Lender a commitment fee of \$210,000, of which \$30,000 is to be paid as a good faith deposit. The deposit was paid on February 17, 2020;
- (e) **Availability:** following the Initial Advance, the Borrower may request advances under the DIP Facility in the minimum amount of \$250,000 and in multiples of \$100,000 in excess thereof, provided there has been no Event of Default thereunder;
- (f) **Use of Proceeds:** Advances under the DIP Facility may only be used by the Borrower to pay expenditures provided for in the Cash Flow budget, fees and expenses associated with the DIP Facility, and such other expenditures as the DIP Lender has consented to in writing;
- (g) **Maturity:** the earliest of (i) October 25, 2020, (ii) March 6, 2020 (the expiry of the initial 10-day stay) if the expanded DIP Charge is not issued by such date, (iii) the date the stay of proceedings in the CCAA Proceedings expires or is lifted without the DIP Lenders' consent, (iv) the date on which a receiver is appointed, an assignment in bankruptcy or a proposal is filed in respect of the Borrower, or (v) the date that written notice is provided the DIP Lender (the "**Maturity Date**"). The Maturity Date may be extended by the DIP Lender for three months at the written request of the Borrower, if certain conditions are met;
- (h) **Interest Rate:** 9.5% per annum on any amounts drawn, excluding any capitalized commitment fees;

- (i) **Standby Fee:** 2.0% per annum on the difference between the Maximum Amount and the total aggregate amount outstanding under the DIP Facility;
- (j) **Break Fee:** the Borrower to pay the Lender a break fee of 3% of the Maximum Amount in the event that the Borrower obtains court approval for financing in lieu of the DIP Facility; and
- (k) **Charge:** amounts owing under the DIP Facility are proposed to have a second-ranking Court-ordered charge on the Property of the Applicant, behind the Administration Charge (the "DIP Charge").

127. The DIP Facility is expected to provide sufficient liquidity to allow the Applicant to complete construction, and meet post-filing obligations including interest on secured loan obligations. Accordingly, the Applicant seeks an order authorizing and empowering it to obtain and borrow under the DIP Facility in order to finance its operations during the CCAA Proceedings.

F. D&O Charge

128. To ensure the ongoing stability of the Applicant's business during the CCAA Proceedings, the Applicants requires the continued participation of its respective director, officers, managers and employees. The Applicant does not maintain directors' and officers insurance.

129. The Applicant is seeking what I am advised are typical provisions staying all proceedings against the director and officers and granting an indemnity with respect to all post-filing claims that may arise against the director and officers in their capacity as the Applicant's director and officers.

130. I am advised by counsel to the Applicant that in certain circumstances directors can be held liable for certain obligations of a corporation owing to employees and government entities.

131. Due to the potentially significant personal exposure arising going forward, I (as the sole director of the Applicant) and the officers of the Applicant cannot continue our service with the Applicant unless the Initial Order grants a charge on the Property in the amount of

\$50,000 (the "D&O Charge"). The D&O Charge is proposed to rank third in priority on the Property.

132. The D&O Charge will allow the Applicant to continue to benefit from the efforts and knowledge of their director and officers. The Applicant and the proposed Monitor believe the D&O Charge is reasonable in the circumstances.

G. Ranking of the Court Ordered Charges

133. The proposed ranking of the court ordered charges is as follows:

- (a) Administration Charge;
- (b) DIP Charge; and
- (c) D&O Charge.

IX. COMEBACK MOTION

134. The Applicant intends to return to Court on notice to the service list for a motion (the "Comeback Motion") seeking, among other things:

- (a) expansion of the Initial Order to include the more fulsome restructuring provisions found in the Model Order;
- (b) approval of the DIP Credit Agreement and expanded DIP Charge;
- (c) approval of critical supplier payments to Maple Reinders and Barrie Glass, who have registered construction liens on the Nuvo Property.

X. CRITICAL SUPPLIERS

135. The Applicant intends to use the DIP Facility in part to ensure the ongoing involvement of Maple Reinders and Barrie Glass in completing renovations of the Nuvo Building. These payments or other arrangements such as charges on the Nuvo Property are necessary to ensure these construction lien claimants' return to the Nuvo Property, so that renovations can resume. Prior to the Comeback Motion, the Applicant and the Monitor will consult with the lien claimants to determine necessary arrangements to facilitate the resumption of renovations on the site, and will seek necessary relief at the Comeback Motion.

136. The Monitor will assist in overseeing these payments in exchange for the construction lien claimants returning to the site to complete the renovations of the Nuvo Building.

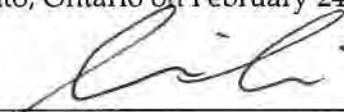
XI. MONITOR

137. Richter has consented to act as the Monitor of the Applicant, subject to Court approval.

138. Richter is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act* as amended and is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA. I am advised by my legal counsel that Richter has extensive experience in matters of this nature, including in cross-border restructuring proceedings, and is therefore well-suited to this mandate

139. I am advised by Paul van Eyk of Richter that the proposed Monitor is supportive of the relief being sought in favour of the Applicant. Mr. van Eyk has also advised me that the proposed Monitor will be filing a pre-filing Monitor's report in respect of that relief.

SWORN BEFORE ME at the City of
Toronto, Ontario on February 24, 2020.



Commissioner for Taking Affidavits

Sanja Spic



SHAWN SAULNIER

EXHIBIT "A"

*THIS IS EXHIBIT "A", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*



Commissioner for Taking Affidavits



P.O. Box 5080
Burlington, ON L7R 4G4
Phone Number: 905-335-7750
Toll Free: 1-877-213-3609

2020 Interim Tax Bill

2020 Interim
Billing Date January 14, 2020

Roll Number				2402-020-204-05001-0000				Account Number				100644			
Office Code								Description				QW 407868			
Assessed Owner(s) / Mailing Address								Assessed Property							
2607380 ONTARIO INC. C/O NUVO NETWORK 1295 NORTH SERVICE RD. BURLINGTON ON L7P 3A7								1295 North Service Rd. PLAN 99 PT LOT 10 RP 20R6963 PARTS 3,7							
Assessment				Municipal				Education							
Tax Class	Value	Lower-Tier	Upper-Tier	Tax Rate	Amount	Tax Rate	Amount								
RT EP	15,861,600	M - MUNICIPAL		0.00158999	\$25,378.40	E-EP	0.00078500								
RT EP	15,861,600		R - REGION	0.00083432	\$13,233.65	E-N	0.00385276								
RT EP	15,861,600		P - POLICE	0.00047868	\$7,592.63										
RT EP	15,861,600	H - HOSPITAL		0.00003033	\$481.08										
CT N	888,400	M - MUNICIPAL		0.00233038	\$2,070.31										
CT N	888,400		R - REGION	0.00121518	\$1,079.57										
CT N	888,400		P - POLICE	0.00069719	\$619.38										
CT N	888,400	H - HOSPITAL		0.00004417	\$39.24										
Sub Totals		Municipal Levy				\$50,494.26		Education Levy		\$15,556.91					
Special Charges / Credits						Summary									
						Tax Levy Sub-Total Municipal & Education				\$66,051.17					
						Special Charges / Credits				\$0.00					
						2020 Interim Tax Cap Adjustment				(\$343.61)					
						2020 Interim Taxes				\$65,707.56					
						Past Due / Credit (As at Jan 13, 2020)**				\$140,608.02					
						Total Amount Due				\$206,315.58					
Total		\$0.00		1ST TAX INSTALLMENT		Due:		2ND TAX INSTALLMENT		Due:					
				\$173,462.58		Feb 21, 2020		\$32,853.00		Apr 21, 2020					
PENALTY CHARGED AT 1.25% ON THE INSTALLMENT DUE AND 1.25% MONTHLY THEREAFTER															
** INCLUDES PENALTY CHARGES TO: Jan 31, 2020															



P.O. Box 5080
Burlington, ON L7R 4G4
Phone Number: 905-335-7750
Toll Free: 1-877-213-3609

PRE AUTHORIZED PAYMENT
PLANS are available. Visit
www.burlington.ca/propertytax.
Retain for Income Tax purposes.

2020 Interim Tax Bill

Property Account Number	Office Code
100644	
Property Roll Number	Description
2402-020-204-05001-0000	
Assessed Owner(s)	
2607380 ONTARIO INC.	
Due Date	Amount Due
Apr 21, 2020	\$32,853.00

PLEASE MAKE CHEQUE PAYABLE TO THE CITY OF BURLINGTON

2ND TAX INSTALLMENT REMITTANCE PORTION

Please return this stub with your
payment. If receipt is required,
return bill without detaching stub
and include a self-addressed
stamped envelope.

Please enter amount of Payment

00001006440 000032853009

1079410000

96

EXHIBIT “B”

*THIS IS EXHIBIT "B", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*

A handwritten signature in black ink, appearing to be "S.A.", written above a horizontal line.

Commissioner for Taking Affidavits

BALANCE SHEET
As of December 31, 2015

Journal Name: Friday, January 10, 2020 5:13 PM 641-58 6

EXHIBIT “C”

*THIS IS EXHIBIT "C", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*

A handwritten signature in black ink, appearing to be 'J. H.', written over a horizontal line.

Commissioner for Taking Affidavits

2607380 Ontario Inc. o/a Nuvo Network

PROFIT AND LOSS

January - December 2019

	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019	JUL 2019	AUG 2019	SEP 2019	OCT 2019	NOV 2019	DEC 2019	TOTAL
INCOME													
Rental Income	252,541.07	164,561.89	163,585.08	147,121.58	229,589.16	148,352.92	181,705.95	146,352.92	146,497.87	192,090.71	146,352.92	146,952.92	\$2,055,455.97
Day Pass Income	160.00	190.00	40.00	160.00	342.13	260.00	300.00	320.00	180.00	340.00	440.00	340.00	\$2,072.12
Dedicated Desk Income	400.00	413.15	1,300.00	1,200.00	800.00	1,201.35	1,620.16	1,200.00	1,546.87	1,303.23	2,420.57	3,806.45	\$17,317.68
Hot Desk Income	3,470.97	4,449.86	4,319.38	5,929.98	6,011.34	5,233.33	4,154.84	3,703.33	4,335.48	4,141.93	4,980.27	4,300.00	\$35,427.14
Meeting Space Income	212.90	2,086.90	1,547.50	2,560.00	5,822.80	89.60	1,765.00	297.93	8,848.00	2,760.00	4,115.55	4,193.50	\$33,705.67
Membership Income	600.00	300.00	400.00	400.00	400.00	294.98	2,418.75	300.00	300.00	300.00	300.00	300.00	\$6,293.73
Printer Income	249.00	301.80	448.00	384.56			87.41		94.73	62.48		196.71	\$1,653.83
Private Office Income	17,180.00	14,892.96	15,540.12	17,000.00	21,000.00	17,300.00	21,458.06	15,700.00	21,700.00	18,848.48	23,100.00	23,209.04	\$230,948.78
Studio U	78,550.00		12,250.00		66,000.00	16,000.00			2,000.00				\$174,800.00
Total Rental Income	352,983.94	187,209.48	199,831.44	174,732.78	340,085.17	186,882.18	193,780.17	171,276.22	183,494.75	221,987.83	161,715.36	185,088.82	\$2,778,828.90
Revenue					20.20	43.00	68.03	89.30					\$218.53
Sales	2,450.00	11,568.56	11,064.22	3,565.00	69,534.99	15,342.15	3,297.44	725.00	3,116.70	44,207.50	12,828.75	1,743.00	\$181,563.83
Sales of Product Income			17,899.12	13.77	583.33	204.09							\$19,500.31
Uncategorized Income					0.25								\$0.25
Total Income	\$355,433.94	\$198,895.04	\$228,564.78	\$178,315.03	\$410,223.94	\$204,371.42	\$197,143.64	\$172,092.52	\$186,611.45	\$266,175.33	\$184,544.11	\$184,831.62	\$2,778,209.82
GROSS PROFIT	\$355,433.94	\$198,895.04	\$228,564.78	\$178,315.03	\$410,223.94	\$204,371.42	\$197,143.64	\$172,092.52	\$186,611.45	\$266,175.33	\$184,544.11	\$184,831.62	\$2,778,209.82
EXPENSES													
Advertising and Promotion	18,935.40	127,747.20	18,283.40	49,185.45	8,424.26	5,696.54	17,193.22	8,085.26	15,079.82	37,879.49	87,615.78	9,521.76	\$449,647.89
Automobile Expense						112.42	106.56	106.59			1,274.09	108.66	\$1,803.30
Bank Service Charges	400.03	918.17	1,192.73	89.24	308.88	512.75	1,348.15	955.23	804.86	1,435.84	1,788.72	1,241.06	\$10,823.36
Business Promotion	132.74	132.74	217.71	3,477.87				2,811.55	205.97	271.02	995.05	2,245.69	\$9,690.34
Casual Labour					1,470.00	707.50	870.00	7,243.76	4,392.30	1,848.18	1,248.00	1,200.00	\$18,905.71
Catering Expenses				2,972.27	8,766.95	3,498.88	3,248.61	4,670.55	1,295.00	2,282.18	732.95		\$37,565.30
Computer and Internet Expenses	2,648.04	3,729.48	1,647.77	3,049.22	403.15	1,212.00	2,975.88	2,115.78	1,791.81	2,760.67	2,742.05	2,857.40	\$27,133.05
Consulting Fees				603.33	899.89	802.56					40.00		\$2,423.81
Credit Card Fees	278.13						1,400.00	5,125.22	2,152.22			4,013.38	\$10,540.80
Donations		200.00	650.00					132.74		350.00	19.58	19.58	\$1,061.65
Dues and Subscriptions				140.73	565.48						828.32		\$628.32
Employee Benefits Expense												165.00	\$26,781.00
Events	1,042.77	633.23	1,739.39	2,003.05	11,049.74	665.94	816.20	1,645.69	2,035.00	4,944.22	943.80	263.41	\$26,841.41
Linan Service													\$27,044.41
Total Events	1,042.77	633.23	1,739.39	2,003.05	11,049.74	665.94	816.20	1,645.69	2,035.00	4,944.22	943.80	263.41	\$27,044.41
General Supplies			509.79			149.98	47.95	66.48			9.99	804.98	\$1,449.17
Kitchen											136.20		\$136.20
Total General Supplies			509.79			149.98	47.95	66.48			146.19	804.98	\$1,585.37
Insurance Expense	351.78	1,180.95	1,878.95	3,357.03	3,350.03	3,357.03	3,357.03	5,702.53	8,007.03	5,625.05	3,355.00	3,355.00	\$40,877.49
Interest & Penalties	8,828.35	1,542.91		362.32	2,373.12	5,128.18	975.40	57,199.81	501.96	504.25	527.60	399.09	\$75,835.10
Interest Expense - Building Finance	36,237.07		50,967.33	70,138.28	36,237.07	27,122.85	27,901.27	27,530.88	28,651.58	27,530.98	28,651.58	27,530.98	\$402,824.99
Interest Expense - Loan # 2	62,409.79	62,409.80	56,370.14	62,409.78	60,396.56	62,409.79	60,396.56	62,409.79	62,409.80	60,396.58	62,409.79	50,396.58	\$704,823.01
Interest Expense - Loan # 4	4,889.84	6,408.51	7,057.03	8,217.12	7,952.06	8,217.12	7,952.06	8,217.12	7,952.06	8,217.12	7,952.06	8,217.12	\$91,249.32
Interest Expense - Loan # 5	10,578.77	13,315.92	15,041.10	18,029.66	17,448.07	18,029.66	17,448.07	18,029.67	18,029.68	17,448.07	18,029.66	17,448.07	\$199,216.38
Interest Expense - Loan # 6								1,750.00					\$1,750.00
Interest Expense - Loan # 7								500.00					\$500.00
Kids and Entertainment	828.06	834.46	484.02	882.16	634.71	671.23	469.17	791.12	904.27	1,439.22	1,440.82	1,236.29	\$10,015.53
MUVO Taste Expenses				800.60				1,048.81	247.48	1,008.07	6,280.78	10,016.44	\$19,511.18
Office Expenses	2,293.96	1,425.84	1,943.79	1,865.67	1,732.61	1,697.70	4,492.48	4,518.93	2,649.38	2,886.45	3,574.19	1,406.73	\$20,687.94
Payroll Expenses	7,820.09												\$7,820.09
Taxes	1,334.17	1,728.33	1,876.10	1,775.87	1,779.30	2,104.78	2,384.72	3,629.79	2,701.50	1,856.92	1,523.09	1,126.42	\$23,024.99
Wages	28,807.06	25,857.23	24,380.06	25,875.06	25,875.10	20,292.92	34,581.13	37,875.61	40,482.56	29,289.83	27,349.57	21,509.00	\$352,128.14
Total Payroll Expenses	38,961.23	27,386.56	26,062.16	27,803.93	27,758.40	32,267.71	56,905.80	40,503.40	43,184.06	30,490.75	28,872.84	22,885.42	\$388,973.22
Payroll processing fee	84.00	84.00	82.00	104.00	78.00	88.00	88.00	116.00	78.00	74.00	70.00	70.00	\$1,024.00
Professional Fees	63,798.10	60,823.81	30,584.50	28,011.86	206,895.94	22,374.25	211,323.94	44,824.68	132,617.91	36,840.00	34,374.89	20,530.00	\$907,799.89
Property Taxes				13,250.00	13,250.00	13,250.00	13,250.00	13,250.00	13,250.00	13,250.00	13,250.00	13,250.00	\$108,000.00
Repairs and Maintenance	442.81	442.78	442.81	442.81	460.52	460.52	2,097.16	1,284.71	1,378.65	3,452.68	168.10	21.83	\$11,113.19
Building	19,443.55	11,666.31	4,720.62	8,920.11	19,611.56	7,962.59	7,968.66	11,073.03	7,938.88	937.80	3,135.31	2,183.93	\$105,593.27
Cleaning	12,063.34	14,809.30	395.24	15,450.41	19,567.67	20,149.55	19,117.68	17,387.82	14,508.63	13,730.99	17,178.18	17,461.17	\$192,669.98
Equipment		1,281.43	605.00		4,447.50	4,777.44	212.50	7,109.79	8,266.73	3,924.58	9,021.42	264.51	\$40,220.63
Kitchen				85.50									\$85.50
Landscape	2,815.00	8,195.30	7,264.42	1,000.00	4,730.00	2,792.48	1,825.00	2,398.00		1,675.00	3,363.51	2,970.00	\$37,029.91
Matchlines						3,805.21							\$3,805.21
Property Supplies					17,245.95		128.15	385.47	375.00		582.74	73.45	\$18,801.76
Waste	3,895.41	2,277.98	905.17	960.13	1,002.61		903.11	1,357.48	1,169.80	1,182.16	1,169.80	870.01	\$18,604.86
Total Repairs and Maintenance	38,490.11	36,773.21	14,333.29	28,866.96	37,065.81	51,847.88	31,354.20	41,017.09	33,835.99	24,914.21	34,809.18	24,034.70	\$426,134.67
Security Expenses				10,549.92		5,250.00		5,350.00		11,624.88	5,250.00	7,049.76	\$45,674.56
Security Expenses	10,200.00		10,424.88			5,639.92	11,324.88	16,674.80	22,849.48		5,100.00		\$82,273.96
Shipping, Freight, and Delivery										85.88			\$85.88
Small Tools and Equipment												55.00	\$55.00
Sponsorship											2,000.00		\$2,000.00
Standby & Draw Fees - Median	1,868.33	1,787.98	1,069.20		350.00								\$4,701.75
Studio C Expenses													\$350.00
Technology											367.85		\$367.85
Telephone Expense		100.00	1,218.58		3,543.62		3,436.50	132.00			2,075.71		\$10,509.50
Travel Expense	1,466.27	400.00	500.00	400.00	500.00	434.18	607.00	197.77	1,290.00	869.75	1,962.68	134.42	\$7,972.11
Uncategorized Expense							1,355.24	1,728.12		12,195.87	182.94	1,217.00	\$16,600.17
Uncategorized Expenses									129.15				\$129.15
Utilities								0.00					\$0.00
Gas	6,546.23	3,892.76	4,295.78	2,865.94	3,348.12	1,048.27	324.29	9,056.39	691.00	1,371.19	3,713.86	2,790.31	\$35,031.83
Hydro	22,430.55	20,065.75	22,329.82	22,257.25	21,581.42	32,171.80	31,751.82	40,902.74	25,576.28	32,980.40	28,105.99	24,347.77	\$302,662.51
Water	887.40	893.50	810.93	855.54	827.16	1,003.62	1,023.06	1,719.88	1,457.07	1,107.06	1,107.06	811.41	\$13,342.15
Total Utilities	30,264.18	24,842.11	27,426.53	25,979.47	25,756.73	34,221.78	32,999.07	45,778.82	28,112.13	35,908.08	42,908.81	28,948.19	\$382,038.49
Total Expenses	\$330,157.42	<											

EXHIBIT “D”

*THIS IS EXHIBIT "D", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*



Commissioner for Taking Affidavits

Meridian Credit Union
Niagara on the Lake
Commercial Business Centre

1567 Niagara Stone Road, PO Box 220
Virgil, Ontario L0S 1T0
tel: 905-468-5755
fax: 905-468-2261
contact centre: 1-866-592-2226
meridiancu.ca



March 09, 2018

2607380 Ontario Inc.
2380 Mohawk Trail
Campbellville, Ontario
L0P 1B0

Attention Mr. Shawn Saulnier:

Re: Credit Agreement

On the basis of the financial and other information provided to us, Meridian Credit Union Limited ("Meridian") has authorized the following credit facilities ("Credit Facilities") on the terms and conditions set out below.

This agreement ("Credit Agreement") and the other Financing Documents constitute the entire agreement between you and us pertaining to the credit facilities and supersedes all prior correspondence, agreements, negotiations, discussions and understandings, whether written or oral. This Credit Agreement may not be amended except by an agreement in writing that makes express reference to this agreement and is signed by you and us.

The attached Schedule A is an integral part of this Credit Agreement. Capitalized terms used and not otherwise defined shall have the meanings set out in Schedule A.

BORROWER: 2607380 Ontario Inc. ("Member")

GUARANTORS: Mohawk Inn & Suites Management Inc. ("Corporate Guarantor")
2348587 Ontario Inc. ("Corporate Guarantor")
Shawn Saulnier ("Individual Guarantor")
(Individual Guarantor and Corporate Guarantors, each a Guarantor and collectively, the "Guarantors")

CREDIT FACILITIES AND AUTHORIZED AMOUNTS:	1.	Demand Loan	To a maximum of	\$12,350,000
	2.	Demand Loan	To a maximum of	\$5,000,000
	2a.	Demand Loan (Construction)	To a maximum of	(\$3,500,000)
	2b.	Demand Loan	To a maximum of	(\$1,500,000)

2607380 Ontario Inc.

March 9, 2018

increased from \$17,332,000 (\$20,000,000)

(Construction)

3a. Non Revolving Loan To a maximum of

All facility amounts in () Parenthesis refer to a carve out on a Masterline product and not additional funds authorized.

- PURPOSE:
- 1. Demand Loan To finance up to 85% of the purchase price of the property located at 1295 North Service Road, Burlington, Ontario.
 - 2. Demand Loan See individual purposes below as this is a carve out Facility.
 - 2a. Demand Loan (Construction) To finance renovation costs as part of the rejuvenation plan of the property located at 1295 North Service Road, Burlington, Ontario (the "Project").
 - 2b. Demand Loan (Construction) To finance tenant improvement costs at the Project.
 - 3a. Non Revolving Loan To provide long-term take-out financing for the Project.

Updated to include Mezz Loan

SOURCES				USES			
Interim First Mortgage	\$	12,350,000	43%	Purchase Price	\$	12,000,000	66%
Renovation Line		5,000,000	17%	Closing Costs		405,000	1%
Subordinated VTB		4,500,000	16%	Renovations		5,500,000	19%
Purchase Equity		2,005,000	7%	Marketing & Tenant Impr.		2,250,000	8%
Mezz Loan		2,500,000	9%	Interim Loan Interest		1,515,000	5%
Cash from Operations		2,315,000	8%				
TOTAL	\$	28,670,000	100%	TOTAL	\$	28,670,000	100%

REPAYMENT: All Credit Facilities are available on a demand basis only and Meridian may terminate the Credit Facilities at any time. Any prepayment shall be subject to the provisions of Schedule A.

- 1. Demand Loan Interest only on a monthly basis from the Member's own resources.

Full loan amount to be repaid within 24 months of initial advance from proceeds of Facility #3a.
- 2. Demand Loan See individual repayments below as this is a carve out Facility.
- 2a. Demand Loan (Construction) Interest only on a monthly basis from the Member's own resources.

Principal to be repaid within 24 months of initial advance from proceeds of Facility #3a.
- 2b. Demand Loan (Construction) Interest only on a monthly basis from the Member's own resources.

Principal to be repaid within 24 months of initial advance from proceeds of Facility #3a.
- 3a. Non Revolving Loan Payments to be calculated based on a maximum amortization period of 20 years from initial date of drawdown.

Floating Rate: Based on current Prime Rate, equal monthly payments of principal of \$83,334 plus interest commencing one month from date of drawdown. *Updated since loan limit was increased*

The amount of the monthly payment will be advised in the Loan *increased*

Confirmation Letter

INTEREST RATES:	Interest on the daily principal balance of the Credit Facilities shall be paid monthly in arrears, unless otherwise specified, computed daily, compounded monthly, and accrue at an annual rate equal to:	
	1. Demand Loan	Prime Rate plus 2.00% per annum.
	2. Demand Loan	See individual interest rates below as this is a carve out Facility.
	2a. Demand Loan (Construction)	Prime Rate plus 2.50% per annum.
	2b. Demand Loan (Construction)	Prime Rate plus 2.50% per annum.
	3a. Non Revolving Loan	Prime Rate plus 2.00% per annum.
	Fixed Rate Option: available at the ongoing discretion of Meridian. Fixed rate to be quoted upon request for periods of 1 to 5 years.	
	Prime Rate is currently 3.45%	
CREDIT FEES:	Other Fee:	\$50,000 fee is applicable if Facilities #1/#2a/#2b are not ultimately repaid by the advance of Facility #3a.
	Amendment Fee:	Amendments to authorized Credit Facility, as requested by the Member, will be subject to a minimum fee of \$2,500, subject to the complexity and circumstances of each request as mutually agreed upon between the Member and Meridian.
	Arrangement Fee:	\$173,500 of which \$25,000 has previously been collected and is non-refundable, with \$148,500 payable upon signed acceptance of this Credit Agreement.
	Annual Renewal Fee:	An annual administration fee of \$5,000 is payable within 120 days following each fiscal year end for review of the account.
	Standby Fee:	A Standby fee of 0.20% per annum calculated on the daily unused portion of Facilities #2a/#2b, is payable monthly from the date of acquisition of the Secured Property.
	Additional Fees:	Covenant Breaches/Late Reporting/Events of Default will each be subject to a fee (minimum \$500) per occurrence where such condition has not received the prior written approval of the lender.
	Draw Fees:	\$500 per draw under the Demand Loan (Construction).
	Standby Fee:	A standby fee of 0.20% per annum calculated on the daily unused portion of Facility #3a, is payable monthly from the date of acceptance of this credit agreement. The fee is only applicable on the difference between the \$20,000,000 takeout facility and the \$17,350,000 acquisition / renovation facility.

new-added
to increased
limit on 3a.

EXPENSES: The Member shall pay all reasonable legal fees and disbursements in respect of this Credit Agreement, the preparation, issuance, amendment, renewal or extension of the Security Documents, the enforcement and preservation of Meridian's rights and remedies, and all reasonable fees and costs relating to appraisals, insurance consultation, credit reporting and responding to demands of any government or any agency or department thereof, whether or not the documentation is completed or any funds are advanced under this Credit Agreement.

SECURITY: The present and future indebtedness and liability of the Member and the Guarantor(s) to Meridian shall be secured by the following security, evidenced by documents in form satisfactory to Meridian (collectively, the 'Security Documents') registered or recorded as required by Meridian in first position (unless specifically noted or consented to otherwise), and provided prior to any advances or availability being made under this Credit Agreement:

- ✓ 1) General Security Agreement over all of the Member's present and after acquired Personal Property.
- ✓ 2) Guarantee and Postponement of Claim in favour of Meridian in the Unlimited amount provided by Shawn Saulnier.
- ✓ 3) Guarantee and Postponement of Claim in favour of Meridian in the Unlimited amount provided by 2348587 Ontario Inc. together with authorizing resolution.
- ✓ 4) Guarantee and Postponement of Claim in favour of Meridian in the Unlimited amount provided by Mohawk Inn & Suites Management Inc. together with authorizing resolution.
- now to include
Srd London
Bridging Finance Inc. [5) Postponement and Subordination of all shareholder's, non-arm's length creditor's and related party loans. To include a postponement of the right to receive any payments of both principal and interest under the such loans, except as otherwise contemplated herein.
- ✓ 6) Such other security documentation as deemed appropriate upon further review by Meridian's Legal Counsel.
- ✓ 7) Collateral Mortgage for \$23,000,000 registered in the name of 2607380 Ontario Inc. on the property and buildings located at 1295 North Service Road, Burlington, Ontario. (the "Secured Property"). Notwithstanding the face amount of the mortgage being registered as security, the Member acknowledges that Meridian has made no commitment to provide additional funding.
- ✓ 8) Assignment of Rents & Leases.
- ✓ 9) Certificate of Builders All Risk Insurance naming Meridian as first mortgagee.
- ✓ 10) Assignment of Fire Insurance, indicating Meridian as first loss payee or first mortgagee on the subject property. The fire insurance is to be on a full replacement basis with no co-insured liability.
- ✓ 11) Comprehensive General Liability Insurance for a minimum of \$5,000,000 to be carried by the Member with Meridian shown as Additional Insured.
- ✓ 12) Environmental Undertaking and Indemnity executed by the Member and Guarantors.
- ✓ 13) Joint and several undertaking by the Member and guarantors agreeing to complete the project and fund, from resources outside of the project, all cost overruns in excess of the aggregate costs set out in the project budget approved by Meridian as set out in the Credit Agreement. The Member will not be eligible for further draws until such overruns or deficiencies are funded.

✓ 14) Assignment of Business Interruption Insurance.

CONDITIONS: The availability of the Credit Facilities is contingent upon compliance and satisfaction of each of the following conditions and covenants together with those set out in the Security Documentation and Schedule A:

Conditions
Precedent:

Meridian shall have received each of the following:

All Facilities

- ✓ a) Such financial and other information or documents relating to the Member as Meridian may reasonably require.
- ✓ b) All the Security Documents duly authorized, executed and delivered and registered or recorded as Meridian may require.
- ✓ c) Duly executed copy of this Credit Agreement.
- ✓ d) A current survey prepared by a licensed and qualified surveyor, showing the building on the lot and certifying that the building is entirely within the lots lines and the lot is free from all encroachments, easements and registered restrictions.
- ✓ e) Confirmation that all property taxes and any interim instalments have been paid.
- ✓ f) A current market value appraisal report prepared by an independent AACI appraiser pre-approved by Meridian on the property located at 1295 North Service Road Street, Burlington, ON providing a minimum as complete value of \$35,000,000. The Member is responsible for the appraisal report fees. A Letter of Transmittal from the Appraiser confirming the appraisal report may be relied upon by Meridian should accompany the appraisal.
- ✓ g) Satisfactory review of sufficient financial and other information (including credit reports) for the Member and Guarantors to satisfy Meridian, that the Member and Guarantors have the financial capacity and ability to develop, market and manage the Project in a reasonable manner. Without limiting the generality of the foregoing, Meridian will be provided with a personal financial statement for each personal Guarantor on Meridian's standard form with sufficient evidence provided to support all assets and liabilities.
- ✓ h) Satisfactory site inspection by Meridian.
- ✓ i) Satisfactory review of the ownership structure of the Project and Member which shall be certified by the Member's legal counsel.
- ✓ j) The Member will open an Operating Account with Meridian and shall maintain its Membership in good standing while any portion of the facility remains outstanding. The Borrower also agrees that Meridian will provide the Borrower with all daily business banking for ongoing risk management purposes and all transactions associated with the Project will be conducted through this account.
- ✓ k) Phase I/II/III – Environmental Site Assessment (ESA) Report for the real property located at 1295 North Service Road, Burlington, Ontario prepared by an external consultant pre-approved by Meridian. The contents and the conclusions of the report must be acceptable to Meridian. The Member is responsible for the payment of all charges

relative to the preparation of the report.

new/
amended

[l] Meridian's satisfaction as to the terms of subsequent approved financing related to the Secured Property along with a subordinations and standstill agreement.

new

[m] Confirmation from the Vender Take Back "VTB" from Crossroads Christian Communications Incorporated will permit an advance on the First Mortgage of up to \$20,000,000.

new

[n] Meridian shall be provided with evidence that the VTB holder is accepting of this transaction, and that all Conditions related to the VTB have been met.

Disbursement Conditions: Funds under the Credit Facilities shall only be disbursed upon satisfaction of each of the following conditions:

Facility #1

a) Funds under Facility #1 shall only be disbursed upon satisfaction of each of the following conditions:

Drawdown to be completed on or before March 31, 2018

Disbursed from Feb 28/18

Facility #2a

a) Funds under Facility #2a shall only be disbursed upon satisfaction of each of the following conditions:

A detailed construction budget and cash flow statement setting out hard and soft costs in form and substance satisfactory to Meridian has been received and reviewed.

b) The Member will provide monthly written progress / draw requests confirming costs in place and costs to complete the Project verifying hard costs in place and confirming all work has been completed according to the Project's plans and specifications. Each progress / draw request shall also be supported by:

- Contractor's progress claims with a breakdown of sub-trade accounts and statutory declarations confirming that all sub-trades are in current standing.
- WSIB certificates.
- Draws for soft costs are to be certified by the Member, as applicable, with the report indicating costs to date and costs to complete, with funds withheld to cover any unpaid future soft costs.
- Any additional information as may be identified.

c) The Project is to be constructed under a Construction Management Contract with a satisfactory construction manager, and fixed price contracts for hard servicing and construction costs. Meridian shall be satisfied in all respects with the project manager, the Construction Management Contract and fixed price contracts in place. A minimum of 70% of the contractual hard costs must be confirmed by signed contracts and/or firm quotes with contractors acceptable to Meridian.

d) A 45 day holdback of 10% of the dollar value of services and / or materials supplied, as certified within the progress / draw certificate, will be withheld from each advance until substantial performance has been declared and the lien period has expired as confirmed by Meridian's Solicitor.

- e) Meridian will supply such information to lien claimants as may be required under the applicable Construction Lien legislation.
- f) Meridian is not obligated to make loan advances if there is any construction lien registered against the property or if written Notice of a Construction Lien is received by Meridian.
- g) Accumulated advances under the loan are not at any time to exceed the total cost of work in place, including hard and soft costs, as certified within the progress / draw certificate, less required equity, applicable builders deposits and holdbacks. The provisions of the Construction Lien Act are to apply.
- h) Meridian's Solicitor is to sub search title at the time of each draw at the expense of the Member, and there shall be no liens or encumbrances prior to Meridian's security or subsequent thereto unless Meridian has given its prior approval.
- i) Disbursement is subject to inspection of the Project by a representative of Meridian.
- j) The Member shall ensure that all H.S.T. remittances are made as required.
- k) If at any time pending or during disbursement of the loan, the undrawn loan balance shall not be sufficient to complete the Project in accordance with the approved plans and specifications and pay for all costs thereof, the Member shall immediately inject cash equity into the Project equal to the deficiency prior to any further loan draw being permitted.
- l) Confirmation that equity in the amount of ^{received from \$4,505,000} ~~\$2,005,000~~ has been contributed by the Member, to be utilized towards ongoing renovation costs.
- m) Initial drawdown to occur on or before April 30, 2018.
- n) Satisfactory review of site and building plans for the Project, along with all required development agreements, building permits, and finalized project budget.
- o) Disbursement Formula
 Facility #2a shall not exceed the lesser of:
 A. \$3,500,000 [the authorized loan limit] or
 B. The aggregate of:
 100% of approved project costs in place, as confirmed by the Member and Contractor,
Less:
 i) Member Equity of \$2,000,000;
 ii) Priority payables / Holdbacks.

Facility #2b

- a) Funds under Facility #2b shall only be disbursed upon satisfaction of each of the following conditions:
All Disbursement Conditions related to Facility #2a above, in addition to the following:
- b) Submission of executed lease along with itemized improvement budget, noting utilization of this Facility is only applicable to fund tenant improvement costs for new tenants.
- c) Initial drawdown to be completed on or before June 30, 2018.

Facility #3a

- a) Funds under Facility #3a shall only be disbursed upon satisfaction of each of the following conditions:

Stabilization of the Project with a minimum Debt Service Ratio of 1.25x, as evidenced by financial statements, updated rent rolls and copies of all lease agreements fully satisfactory to Meridian.

Such debt servicing costs are to be based on the Repayment terms for Facility #3a as set out in this Credit Agreement and all other debt obligations of the Member.

- new [b) Advance will be limited to the lesser of \$20,000,000 or 60% of the Appraised Value of the property based on an updated as complete appraisal acceptable to Meridian.
- new [c) Meridian is to review the Rent Roll of the property and be satisfied with the leases in place. The Rent Roll is to confirm that all leases included in the pro forma Debt Service Ratio test are firm.
- new [d) The \$20,000,000 take-out loan shall only be disbursed upon Meridian's satisfaction that Substantial Completion has occurred and formal Occupancy Permit has been obtained (as it relates to the renovated sections of the property).
- new [e) Drawdown must occur by no later than April 30, 2020.

Financial Covenants - The Member will:

Description	Performance Operator	Requirement	Reporting Frequency
* Maintain a minimum Debt Service Ratio. Debt Service Ratio is defined as the ratio of earnings (excluding extraordinary items and gains/losses) before interest, taxes, depreciation and amortization (EBITDA) to the sum of (i) interest expense; (ii) scheduled payments of principal in respect of any debt and (iii) payments made pursuant to capital lease obligations (except the portion of any final balloon payment due in respect of such debt), all in respect of the latest fiscal year.	Greater Than or Equal To	1.25	Annual

The Debt Service Ratio covenant becomes effective upon drawdown of Facility #3a.

<ul style="list-style-type: none"> • Maintain a minimum Interest Coverage Ratio. For definition purposes "Interest Coverage Ratio" of the company for any period means, the ratio of its Cash Flow for the period to its interest expense on all its debt obligations. For definition purposes "Cash Flow" of the company for a period means, an amount equal to its net income for the period (excluding extraordinary items and gains/losses), added together with its taxes, depreciation and amortization for the period, plus interest expense on indebtedness of the Member. 	Greater Than or Equal To	1.45	Annual
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Reporting Covenants - The Member shall provide Meridian with each of the following:

Description	Frequency	Timing of Receipt (days)
<ul style="list-style-type: none"> • Confirmation of valid insurance coverage as stipulated under Security through copy of certificate of renewal. 	Annual	120
<ul style="list-style-type: none"> • Promptly notify Meridian of any material issues impacting the secured properties including any amendments to the lease agreement with the commercial tenant. 	Annual	
<ul style="list-style-type: none"> • Financial Statements as at the Corporate Guarantors fiscal year end, prepared by a Chartered Professional Accountant on a Notice to Reader basis. 	Annual	120
<ul style="list-style-type: none"> • Updated Personal Financial Statements for the individual guarantors, as requested, with supporting documentation confirming asset and liability values and verifying income. 	As Requested by Meridian	
<ul style="list-style-type: none"> • Confirmation property taxes are current through copy of a paid tax receipt or interim billing showing no arrears. 	Annual	120
<ul style="list-style-type: none"> • Annual rent roll including details of tenants, lease terms (amounts, renewals, expiry) and arrears, if any. 	Annual	120
<ul style="list-style-type: none"> • Financial Statements as at the Member's fiscal year end, prepared by a Chartered Professional Accountant on a Review Engagement basis. 	Annual	120

Positive Covenants - The Member and the Guarantors will:

- Ensure that all H.S.T. remittances are made as required.
- Ensure that any Construction Liens or other actions registered against the property are cleared from title immediately from their own resources.
- Seek Meridian's prior written consent for revisions which, in aggregate, exceed 50% of the budgeted contingency within the originally approved construction budget or changes to the plans and specifications of the Project.
- Ensure that Meridian, or its agents, have full access to the Secured Property as required to monitor construction progress.

- Additionally, See Schedule "A" Credit Covenants (a).

Negative Covenants - The Member and the Corporate Guarantors shall not, without the prior written consent of Meridian:

- Create, incur, assume or permit the existence of any other financing or liens related to the project, other than as agreed upon herein for the VTB from Crossroads Christian Communications Incorporated and the additional Mezzanine debt being provided by Bridging Financing Inc.
- Sell or transfer the Secured Property or effect any change in ownership of the Member.
- Additionally, See Schedule "A" Credit Covenants (b).

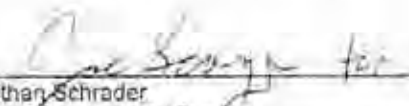
EVENTS OF DEFAULT

See Schedule A.

Kindly indicate your acceptance of this Credit Agreement by signing and returning to us the enclosed duplicate of this letter by no later than March 31, 2018 at which point this letter and all agreements contained herein shall become null and void.

Yours truly,

MERIDIAN CREDIT UNION LIMITED


Jonathan Schrader
Director, Commercial Services



Stephen Otten
Senior Director & Regional Manager,
Commercial Services

Will the above Credit Facilities be used on behalf of or by a third party? No ☒ Yes ☐
(if Yes has been checked please ensure that a New Product Form – Business is completed)

ACKNOWLEDGEMENT:

The arrangements set out above are hereby acknowledged and accepted by:

2607380 Ontario Inc.

 President March 12/18
Signature of Authorized Officer Name/Title Date
(I have the authority to bind the Corporation)


 President March 12/18
Signature of Authorized Officer Name/Title Date
(I have the authority to bind the Corporation)

GUARANTORS

Each of the Guarantors hereby acknowledges and confirms that it understands all the terms & conditions contained therein with respect to its respective Guarantee and Postponement of Claim:

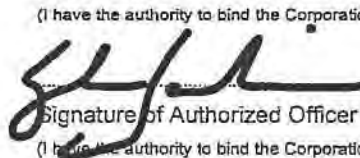
Mohawk Inn & Suites Management Inc.

 President March 12/18
Signature of Authorized Officer Name & Title Date
(I have the authority to bind the Corporation)

 President March 12/18
Signature of Authorized Officer Name & Title Date
(I have the authority to bind the Corporation)

2348587 Ontario Inc.

 President March 12/18
Signature of Authorized Officer Name & Title Date
(I have the authority to bind the Corporation)

 President March 12/18
Signature of Authorized Officer Name & Title Date
(I have the authority to bind the Corporation)

Shawn Saulnier



Guarantor Signature

March 12 / 18

Date

SCHEDULE "A" TO CREDIT AGREEMENT

The Credit Facilities as described in the Credit Agreement shall be governed by the following terms and conditions:

Definitions

For the purpose of the Credit Agreement, the following terms shall have the meanings indicated below:

"Acceptable Inventory" means the lower of cost or net realizable value, as determined by Meridian from a review of the most recent financial statements and inventory declaration provided by the Member, of all materials owned by the Member for resale or for production of goods for resale, as defined by GAAP, over which the security constituted by the Security Documents shall rank as a valid first mortgage, first ranking transfer or first security interest and which is not subject to any security interest or other encumbrance or any other right or claim which ranks or is capable of ranking in priority to the security constituted by the Security Documents including, without limitation, rights of unpaid suppliers under the *Bankruptcy and Insolvency Act* (Canada) to repossess inventory within 30 days after delivery.

"Acceptable Receivables" means the aggregate of accounts receivable of the Member, as defined by GAAP, and as determined by the most recent financial statements and/or aged list of accounts receivable of the Member, over which the security constituted by the Security Documents shall rank as a valid first assignment or first security interest, from customers approved by Meridian.

"Business Day" means a day upon which Meridian is open for business.

"COF Rate" means the fixed annual rate of interest established and recorded as such by Meridian from time to time as being the aggregate cost of the requested funds on an annual fixed rate basis for a period of 30, 60, 90, or 180 days or 1, 2, 3, 4 or 5 years, as selected by the Member (but maturing not later than the final date for payment of the subject Loan, in any event), including dealer commissions and such reserves as are applicable.

"Credit Agreement" means the letter from Meridian to the Member to which this Schedule is attached, together with this Schedule, and includes all amendments and replacements thereof.

"Financing Documents" means the present Credit Agreement, the Visa Business Card Agreement, the Visa Business Card Fee and Rate Agreement, the Security Documents and all other documents, instruments, certificates and contracts that the Member or an officer of the Member [or a Guarantor or an officer of a Guarantor] has signed and delivered in accordance herewith, directly or indirectly, or which are mentioned or contemplated in these presents or in such documents, instruments, certificates or contracts.

"GAAP" means, generally accepted accounting principles in effect in Canada from time to time applied consistently, including the International Financial Reporting Standards.

"Government Authority" means any government legislature, regulatory authority, agency, commission, board or court or other law, regulation or rule making entity having or purporting to have jurisdiction on behalf of any nation, state, country or other subdivision.

"Legal Requirement" means all laws, statutes, codes, ordinances, orders, awards, judgments, decrees, injunctions, rules, regulations, authorizations, consents, approvals, orders, permits, franchises, licenses, directions and requirements of any Governmental Authority.

"Personal Property" has the meaning given to that term in the Personal Property Security Act (Ontario) and includes chattel paper, documents of title, goods, instruments, intangibles, money, investment property and fixtures but does not include building materials that have been affixed to real property.

"Potential Preferred Claims" means, at any time and from time to time, all claims secured by a lien created by or arising under statute or regulation or arising under common law without the explicit consent of the obligor, which rank or are capable of ranking prior to or *pari passu* with the security constituted by the Security Documents against all or any part of property and assets secured thereby, whether then existing or, in Meridian's sole judgment, likely to arise including, without limitation, claims on amount of unremitted source deductions, income tax, goods and services tax, sales tax, workers compensation premiums, director liabilities and such other claims given priority to the claims of secured creditors or excluded from the property of a bankrupt divisible among creditors under the *Bankruptcy and Insolvency Act (Canada)*.

"Prime Rate" means the floating annual rate of interest established and recorded as such by Meridian from time to time as a reference rate for purposes of determining rates of interest it will charge on loans denominated in Canadian dollars.

"US Base Rate" means the annual rate of interest established and recorded as such by Meridian from time to time as a reference rate for purposes of determining rates of interest it will charge on loans denominated in United States dollars.

"Visa Business Card Agreement" means the Meridian Visa Business Card Cardholder Agreement between Member, each Guarantor (if any), Meridian, Collabria Financial Services Inc. (including, without limitation, its successors and assigns) and others named therein as parties thereto, as such agreement may be amended, restated, supplemented or replaced from time to time in accordance with its terms.

"Visa Business Card Fee and Rate Agreement" means the document executed by the Member and others named as parties thereto that (i) discloses certain interest rates, grace period, minimum payments, foreign currency conversion fees and certain other fees and (ii) includes certain terms and conditions and privacy notices and consents, as such document may be amended, restated, supplemented or replaced from time to time in accordance with its terms and this Schedule "A".

Governing Law

This Credit Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Borrower and each of the Guarantors attorns to the exclusive jurisdiction of the courts of the Province of Ontario.

Currency

All dollar amounts expressed in this Credit Agreement shall refer to Canadian dollars unless otherwise specified.

Currency Indemnity

Loans denominated in Canadian currency must be repaid with Canadian currency and loans denominated in United States currency must be repaid in United States currency and the Member shall indemnify Meridian for any loss suffered by Meridian if a loan denominated in United States currency is repaid with Canadian currency or vice versa, whether such payment is made pursuant to an order of a court or otherwise.

Evidence of Indebtedness

Meridian's accounts, books, and records constitute, in absence of manifest error, conclusive evidence of the advances made under all Credit facilities, repayments on account thereof and the indebtedness of the Member [and the Guarantors] to Meridian.

Authorization

The Member for good and valuable consideration authorizes Meridian to accept telecopier and electronic communications on behalf of the Member as full and sufficient authority to act in accordance with communications as received by Meridian from the Member.

The Member shall be bound by all such telecopier and electronic communications from itself in the same manner and extent as if such communications were originally handwritten and signed by the Member, and the Member shall hold Meridian at all times fully indemnified from all claims and demands in respect of all such instructions, in the event such telecopier and electronic communications, were made without authority or otherwise.

Interest, Fees and Payment

- (a) Interest on the daily balance of principal advanced under the Credit Agreement and remaining unpaid from time to time shall be payable by the Member as set out in the Credit Agreement both before and after maturity or demand, default and judgment.

At the discretion of Meridian, each payment under the Credit Agreement shall be applied first in payment of costs and expenses, then interest and fees and the balance, if any, shall be applied in reduction of outstanding principal in inverse order of maturity.

- (b) The fees collected by Meridian shall be its property as consideration for the time, effort and expense incurred by it in the review of documents and financial statements, and the Member acknowledges and agrees that the determination of these costs is not feasible and that the fees set out in the Credit Agreement represent a reasonable estimate of such costs.
- (c) Any amounts which become payable to Meridian under the Credit Agreement or the Security Documents or the other Financing Documents and which are not paid when due shall accrue interest and be payable from the due date at an annual rate equal to Meridian's Prime Rate plus 5% per annum, compounded and payable monthly on the last day of each month, both before and after default and judgment, if no other interest rate is expressed for such amounts.
- (d) In the event Meridian authorizes for the Member a higher debit balance than the maximum amount authorized under this Credit Agreement, the Member agrees to repay such excess amount on demand with interest at Meridian's prescribed rate for such excess advances from time to time, being 21% per annum at the present time. Such excess amounts are deemed to be secured by any security taken by Meridian pursuant to the terms hereof and all payments or credits to the account of the Member shall be deemed to have been applied first to the repayment of any such excess amounts.
- (e) All payments by the Member to Meridian shall be made at the address of the branch of Meridian set out on the Credit Agreement or at such other place as Meridian may specify in writing from time to time. Any payment delivered or made to Meridian by 3:00 p.m. local time at the place where such payment is to be made shall be credited as of that day, but if made afterwards shall be credited as of the next Business Day.
- (f) Notwithstanding anything to the contrary contained in the Credit Agreement, Meridian may, in its discretion, make an advance under a Credit Facility to pay any unpaid interest or fees which have become due under the terms of the Credit Agreement.
- (g) The obligation of the Member [and the Guarantors] to make all payments under the Credit Agreement and the Security Documents and other Financing Documents shall be absolute and unconditional and shall not be limited or affected by any circumstance, including, without limitation:
 - (i) any set-off, compensation, counterclaim, recoupment, defense or other right which the Member [or any Guarantor] may have against Meridian or anyone else for any reason whatsoever; or

- (ll) any insolvency, bankruptcy, reorganization or similar proceedings by or against the Member (or any Guarantor);
- (h) The imposition or collection of a fee does not constitute an express or implied waiver by Meridian of any Event of Default or of any of the terms or conditions of the lending arrangements, security or rights arising from any Event of Default. Fees may be charged to the Member's deposit account when incurred.

Prepayment

Floating Rate Loans: Permitted at any time without penalty unless otherwise stipulated herein.

Fixed Rate Loans: The Member may not make any payments in addition to those required on the stipulated dates prior to the term maturity date except for an annual prepayment provision, not exceeding 10% of the original principal amount. This right of prepayment is not cumulative such that if the Member does not use this privilege in a calendar year, the Member cannot carry forward this right of prepayment for that calendar year to any following calendar year.

Any additional prepayment, in whole or in part, will be applied in inverse order of maturity, by payment in full of all outstanding principal, interest, applicable expenses and discharge costs, and subject to a prepayment penalty consisting of the greater of:

- (a) three months interest, based on the unpaid principal balance as at the payout date
- and
- (b) the interest rate differential, being an amount calculated by multiplying the difference between the "existing" annual interest rate and the then "current" annual interest rate as at prepayment date, by the unpaid principal balance as at the requested payout date, and calculated with respect to the remaining portion of the term of the loan.

Credit Covenants

In addition to the covenants previously set out, each of the following shall apply until all the Credit Facilities are repaid in full and cancelled:

- (a) The Member will:
 - (i) maintain its membership with Meridian while any portion of the facilities remains outstanding or committed. A \$1.00 share deposit is required;
 - (ii) permit Meridian or associated agents access at all reasonable times to any premises where collateral covered Meridian security may be located and Meridian or its agents may inspect such collateral and all related documents and records;
 - (iii) agree that Meridian will provide all day to day business banking services for the Member;
 - (iv) advise Meridian of any change in the amount and the terms of any credit arrangement made with other lenders or any action taken by another lender to recover amounts outstanding with such other lender;
 - (v) advise promptly after the happening of any event which will result in a material adverse change in the financial condition, business, operations, or prospects of the Member (or a Guarantor) or the occurrence of any Event of Default or default under the Credit Agreement or under any other agreement for borrowed money;

² defined and based on COF Rate for a term closest to the remaining term of the loan, plus applicable interest rate spread similar to that used for existing rate

- (vi) Inform Meridian of any actual or probable litigation and furnish Meridian with copies of details of any litigation or other proceedings, which might affect the financial condition, business, operations, or prospects of the Member; and
 - (vii) do all things necessary to maintain in good standing its corporate existence and preserve and keep all material agreements, rights, franchises, licenses, operations, contracts or other arrangements in full force and effect.
- (b) The Member shall not, without the prior written consent of Meridian:
- (i) grant or allow any lien, charge, privilege, hypothec or other encumbrance, whether fixed or floating, to be registered against or exist on any of its assets, and in particular, without limiting the generality of the foregoing, shall not grant a trust deed or other instrument in favour of a trustee;
 - (ii) become guarantor or endorser or otherwise become liable upon any note or other obligation other than in the normal course of business of the Member;
 - (iii) declare or pay dividends on any class or kind of its shares, repurchase or redeem any of its shares or reduce its capital in any way whatsoever or repay any shareholders' advances. Such approval will not be unreasonably withheld so long as financial results and account performance is satisfactory;
 - (iv) amalgamate with or permit all or substantially all of its assets to be acquired by any other person, firm or corporation or permit any reorganization or change of control of the Member; or
 - (v) change the nature of its business.
- (c) The scheduled property tax payments are to be paid up to date at all times. If the Member fails to keep the tax payments up to date, Meridian reserves the right to pay the taxes and to collect from the Member an amount sufficient to pay the taxes in full. If the Member fails to timely provide Meridian with evidence of payment status, the Member authorizes Meridian to obtain the document from the municipality at the immediate sole cost and expense of the Member plus costs incurred.
- (d) Insurance coverage is to be maintained, sufficient to substantially replace all assets in the event of loss. If the Member fails to take out and keep in force such minimum insurance as is required hereunder, then Meridian may, but not be obliged to, take out and keep in force such insurance at the immediate sole cost and expense of the Member plus costs incurred, or use other means at its disposal under the terms of the Security Documents.
- (e) The regular rent/lease payments on all rented/leased premises are to be maintained up to date at all times.
- (f) Meridian shall have the right to waive the delivery of any Security Documents or the performance of any term or condition of the Credit Agreement, and may advance all or any portion of the Credit Facility prior to satisfaction of any of the aforesaid conditions precedent, but any such waiver by Meridian of any obligation or condition shall not constitute a waiver of such obligation or condition for any future advance.
- (g) All financial terms and covenants shall be determined in accordance with GAAP, applied consistently.
- (h) Any amount payable by the Member to Meridian under the Credit Agreement or the Security Documents or the other Financing Documents may be debited to any account of the Member with Meridian.

Letters of Credit

Meridian shall have the discretion to restrict the maturity date of Letters of Credit.

Cash Management and Foreign Exchange

Meridian may and the Member hereby authorizes Meridian to, drawdown under any Credit Facility hereunder to satisfy any obligation of the Member to Meridian in connection with any cash management service and/or foreign exchange service provided by Meridian to the Member. Meridian may draw under any Credit Facility hereunder even if the drawdown results in amounts outstanding in excess of the authorized limit for such Credit Facility.

Visa Business Card

If a "Visa Business Cash Back Card", "Visa Business Infinite Cash Back Card" and/or "Visa Business Flex Cash Back Card" is included as a Credit Facility, then the provisions of this paragraph shall apply. The terms and conditions of the Visa Business Card Agreement and the Visa Business Card Fee and Rate Agreement are incorporated herein by this reference mutatis mutandis. Member and each Guarantor, if any, represents and warrants that it has received and read in full the Visa Business Card Agreement and the Visa Business Card Fee and Rate Agreement. Member agrees that (i) the reference to the "application by the Primary Cardholder or, as applicable, the Authorized Officer Cardholder" contained within the definition of "Business" in the Visa Business Card Agreement is and shall be deemed to be a reference to the Credit Agreement and the execution on behalf of the Member of the Credit Agreement, (ii) it is the "Business" as defined and referred to in the Visa Business Card Agreement, (iii) it is bound by the Visa Business Card Agreement and (iv) it is jointly and severally liable with the other parties named therein for all debts, liabilities and obligations owing or accruing due under the Visa Business Card Agreement. Each Guarantor, if any, agrees to be bound by the Visa Business Card Agreement (and the Visa Business Card Fee and Rate Agreement) in the capacity of the "Guarantor" as defined and referred to thereunder and each Guarantor agrees that its guarantee of the debts, liabilities and obligations under the Credit Agreement includes without limitation all debts, liabilities and obligations owing or accruing due under the Visa Business Card Agreement. The Visa Business Card Fee and Rate Agreement may be amended, restated, supplemented or replaced by Meridian from time to time within the time periods contemplated in the Visa Business Card Agreement (generally, 30 days' advance written notice) and any use of a Card (as defined in the Visa Business Card Agreement) after receiving any such notice will constitute Member's and any Guarantor's acceptance of the changes contained in such notice.

Events of Default

Without limiting the entitlement of Meridian to demand repayment at any time of any Credit Facility or any other rights of Meridian under this Credit Agreement that are repayable on demand, upon the occurrence of any one of the following events (an "Event of Default") the obligation of Meridian to make any further advances under any of the Credit Facilities shall terminate immediately and, Meridian may, by written notice to the Member, declare all the unpaid principal of and accrued interest for all Credit Facilities to be immediately due and payable whereupon the same shall become due and payable forthwith:

- (a) The Member fails to make any payment of interest or principal when due pursuant to this Credit Agreement or any other Financing Document;
- (b) There is a breach by the Member of any other term or condition contained in this Credit Agreement or any other Financing Document;
- (c) A representation or warranty contained herein or any other Financing Document is incorrect in any material respect;
- (d) Any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings for the relief of debtors are instituted by or against the Member and, if instituted against the Member, are allowed against or consented to by the Member or are not dismissed or stayed within five (5) days after such institution.

- (e) There occurs or is reasonably likely to occur, in the sole discretion of Meridian:
 - (i) a material adverse change in the financial condition of the Member;
 - (ii) an unacceptable change in ownership of the Member; or
 - (iii) legal implications detrimental to the affairs of the Member;
- (f) Any default occurs under any Security Document or under any other Financing Document;
- (g) Default by the Member under any other agreement, whether now or hereafter existing, with Meridian or in respect of any obligation to Meridian;
- (h) The Member is in default in making a payment of any other indebtedness incurred, assumed or guaranteed by it and the effect of such default is to permit the holder of such obligation to cause such obligation to become due prior to its stated maturity;
- (i) Meridian in good faith believes that the ability of the Member to pay any of its obligations to Meridian or to perform any of the covenants contained herein is impaired or the security referred to herein is impaired or is in jeopardy.

The above Events of Default applicable to the Member also extend to the Member's subsidiary(s) and any Guarantors.

Remedies of the Lender

- (a) Upon the occurrence of an Event of Default, Meridian may declare any or all of the indebtedness and other obligations under the Financing Documents to be immediately due and payable and Meridian may proceed to realize on its security and to enforce its rights by entry or by the appointment by instrument in writing of a receiver or receivers of all or any part of the assets and undertakings of the Member and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of Meridian or not, and Meridian may remove any receiver or receivers so appointed and appoint another or others in his or their stead; or by proceeding in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the assets and undertakings of the Member or any part thereof; or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Member.
- (b) Any such receiver or receivers so appointed shall have power:
 - (i) to take possession of the assets and undertakings of the Member or any part thereof and to carry on the business of the Member;
 - (ii) to borrow money required for the maintenance, preservation or protection of the assets and undertakings of the Member or any part thereof or the carrying on of the business of the Member;
 - (iii) to further charge the Member's assets and undertakings in priority to its Security as security for money so borrowed; and
 - (iv) to sell, lease or otherwise dispose of the whole or any part of the Member's assets or undertakings on such terms and conditions and in such manner as he shall determine.

In exercising any powers any such receiver or receivers shall be deemed to act as agent or agents for the Member and Meridian shall not be responsible for the actions of such agent or agents.

- (c) In addition, Meridian may enter upon and lease or sell the whole or any part or parts of the Member's assets and undertakings and any such sale may be made hereunder by public auction, by public tender or by private contract, with or without notice, advertising or any other formality, all of which are hereby waived by the Member, and such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to Meridian in its sole discretion may deem advantageous and such sale may take place whether or not Meridian has taken such possession of such assets and undertakings.
- (d) No remedy for the realization of the security or for the enforcement of the rights of Meridian shall be exclusive of or dependant on any other such remedy, and any one or more of such remedies may from time to time be exercised independently or in combination
- (e) The term "receiver" as used herein includes a receiver and manager.

Representations

The Member [and each Guarantor] represents and warrants that:

- (a) It has full power, authority and legal right to borrow in the manner and on the terms and conditions set out in this Credit Agreement and the other Financing Documents, to execute and deliver the acceptance of this Credit Agreement and to carry out the terms and conditions of this Credit Agreement and the other Financing Documents;
- (b) The execution and delivery of the acceptance of this Credit Agreement and the other Financing Documents and the carrying out of the terms of this Credit Agreement and of the other Financing Documents do not violate any law, order or regulation applicable to it and have been (or will be) duly and validly authorized by it;
- (c) This Credit Agreement as accepted and the other Financing Documents as delivered are valid, binding and legally enforceable against it in accordance with their respective terms except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditor's rights generally;
- (d) It is not in default under the provisions of any agreement evidencing, guaranteeing or relating to any outstanding indebtedness or liability and the execution and acceptance of this Credit Agreement and the delivery of the Financing Documents will not constitute a breach of any agreement to which it is a party;
- (e) There are no actions, suits or proceedings pending or threatened against it before any court or government department, commission, board or agency which, if determined adversely, would have a material adverse effect on its financial condition.

(f) Representations and Covenants re: Hazardous Substances

- (i) To the best of the Member's knowledge after due and diligent inquiry, no regulated, hazardous or toxic substances are being stored on any of the Member's premises (the "Premises") or any adjacent property, nor have any such substances been stored or used on the Premises or any adjacent property prior to the Member's ownership, possession or control of the Premises. The Member agrees to provide written notice to Meridian immediately upon the Member becoming aware that the Premises or any adjacent property are being or have been contaminated with regulated, hazardous or toxic substances. The Member will not permit any activities on the Premises which directly or indirectly could result in the Premises or any other property being contaminated with regulated, hazardous or toxic substances. For the purposes of the Credit Agreement, the term "regulated, hazardous or toxic substances" means any substance, defined or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any applicable federal, provincial or local statute, regulation or ordinance now or in the future in effect, or any substance or materials, the use or disposition of which is regulated by any such statute, regulation or ordinance.

- (ii) The Member shall promptly comply with all statutes, regulations and ordinances, and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, storage, treatment, control, removal or cleanup of regulated, hazardous or toxic substances in, on, or under the Premises or in, on or under any adjacent property that becomes contaminated with regulated, hazardous or toxic substances as a result of construction, operations or other activities on, or the contamination of, the Premises, or incorporated in any improvements thereon. Meridian may, but shall not be obligated to, enter upon the Premises and take such actions and incur such costs and expenses to effect such compliance as it deems advisable and the Member shall reimburse Meridian on demand for the full amount of all costs and expenses incurred by Meridian in connection with such compliance activities; and
- (iii) The assets of the Member which are now or in the future encumbered by the Security Documents are hereby further mortgaged and charged to Meridian, and Meridian shall have a security interest in such assets, as security for the repayment of such costs and expenses and interest thereon, as if such costs and expenses had originally formed part of the Credit Agreement.

(g) Representations and Covenants re: Environmental Issues

- (i) To the best of the Member's knowledge, any property mortgaged does not contain any pollutants, dangerous substances, liquid waste, industrial waste, toxic substances, hazardous wastes, hazardous materials, hazardous substances or contaminants. To the best of the Member's knowledge, after due inquiry and investigation, none of these substances have ever been released into the environment as a result of any of the activities conducted on the property mortgaged and future usage will be limited to environmentally acceptable activities in compliance with all current and future applicable international, federal, provincial or municipal laws, by-laws, statutes, regulations, orders, permits or judgements, relating to the environment or occupational health and safety ("**Environmental Laws**");
- (ii) There are no claims, actions, investigations, liens, prosecutions, notices, work orders, control orders, stop orders or directives, written or oral, ("**Orders**") of any kind issued or pending by any third party, court or international, federal, provincial or municipal ministry, department or agency ("**Environmental Authority**") which enforces Environmental Laws with respect of any activities of the Member, or any property owned by the Member, past or present, as they relate to any and all Environmental Laws. To the best of the Member's knowledge, there are no circumstances, current or contemplated, which might give rise to any such Order;
- (iii) To the best of the Member's knowledge, after due inquiry and investigation, any property mortgaged and its existing and prior uses comply and have at all times complied with all Environmental Laws.

The Member shall pay, at the Member's sole cost and expense, the entire cost of any environmental audit deemed necessary by Meridian in Meridian's sole discretion. Such audit shall be performed by a duly licensed engineer acceptable to Meridian. The scope of any environmental audit shall be at Meridian's sole discretion. The auditor performing the environmental audit, its employees and agents shall be granted full access to the property mortgaged and all buildings thereon to perform any testing or investigation deemed necessary by the auditor in the auditor's sole discretion.

The Member shall ensure that the representations and warranties of the Member are true and correct at this time and throughout the term of the Credit Facilities.

Waiver or Variation

No term or condition of the Credit Agreement or any other Financing Document may be waived or varied orally or by any course of conduct of any officer, employee or agent of Meridian. Any amendment to the Credit Agreement or any of the Financing Documents must be in writing and signed by a duly authorized officer of Meridian.

Credit Reporting

The Member and each Guarantor consents to Meridian obtaining from any credit reporting agency or from any person such information as Meridian may require at any time, and consents to the disclosure at any time of any information concerning the Member and any Guarantor to any credit grantor with whom the Member and any Guarantor has financial relations or to any credit reporting agency.

Time of Essence

Time shall be of the essence of this Credit Agreement.

Survival

All terms, conditions, representations and warranties of this letter shall survive the closing of the Credit Facilities contemplated and neither the preparation, nor registration or any documents related to the transaction shall bind Meridian to advance funds under this Credit Agreement or the other Financing Documents.

No Merger

It is understood and agreed that the execution and delivery of the mortgage and other security documents shall in no way merge or extinguish this Credit Agreement or the other Financing Documents or their terms and conditions.

The terms and conditions of this Credit Agreement and the other Financing Documents shall continue in full force and effect; provided however, in the case of any inconsistency between the provisions of this Credit Agreement, and the provisions of any of the Security Agreements and the other Financing Documents, the provisions of this Credit Agreement shall prevail.

General Indemnity

The Member agrees to indemnify Meridian from and against any and all claims, losses and liability arising or resulting from any of the Financing Documents. In no event will Meridian be liable to the Member [or any Guarantor] for any direct, indirect or consequential damages arising under or in connection with any of the Financing Documents.

Successors and Assigns

This Credit Agreement and the other Financing Documents shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

This Credit Agreement and the other Financing Documents may not be assigned, transferred or otherwise disposed of by the Member [or any Guarantor] without the prior written consent of Meridian, which consent may be arbitrarily withheld. Meridian may, without notice to and without the consent of the Member or any Guarantor, assign, syndicate, securitize, transfer or grant participation interests in the whole or any part of this Credit Agreement, the Credit Facilities, the Security Documents and any and all right, title, benefits, remedies and obligations relating thereto. The Member and each Guarantor agrees to co-operate with Meridian in connection with any such assignment, syndication, securitization, transfer or grant of participation interests including, without limitation, the delivery of an Estoppel certificate in a form satisfactory to Meridian.

Set Off

Meridian may (but shall not be obligated), at any time, to apply any credit balance, whether or not then due, to which the Member or any Guarantor is entitled towards satisfaction of the obligations of the Member or any Guarantor under any of the Financing Documents.

Increased Costs

The Member shall reimburse Meridian for any additional cost or reduction in income arising as a result of (i) the imposition of, or increase in, taxes on payments due to Meridian hereunder (other than taxes on the overall net income of Meridian), (ii) the imposition of, or increase in, any reserve or similar requirements, (iii) (i) the imposition of, or change in, any other condition affecting the Credit Facilities imposed by any applicable law or the interpretation thereof.

Release of Information

The Member [and each Guarantor] hereby irrevocably authorizes and directs its accountant (the "Accountant") to deliver all financial statements and other financial information concerning it to Meridian and agrees that Meridian and the Accountant may communicate with each other as to its business and financial affairs.

Miscellaneous

Accounting terms will (to the extent not defined in this Agreement) be interpreted in accordance with GAAP and all financial statements and information provided will be prepared in accordance with those principles.

Notices

Any notices contemplated herein shall be in writing given by authenticated telecopier or electronic communication, and any such notice, shall be deemed to have been given when sent, if sent by telecopier, or when receipt has been confirmed in the case of electronic communication. In the case of the Member [and each Guarantor] such notice shall be sent to the most recent telecopier number or address for electronic communication that appears on Meridian's records.

EXHIBIT “E”

*THIS IS EXHIBIT "E", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*

A handwritten signature in black ink, appearing to be "Lil.", written above a horizontal line.

Commissioner for Taking Affidavits

Properties

PIN 07127 - 0265 LT **Interest/Estate** Fee Simple
Description PT LT 10, RCP PL 99, PART 3 & 7, 20R6963, S/T IN 619045, BURLINGTON
Address 1295 NORTH SERVICE RD
BURLINGTON

Chargor(s)

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

Name 2607380 ONTARIO INC.
Address for Service 2380 Mohawk Trail,
Campbellville, ON
L0P 1B0

I, SHAWN SAULNIER, President, have the authority to bind the corporation.

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

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

Name MERIDIAN CREDIT UNION LIMITED
Address for Service 75 Corporate Park Drive,
St. Catharines, ON
L2S 3W3

Statements

Schedule See Schedules

Provisions

Principal \$ 23,000,000.00 **Currency** CDN
Calculation Period
Balance Due Date ON DEMAND
Interest Rate 24.0%
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms 200522
Insurance Amount full insurable value
Guarantor

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

yyyy mm dd Page 2 of 4

Signed By

Jill C. Medeiros

1 James Street South, 14 th floor,
PO Box 928 Depo
Hamilton
L8N 3P9acting for
Chargor(s)

Signed

2018 02 13

Tel 905-523-1333

Fax 905-523-5878

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

Submitted By

SCARFONE HAWKINS LLP

1 James Street South, 14 th floor,
PO Box 928 Depo
Hamilton
L8N 3P9

2018 03 26

Tel 905-523-1333

Fax 905-523-5878

Fees/Taxes/Payment

Statutory Registration Fee \$63.65

Total Paid \$63.65

File Number

Chargor Client File Number 17R1494

SCHEDULE FOR ALL COLLATERAL MORTGAGES

SCHEDULE "A"

PAYMENT PROVISIONS

This Charge is given as continuing security for payment to the Chargee of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Chargor to the Chargee (such debts and liabilities being hereinafter called the "liabilities"), but the Chargor's liability hereunder being limited to the sum of "the Credit Limit" (being the Principal Amount stated on Page 1 of this Charge/Mortgage) with interest at the rate hereinafter set out;

The Chargor covenants to pay each and every liability to the Chargee punctually as the same falls due; provided that this Charge is void upon payment on demand of the ultimate balance of the liabilities and all promissory notes, bills of exchange, guarantees and any other instruments whatsoever from time to time representing the liabilities or any part thereof, not exceeding the principal sum of "the Credit Limit" (being the Principal Amount stated on Page 1 of this Charge/Mortgage) together with interest thereon at the rate of 24.00 per centum per annum as well after as before maturity and both before and after default and all other amounts payable by the Chargor hereunder.

(SCHEDULE FOR COMMERCIAL / FARM / RESIDENTIAL / CONSTRUCTION MORTGAGES)

SCHEDULE "B"

ADDITIONAL PROVISIONS

RECEIVER

Notwithstanding anything herein contained it is declared and agreed that at any time and from time to time when there shall be default under the provisions of these presents the chargee may at such time and from time to time and with or without entry into possession of the charged premises or any part thereof by writing under its corporate seal appoint a receiver of the charged premises or any part thereof and of the rents and profits thereof and with or without security and may from time to time by similar writing remove any receiver and appoint another in his stead and that, in making any such appointment or removal, the chargee shall be deemed to be acting as the agent or attorney for the chargor. Upon the appointment of any such receiver or receivers from time to time the following provisions shall apply:

1. That the statutory declaration of an officer of the chargee as to default under the provisions of these presents shall be conclusive evidence thereof;
2. That every such receiver shall be the irrevocable agent or attorney of the chargor for the collection of all rents falling due in respect of the charged premises or any part thereof whether in respect of any tenancies created in priority to these presents or subsequent thereto;
3. That every such receiver may, in the discretion of the chargee and by writing under its corporate seal, be vested with all or any of the powers and discretions of the chargee;
4. That the chargee may from time to time by such writing fix the remuneration of every such receiver who shall be entitled to deduct the same out of the charged premises or the proceeds thereof;
5. That every such receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the chargor and in no event the agent of the chargee;
6. That the appointment of every such receiver by the chargee shall not incur or create any liability on the part of the chargee to the receiver in any respect and such appointment or anything which may be done by any such receiver or the removal of any such receiver or the termination of any such receivership shall not have the effect of constituting the chargee a chargee in possession in respect of the charged premises or any part thereof;
7. That every such receiver shall from time to time have the power to rent any portion of the demised premises which may become vacant for such term and subject to such provisions as he may deem advisable or expedient and in so doing every such receiver shall act as the attorney or agent of the chargor and he shall have authority to execute under seal any lease of any such premises in the name of and on behalf of the chargor and the chargor undertakes to ratify and confirm whatever any such receiver may do in the premises;
8. That every such receiver shall have full power to take all steps he deems appropriate to complete any unfinished construction upon the charged premises with the intent that the charged premises and the buildings thereof when so completed shall be the complete structure as represented by the chargor to the chargee for the purpose of obtaining this charge loan;
9. That every such receiver shall have full power to manage, operate, amend, repair, alter or extend the charged premises or any part thereof in the name of the chargor for the purpose of securing the payment of rental from the charged premises or any part thereof;
10. That no such receiver be liable to the chargor to account for monies or damages other than cash received by him in respect of the charged premises or any part thereof and out of such cash so received every such receiver shall in the following order pay:
 - (a) His remuneration aforesaid;
 - (b) All payments made or incurred by him in connection with the management, operation, amendment, repair, alteration or extension of the charged premises or any part thereof, or completion of any unfinished construction upon same;
 - (c) In payment of interest, principal and other money which may from time to time, be or become charged upon the charged premises in priority to these presents, and all taxes, insurance premiums and every proper expenditure made or incurred by him in respect to the charged premises or any part thereof;
 - (d) The chargee in payment of all interest due or falling due under this charge and the balance to be applied upon principal due and payable and secured by this charge; and
 - (e) Thereafter any surplus remaining in the hands of every such receiver to the chargor, its successors and assigns.

EXHIBIT “F”

*THIS IS EXHIBIT "F", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*



Commissioner for Taking Affidavits



Guarantee and Postponement of Claim

To: MERIDIAN CREDIT UNION LIMITED

(hereinafter called the "Credit Union")

For Valuable Consideration: SHAWN SAULNIER

(hereinafter called the "Guarantor")

hereby guarantees payment of the liabilities of: 2607360 ONTARIO INC.

(hereinafter referred to as the "Member")

to the Credit Union and agrees to the following terms and conditions:

1. If more than one Guarantor executes this instrument the provisions hereof shall be read with all necessary grammatical changes, each reference to the Guarantor shall include each and every one of the undersigned severally and this Guarantee and all covenants and agreements herein contained shall be deemed to be joint and several.
2. The Credit Union may grant extensions of time or other indulgences, take and give up securities, accept compositions, grant releases and discharges, and otherwise deal with the Member, with other parties and with securities as the Credit Union may see fit. The Credit Union may apply all moneys received from the Member or others, or from securities, upon such part of the Member's liability as it may think best, without prejudice to and without in any way limiting or lessening the liability of the Guarantor under this Guarantee.
3. Neither the failure of the Credit Union to take any security that the parties hereto contemplated it would take nor the failure of the Credit Union to perfect any security taken shall prejudice, or in any way limit or lessen the liability of the Guarantor under this Guarantee.
4. No loss of or in respect of securities received by the Credit Union from the Member or any other person, whether occasioned through the fault of the Credit Union or otherwise, shall discharge or totally limit or lessen the liability of the Guarantor under this Guarantee.
5. This Guarantee shall be binding on the Guarantor as a continuing guarantee and shall cover any present liabilities of the Member to the Credit Union, all liabilities incurred after the date hereof whether from dealings between the Credit Union and the Member or from any other dealings by which the Member may become in any manner whatever liable to the Credit Union and any ultimate balance due or remaining due to the Credit Union. The Guarantor, or the executors, administrators or successors of the Guarantor, may determine further liability under this Guarantee by written notice to the Credit Union, and this Guarantee shall not apply to any liabilities of the Member to the Credit Union incurred after the expiration of thirty days from the date of receipt of such notice by the Credit Union.
6. Any change in the name of the Member, or any change in the membership of the Member's firm, shall not affect or in any way limit or lessen the liability of the Guarantor hereunder. This Guarantee shall also extend to any person, firm or corporation acquiring or from time to time carrying on the business of the Member.
7. All moneys, advances, renewals and credits in fact borrowed or obtained from the Credit Union shall be deemed to form part of the liabilities hereby guaranteed notwithstanding any incapacity, disability or lack of limitation of status or of power of the Member or of the directors, partners or agents thereof, notwithstanding that the Member may not be a legal entity, and notwithstanding any irregularity, defect or informality in the borrowing or obtaining of such moneys, advances, renewals or credits. Any amount which may not be recoverable from the Guarantor on the basis of a guarantee shall be recoverable from the Guarantor as principal debtor in respect thereof and shall be paid to the Credit Union after demand therefor has hereinafter provided.
8. Any account settled or stated by or between the Credit Union and the Member shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by the Member to the Credit Union is so due.
9. Should the Credit Union receive from the Guarantor any payment or payments, either in full or on account of the liability under this Guarantee, the Guarantor shall not be entitled to claim repayment against the Member or the Member's estate until the Credit Union's claims against the Member have been paid in full. In case of any liquidation, winding up or bankruptcy of the Member, or in the event that the Member shall make a sale of any of the Member's assets within the bulk transfer provisions of any applicable legislation, or in the case of any composition with creditors or scheme of arrangement, the Credit Union shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue liable up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing to the Credit Union by the Member. In the event of the valuation by the Credit Union of any of its securities and/or (the redemption limit) the Credit Union, such valuation and/or relation shall not, as between the Credit Union and the Guarantor, be considered as a purchase of such securities, or as payment, satisfaction or reduction of the Member's liabilities to the Credit Union, or any part thereof.
10. The Guarantor shall make payments to the Credit Union of the amount of the liability of the Member forthwith after demand therefor is made in writing. Such demand shall be deemed to have been made when an envelope containing the demand and addressed to the Guarantor at the last address of the Guarantor known to the Credit Union is deposited, postage prepaid and registered, in the Post Office. The liability of the Guarantor shall bear interest from the date of such demand at the rate or rates then applicable to the liabilities of the Member to the Credit Union. Furthermore, when demand for payment has been made, the Guarantor shall also be liable to the Credit Union for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Credit Union resulting from any action instituted on the basis of this Guarantee.
11. For the further security of the Credit Union the Guarantor agrees that:
 - (a) Any debts and claims against the Member now or at any time hereafter held by the Guarantor are and shall be held by the Guarantor for the further security of the Credit Union, and all between the Guarantor and the Credit Union are hereby postponed to the debts and claims against the Member now or at any time hereafter held by the Credit Union. Any such debts and claims of the Guarantor shall be held in trust for the Credit Union, shall be collected, enforced or proved subject to and for the purposes of this agreement and any moneys received by the Guarantor in respect thereof shall be paid over to the Credit Union on account of the Credit Union's debts and claims. No such debt or claim of the Guarantor against the Member shall be released or withdrawn by the Guarantor unless the Credit Union's written consent to such release or withdrawal is first obtained. The Guarantor shall not permit the prescription of any such debt or claim by any statute of limitations, assign any such debt or claim to any person other than the Credit Union, or ask for or obtain any security, negotiable paper or other evidence of any such debt or claim except for the purpose of delivering the same to the Credit Union. The Credit Union may at any time give notice to the Member requiring the Member to pay to the Credit Union all or any of such debts or claims of the

Guarantor against the Member, and in such event such debts and claims are hereby assigned and transferred to the Credit Union. In the event of the liquidation, winding up or bankruptcy of the Member, or in the event that the Member shall make a sale of any of the Member's assets within the bulk transfer provisions of any applicable legislation, or in the event of any composition with creditors or scheme of arrangement, any and all dividends or other moneys which may be due or payable to the Guarantor in respect of the debts or claims of the Guarantor against the Member are hereby assigned and transferred to and shall be due and be paid to the Credit Union, and for such payment to the Credit Union this shall be a sufficient warrant and authority to any person making the same. The Guarantor shall, at any time and from time to time at the request of and as required by the Credit Union, make execute and deliver all statements of claims, proofs of claim, assignments and other documents and do all matters and things which may be necessary or advisable for the protection of the rights of the Credit Union under and by virtue of this instrument.

- (b) The provisions of this clause are independent of and severable from the provisions of clauses 1-10 of this Guarantee and Postponement of Claim and shall remain in force whether or not the Guarantor is liable for any amount under clauses 1-10 and clause 18 and whether or not the Credit Union has received the notice referred to in paragraph 5. The provisions of this clause may, however, be terminated by the Guarantor, by written notice given to the Credit Union at any time when the Guarantor is not liable for any amount under clauses 1-10 and clause 18 by reason of the fact that the Member is not indebted or liable to the Credit Union.

- 12 The Credit Union shall not be bound to exhaust its recourse against the Member, other parties or the securities it may hold before being entitled to payment from the Guarantor under this Guarantee.
- 13 This Guarantee is given in addition to and without prejudice to any securities of any kind, including any guarantees and postponement agreements, whether or not in the same form as this instrument, now or hereafter held by the Credit Union.
- 14 There are no representations, collateral agreements or conditions with respect to this instrument, or affecting the Guarantor's liability hereunder, other than those contained herein.
- 15 The terms and conditions set out in this Guarantee shall not merge with any judgment which may be obtained against the Guarantor or the Member.
- 16 This instrument shall be construed in accordance with the laws of the Province of Ontario. The Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this instrument may be instituted in the courts of Ontario, and the Guarantor hereby agrees to accept and submit to the jurisdiction of the said courts, to acknowledge their competence, and to be bound by any judgement thereof. Nothing herein shall limit the Credit Union's right to bring proceedings against the Guarantor elsewhere.
- 17 This Guarantee and Postponement of Claim shall extend to and enure to the benefit of the successors and assigns of the Credit Union and shall be binding upon the Guarantor and the heirs, executors and administrators or the successors and assigns of the Guarantor.
- 18 WITH RESPECT TO THE LIABILITIES OF 2607380 ONTARIO INC.

The liability of the Guarantor hereunder shall be unlimited and shall bear interest from the date of demand for payment as heretofore provided.

Signed, Sealed and Delivered this 31 day of January, 2018 at Toronto, Ontario

To be completed
by individuals,
partners or sole
proprietors

Signature of Witness

Signature of Guarantor Shawn Saulnier

Signature of Witness

Signature of Guarantor

To be completed
by incorporated
businesses

Per
Authorized Signing Official

Title

Per
Authorized Signing Official

Title

EXHIBIT “G”

*THIS IS EXHIBIT "G", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*

A handwritten signature in black ink, appearing to be 'K. L.', is written above a horizontal line.

Commissioner for Taking Affidavits



THIS SECURITY AGREEMENT (as amended, modified, renewed, supplemented, replaced or extended from time to time, this "Agreement") dated as of January 31, 2018, is made by and between 2607380 ONTARIO INC. (the "Assignor"), and MERIDIAN CREDIT UNION LIMITED (the "Lender").

The Assignor hereby enters into this General Security Agreement with the Lender for valuable consideration and as security for the repayment and discharge of all indebtedness, obligations and liabilities of any kind, now or hereafter existing, direct or indirect, absolute or contingent, joint or several, of the Assignor to the Lender, whosoever and howsoever incurred whether as principal or surety, together with all expenses (including legal fees on a solicitor and client basis) incurred by the Lender, its receiver or agent in the preparation, perfection and enforcement of security or other agreements held by the Lender in respect of such indebtedness, obligations or liabilities and interest thereon (all of which present and future indebtedness, obligations, liabilities, expenses and interest are herein collectively called the "Indebtedness").

A. Grant of Security Interests

- 1 The Assignor hereby grants to the Lender, by way of mortgage, charge, assignment and transfer, a security interest (the "Security Interest") in the undertaking of the Assignor and in all property, real and personal, including, without limitation, all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Accounts, Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money, Securities, Investment Property, now or hereafter owned or acquired by or on behalf of the Assignor and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively call the "Collateral") including without limitation, all of the following now or hereafter owned or acquired by or on behalf of the Assignor:
 - (i) all Inventory of whatever kind and wherever situate;
 - (ii) all Equipment of whatever kind and wherever situate including, without limitation, all machinery, tools, apparatus, plant furniture, fixtures and vehicles of whatsoever nature or kind;
 - (iii) all accounts and book debts and generally all debts, accounts receivable, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit, guarantees 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 Assignor;
 - (iv) all deeds, documents, writings, papers, books of account and other books relating to or being records of Accounts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (v) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights and other industrial property;
 - (vi) all monies other than trust monies lawfully belonging to others;
 - (vii) all property and assets, real and personal, moveable or immovable, of whatsoever nature and kind; and
 - (viii) all present and future investment property held by the Assignor, including securities, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation, or other interest of the Assignor in property or in a enterprise or which constitute evidence of an obligation of the issuer, together with all accretions thereto, all substitutions therefor, all dividends and income derived therefrom and all rights and claims in respect thereof.
- 2 The Security Interest hereby created shall not extend or attach to (i) any personal property held in trust by the Assignor and lawfully belonging to others or (ii) any property of the Assignor that constitutes consumer goods for the personal use of the Assignor; or (iii) the last day of the term of any lease, oral or written or agreement therefor, now held or hereafter acquired by the Assignor, provided that upon the enforcement of the Security Interest the Assignor shall stand possessed of such last day in trust to assign and dispose of the same to any person acquiring such term. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed thereto in the PPSA.

B. Attachment

3. The Assignor warrants and acknowledges that the Assignor and the Lender intend the Security Interest in existing Collateral to attach upon the execution of this General Security Agreement; that value has been given; that the Assignor has rights in such existing Collateral; and that the Assignor and the Lender intend the Security Interest in hereafter acquired Collateral to attach at the same time as the Assignor acquires rights in the said after acquired Collateral.

C. Representations and Warranties of Assignor

4. The Assignor hereby represents and warrants to the Lender that:
 - (a) the Collateral is genuine and owned by the Assignor, with good and marketable title, free of all security interests, mortgages, liens, claims, charges or other encumbrances (collectively hereinafter called "Encumbrances"), save for the Security Interest
 - (b) no person has any right, title, claim or interest (by way of security interest or other lien) in, against or to the Collateral
 - (c) all information heretofore, herein or hereafter supplied to the Lender by or on behalf of the Assignor with respect to the Collateral is accurate and complete in all material respects.
 - (d) the Assignor has delivered to the Lender all Instruments and chattel paper and other items of Collateral in which a security interest is or may be perfected by possession, together with such additional writings, including assignments, with respect thereto as the Lender shall request.
 - (e) all of the patents, trade-marks, and copyrights of the Assignor have been registered or applied to be registered with the United States Patent and Trademark Office, the United States Copyright Office or the Canadian Intellectual Property Office, as appropriate.
 - (f) the Assignor's chief executive office is in the Province of Ontario and the Assignor's records concerning the Collateral are located at its chief executive office.

D. Covenants and Agreements of Assignor

- 5 The Assignor hereby covenants and agrees with the Lender that until all of the indebtedness is paid in full
- (a) the Assignor shall not without the prior written consent of the Lender sell or dispose of any of the Collateral in the ordinary course of business or otherwise, and if the amounts on or in respect of the Collateral or Proceeds thereof shall be paid to the Assignor, the Assignor shall receive the same in trust for the Lender and forthwith pay over the same to the Lender upon request; provided however that the Inventory of the Assignor may be sold or disposed of in the ordinary course of business and for the purpose of carrying on the same;
 - (b) the Assignor shall not without the prior written consent of the Lender create or permit any Encumbrances upon or assign or transfer as security or pledge or hypothecate as security the Collateral except to the Lender;
 - (c) the Assignor shall at all times have and maintain insurance over the Collateral against risks of fire (including extended coverage), theft, and such risks as the Lender may reasonably require in writing, containing such terms in such form, for such periods and written by such companies as may be reasonably satisfactory to the Lender. The Assignor shall duly and reasonably pay all premiums and other sums payable for maintaining such insurance and shall cause the insurance money thereunder to be payable to the Lender as its interest hereunder may appear and shall, if required, furnish the Lender with certificates or other evidence satisfactory to the Lender of compliance with the foregoing insurance provisions. In the event that Assignor fails to pay all premiums and other sums payable in accordance with the foregoing insurance provision, the Lender may make such payments to be repayable by the Assignor on demand and any such payments made by the Lender shall be secured hereby;
 - (d) the Assignor shall keep the Collateral in good condition and repair according to the nature and description thereof, and the Lender may, whenever it deems necessary, either in person or by agent, inspect the Collateral and the reasonable cost of such inspection shall be paid by the Assignor and secured hereby and the Lender may make repairs as it deems necessary and the cost thereof shall be paid by the Assignor and secured hereby;
 - (e) the Assignor shall duly pay all taxes, rates, levies, assessments of every nature which may be lawfully levied, assessed or imposed against or in respect of the Assignor or the Collateral as and when the same become due and payable;
 - (f) the Assignor agrees that the Lender may, at any time, whether before or after a default under this General Security Agreement, notify any account Borrower of the Assignor of the Security Interest, require such account Borrower to make payment to the Lender, take control of any Proceeds of Collateral and may hold all amounts received from any account Borrower and any Proceeds as part of the Collateral and as security for the Indebtedness;
 - (g) the Assignor shall prevent the Collateral from becoming an accession to any personal property not subject to this agreement or becoming affixed to any real property, without the prior written consent of the Lender;
 - (h) the Assignor shall from time to time deliver to the Lender promptly upon request (and, if so requested, from time to time as they are acquired by the Assignor) all items of Collateral comprising Chattel Paper, Instruments, Investment Property (to the extent certificated) and those Documents of Title which are negotiable;
 - (i) the Assignor shall pay or reimburse the Lender for all costs and expenses of the Lender, its agents, officers and employees (including, without limitation, legal fees and disbursements on a substantial indemnity basis) incurred with respect to:
 - (i) the preparation, perfection, execution and filing of this agreement and the filing of financing statement(s) and financing change statement(s) with respect to this agreement;
 - (ii) any person engaged by the Lender to conduct an inspection of the collateral; and
 - (iii) dealing with other creditors of the Assignor in connection with the establishment, confirmation, amendment or preservation of the priority of the Security Interest;
- such costs and expenses to be payable by the Assignor to the Lender on demand, to bear interest at the highest rate per annum borne by any of the Indebtedness, calculated and compounded monthly and (with all such interest) to be added to and form part of the Indebtedness.
- (j) the Assignor shall promptly notify the Lender in writing of the details of:
 - (i) any amendment to its articles, including without limitation by virtue of the filing of articles of amalgamation, effecting a change in the Assignor's name or authorizing it to use a French version of its name;
 - (ii) any claim, litigation or proceedings before any court, administrative board or other tribunal which either does or could have a material adverse effect on the Collateral or the Assignor;
 - (iii) any claim, lien, attachment, execution or other process or encumbrance made or asserted against or with respect to the Collateral which either does or could have a material adverse effect on the Security Interest;
 - (iv) any transfer of the Assignor's interest in the Collateral, whether or not permitted hereunder; or
 - (v) any material loss of or damage to the Collateral, whether or not such loss or damage is covered by insurance;
 - (k) if any of the Collateral consists of Investment Property, (a) the Assignor authorizes the Lender to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Lender or its nominee may appear of record as the sole owner thereof; provided, that so long as no event of default has occurred, the Lender shall deliver promptly to the Assignor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Assignor or its designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the occurrence of an event of default, the Assignor waives all rights to be advised of or to receive any notices, statements or communications received by the Lender or its nominee as such record owner, and agrees that no proxy or proxies given by the Lender to the Assignor or its designee as aforesaid shall thereafter be effective; and (b) the Assignor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Lender "control" of such Investment Property, as defined in the Securities Transfer Act, 2006 (Ontario), which "control" shall be in such manner as the Lender shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Lender, whether before or after the occurrence of an event of default, without further consent by the Assignor.
- 6 The Assignor shall at all times and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered any such further act, deed, transfer, assignment, assurance, document or instrument as the Lender may reasonably require for the better granting, mortgaging, charging, assigning and transferring unto the Lender the property and assets hereby subjected or intended to be subject to the Security Interest or which the Assignor may hereafter become bound to mortgage, charge, assign, transfer or subject to the Security Interest in favour of the Lender for the better accomplishing and effectuating of this General Security Agreement and the provisions contained herein and each and every officer of the Lender is irrevocably appointed attorney

to execute in the name and on behalf of the Assignor any document or instrument for the said purposes.

- 7 The Assignor shall permit the Lender at any time, either in person or by agent, to inspect the Assignor's books and records pertaining to the Collateral. The Assignor shall at all times upon request by the Lender furnish the Lender with such information concerning the Collateral and the Assignor's affairs and business as the Lender may reasonably request including, without limitation, lists of Inventory and Equipment and lists of Accounts showing the amounts owing upon each Account and securities therefor and copies of all financial statements, books and accounts, invoices, letters, papers and other documents in any way evidencing or relating to the Accounts.
- 8 The Assignor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term "Assignor" when used herein shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the Security Interest granted hereby
 - (i) shall extend and attach to "Collateral" (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation;
 - (ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of amalgamation and any "Indebtedness" of the amalgamated corporation to the Lender thereafter arising.

E. Default

- 9 The Assignor shall be in default under this General Security Agreement upon the occurrence of any one of the following events:
 - (a) the nonpayment by the Assignor, when due, whether by acceleration or otherwise, of any of the Indebtedness;
 - (b) the death or a declaration of incompetency by a court of competent jurisdiction with respect to the Assignor, if an individual;
 - (c) the failure of the Assignor to observe or perform any covenant, undertaking or agreement heretofore or hereafter given to the Lender, whether contained herein or not;
 - (d) an execution or any other process of the Court becomes enforceable against the Assignor or a distress or an analogous process is levied upon the property of the Assignor or any part thereof;
 - (e) the Assignor becomes insolvent, commits an act of bankruptcy, makes an assignment in bankruptcy or a bulk sale of its assets, any proceeding for relief as a Assignor or liquidation, re-assignment or winding-up is commenced with respect to the Assignor or an application for a bankruptcy order is filed or presented against the Assignor and is not bona fide opposed by the Assignor;
 - (f) the Assignor ceases to carry on business;
 - (g) any representation or warranty of the Assignor contained herein or in any document or certificate furnished in connection herewith proves to have been untrue in any material respect at the time in respect of which it was made;
 - (h) an encumbrancer, whether permitted or otherwise, takes possession of any significant portion of the Collateral;
 - (i) an order is made or legislation enacted for the expropriation, confiscation, forfeiture, escheating or other taking or compulsory divestiture, whether or not with compensation, of all or a significant portion of the Collateral unless the same is being actively and diligently contested by the Assignor in good faith, the Assignor shall have provided to the Lender such security therefor as it may reasonably require and such order or legislation shall have been vacated, lifted, discharged, stayed or repealed within thirty days from the date of being entered, pronounced or enacted, as the case may be;
 - (j) the Assignor is liquidated, dissolved or its corporate charter expires or is revoked; or
 - (k) the Assignor defaults in the observance or performance of any provision relating to indebtedness of the Assignor to any creditor other than the Lender and thereby enables such creditor to demand payment of such indebtedness.
- 10 The Lender may in writing waive any breach by the Assignor of any of the provisions contained herein or any default by the Assignor in the observance or performance of any covenant or condition required by the Lender to be observed or performed by the Assignor, provided that no act or omission by the Lender in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom.

F. Remedies of the Lender

- 11 (a) Upon any default under this General Security Agreement, the Lender may declare any or all of the Indebtedness to be immediately due and payable and the Lender may proceed to realize the security hereby constituted and to enforce its rights by entry or by the appointment by instrument in writing of a receiver or receivers of all or any part of the Collateral and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Lender or not, and the Lender may remove any receiver or receivers so appointed and appoint another or others in his or their stead, or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Collateral or any part thereof, or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any Bankruptcy, winding-up or other judicial proceedings relative to the Assignor.
- (b) Any such receiver or receivers so appointed shall have power:
 - (i) to take possession of the Collateral or any part thereof and to carry on the business of the Assignor;
 - (ii) to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Assignor;
 - (iii) to further charge the Collateral in priority to the Security Interest as security for money so borrowed; and
 - (iv) to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as he shall determine.

In exercising any powers any such receiver or receivers shall be deemed to act as agent or agents for the Assignor and the Lender shall not be responsible for the actions of such agent or agents.
- (c) In addition, the Lender may enter upon and lease or sell the whole or any part or parts of the Collateral and any such sale may be made hereunder by public auction, by public tender or by private contract, with or without notice, advertising or any other formality, all of which are hereby waived by the Assignor, and such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Lender in its sole discretion may seem advantageous and such sale may take place whether or not the Lender has taken such possession of such Collateral.

- (d) No remedy for the realization of the security interest or for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other such remedy, and any one or more of such remedies may from time to time be exercised independently or in combination.
- (e) The term "receiver" as used in this General Security Agreement includes a receiver and manager.

G. Rights of the Lender

12. All payments made in respect of the indebtedness and money realized from any securities held therefor may be applied on such part or parts of the indebtedness as the Lender may see fit and the Lender shall at all times and from time to time have the right to change any appropriation of any money received by it and to re-apply the same on any other part or parts of the indebtedness as the Lender may see fit, notwithstanding any previous application by whomsoever made.
13. The Assignor grants to the Lender the right to set off against any and all accounts, credits or balances maintained by it with the Lender the aggregate amount of any of the indebtedness when the same shall become due and payable whether at maturity upon acceleration of maturity thereof or otherwise.
14. The Lender without exonerating in whole or in part the Assignor, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from and may otherwise deal with the Assignor and all other persons and securities as the Lender may see fit.
15. The Lender may assign, transfer and deliver to any transferee any of the indebtedness or any security or any documents or instruments held by the Lender in respect thereof provided that no such assignment, transfer or delivery shall release the Assignor from any of the indebtedness, and thereafter the Lender shall be fully discharged from all responsibility with respect to the indebtedness and security, documents and instruments so assigned, transferred or delivered. Such transferee shall be vested with all powers and rights of the Lender under such security, documents or instruments but the Lender shall retain all rights and powers with respect to any such security, documents or instruments not so assigned, transferred or delivered. The Assignor shall not assign any of its rights or obligations hereunder without the prior written consent of the Lender.

H. Miscellaneous

16. This General Security Agreement is in addition to, not in substitution for and shall not be merged in any other agreement, security document or instrument now or hereafter held by the Lender or existing at law in equity or by statute.
17. Nothing herein shall obligate the Lender to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness of the Assignor to the Lender.
18. This General Security Agreement shall be binding upon the Assignor and its heirs, legatees, trustees, executors, administrators, successors and assigns including any successor by reason of amalgamation of or any other change in the Assignor and shall enure to the benefit of the Lender and its successors and assigns.
19. In construing this General Security Agreement, terms herein shall have the same meaning as defined in the PPSA, as hereinafter defined, unless the context otherwise requires. Words importing gender shall include all genders. Words importing the singular number shall include the plural and vice versa.
20. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
21. The headings in this General Security Agreement are included herein for convenience of reference only and shall not constitute a part of this General Security Agreement for any other purpose.
22. Any notice or statement referred to herein may be delivered, sent by facsimile machine or providing that postal service throughout Canada is fully operative, may be mailed by ordinary prepaid mail to the Assignor at his last address known to the Lender and the Assignor shall be deemed to have received such notice or statement on the day of delivery, if delivered, one business day after transmission and confirmation received if sent by facsimile machine and three business days after mailing, if mailed.
23. Where any provision or remedy contained or referred to in this General Security Agreement is prohibited, modified or altered by the laws of any province or territory of Canada which governs that aspect of this General Security Agreement and the provision or remedies may be waived or excluded by the Assignor in whole or in part, the Assignor hereby waives and excludes such provision to the fullest extent permissible by law.
24. This General Security Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may be in effect from time to time including, where applicable, the Personal Property Security Act of that Province (as amended or substituted, the "PPSA"). For the purpose of legal proceedings this General Security Agreement shall be deemed to have been made in the said Province and to be performed there and the courts of that Province shall have jurisdiction over all disputes which may arise under this General Security Agreement and the Assignor hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of such courts, provided always that nothing herein contained shall prevent the Lender from proceeding at its election against the Assignor in the Courts of any other Province, country or jurisdiction.
25. The Assignor acknowledges having received a copy of this General Security Agreement.

This General Security Agreement has been duly executed by the Assignor on the 31 day of January, 2016.

3607280 ONTARIO INC.

To be completed
by incorporated
business

Name Shawn Sauter

Title President

Name _____

Title _____

Signature _____

Signature _____

(We have the authority to bind the Corporation)

Please print

Name _____

Middle Initial: _____ Date of Birth (day month year): _____ Gender: _____

Address _____

Signature of Witness

Signature of Assignor

To be completed
by sole
proprietor or
partners

Name _____

Middle Initial _____ Date of Birth (day month year): _____ Gender: _____

Address _____

Signature of Witness

Signature of Assignor

EXHIBIT “H”

*THIS IS EXHIBIT "H", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*

A handwritten signature in black ink, appearing to be 'R.A.', is written above a horizontal line.

Commissioner for Taking Affidavits



Hamilton Business Banking Centre
2 King St W
Hamilton, Ontario L8P 1A1
Tel: (905) 481-1712
Fax: (905) 937-6129

June 14, 2019

2607380 Ontario Inc.
2380 Mohawk Trail
Campbellville, Ontario
L0P 1B0

Attention Mr. Shawn Saulnier:

Re: Amendment and Forbearance Letter

We refer to the letter from Meridian Credit Union Limited ("**Meridian**") to 2607380 Ontario Inc. (the "**Member**") dated August 9, 2018 and accepted by the Member on August 13, 2018 as amended by a letter from Meridian to the Member dated November 19, 2018 and accepted by the Member on November 19, 2018 (collectively the "**Credit Agreement**").

We also refer to the discussions between yourselves and representatives of Meridian with regard to the operation of your accounts, the delayed progress in completion of the Project, the overall financial performance of the Member's operations, and our concern over the same.

Unless otherwise defined herein, capitalized terms in this Amendment and Forbearance Letter have the meanings ascribed thereto in the Credit Agreement.

Firstly, subject to your acceptance hereunder, the Credit Agreement is hereby amended as follows:

1. Add new Credit Facility – \$2,500,000 – Demand Loan (Construction):
 - a. Purpose: To assist with final renovations related to the Project due to cost overruns.
 - b. Repayment: Interest only on a monthly basis. Full repayment to occur on or before July 16, 2020.
 - c. Interest Rates: Prime Rate plus 7.00% per annum.
 - d. Disbursement Conditions:
 - i. Final draw to be completed by no later than August 30, 2019.
 - ii. The Member will provide regular written progress / draw requests confirming costs in place and costs to complete the Project supported by a Project Monitor's report, as applicable, verifying hard costs in place and confirming all work has been completed according to the Project's plans and specifications. Each progress / draw request shall also be supported by:
 - Contractor's progress claims with a breakdown of sub-trade accounts and statutory declarations confirming that all sub-trades are in current standing.
 - WSIB certificates.
 - Draws for soft costs are to be certified by the Project Monitor, as applicable, with the report indicating costs to date and costs to complete, with funds withheld to cover any unpaid future soft costs.

- Account Payable listing.
 - Any additional information as may be identified.
- iii. The Project is to be constructed under a Construction Management Contract with a satisfactory construction manager and fixed price contracts for hard servicing and construction costs. The Project Monitor shall be satisfied in all respects with the project manager, the Construction Management Contract and fixed price contracts in place. A minimum of 70% of the contractual hard costs must be confirmed by signed contracts and/or firm quotes with contractors acceptable to Meridian and the Project Monitor prior to the initial advance. Bonding of contractors will be required if recommended by the Project Monitor.
 - iv. A 60 day holdback of 10% of the dollar value of services and / or materials supplied, as certified within the progress / draw certificate, will be withheld from each advance until substantial performance has been declared and the lien period has expired as confirmed by Meridian's Solicitor.
 - v. Meridian will supply such information to lien claimants as may be required under the applicable Construction Lien legislation.
 - vi. Meridian is not obligated to make loan advances if there is any construction lien registered against the property or if written Notice of a Construction Lien is received by Meridian.
 - vii. Accumulated advances under the loan are not at any time to exceed the total cost of work in place, including hard and soft costs, as certified within the progress / draw certificate, less required equity, applicable builders deposits and holdbacks. The provisions of the Construction Lien Act are to apply.
 - viii. Meridian's Solicitor is to sub search title at the time of each draw at the expense of the Member, and there shall be no liens or encumbrances prior to Meridian's security or subsequent thereto unless Meridian has given its prior approval.
 - ix. Disbursement is subject to inspection of the Project by a representative of Meridian.
 - x. The Member shall ensure that all H.S.T. remittances are made as required.
 - xi. If at any time pending or during disbursement of the loan, the undrawn loan balance shall not be sufficient to complete the Project in accordance with the approved plans and specifications and pay for all costs thereof, the Member shall immediately inject cash equity into the Project equal to the deficiency prior to any further loan draw being permitted.
 - xii. Satisfactory review of site and building plans for the Project along with all required development agreements, building permits, and finalized project budget.
 - xiii. Confirmation of subordination of the Vendor Take Back mortgage to Crossroads Christian Communications Incorporated, and mezzanine financing, inclusive of Bridging Finance Inc.
2. Delete Facility #3 – \$20,000,000 – Non Revolving Loan – Purpose initially for long-term takeout financing for the Project.
 3. Amend the Repayment section for Facilities #1, 2a, and 2b to delete the following wording from each: "from proceeds of Facility #3".
 4. Delete the following Credit Fees:
 - a. Other Fee: \$50,000 fee is applicable if Facilities #1, #2A and #2b are not ultimately repaid by the advance of Facility 3
 - b. Standby Fee: A standby fee of 0.20% per annum calculated on the daily unused portion of Facility 3, is payable monthly. The fee is only applicable on the difference between the \$20,000,000 takeout facility and the \$17,350,000 acquisition/renovation facility

5. Add the following Credit Fees – Amendment Arrangement Fee: \$25,000 is due and payable at first advance with the acceptance of this Credit Agreement (in this case this Amendment and Forbearance Letter) and the return of an executed copy, as long as the loan proceeds remain sufficient to finish the project as determined by the Project Monitor's report. Otherwise, the \$25,000 Amendment Arrangement Fee will be due with the return of an executed copy of this Amendment and Forbearance Letter.
6. Add Security: Subordination and Standstill Agreement from Bridging Finance Inc. and any other lender(s).
7. New Precedent Conditions:
 - a. Engagement by Meridian of Intrepid Quantity Surveying Inc. ("Intrepid")
 - b. A detailed construction budget and cash flow statement setting out hard and soft costs in form and substance satisfactory to Meridian has been received and reviewed against the approved plans and specifications by the Project Monitor.
 - c. Confirmation of Member's incremental equity in the minimum amount of \$500,000, associated with the current \$3,000,000 financing need.
8. Delete all Disbursement Conditions relative to Facility #3.
9. Delete: Financial Covenant (Debt Service Ratio).

Secondly, our concerns include, but are not limited to, the following:

1. Scope changes relative to initially envisioned building layout, resulting in greater reliance on Food & Beverage and Event Space revenue and assumption of numerous individual leases relative to the former "Hive" space;
2. Increase in Project budget from \$7,000,000 to \$10,000,000 which you have not formally documented to Meridian nor has been fulsomely reflected in formal Draw Request documentation provided to us. For example, Draw Request #13 dated March 5, 2019 shows \$7,000,000 "Original Budget" and NIL "Cost to Complete," contradictory to the unfinished state of works and the resultant requested loan increase;
3. Payments of at least \$1,289,000 are owed to Maple Reinders for completed work;
4. Frequent overdrafts on Meridian current account and delinquencies on Meridian Credit Facilities;
5. Rent deposits not being made into the Meridian current account;
6. Meridian Visa card has been recorded as delinquent with last payment received March 15, 2019;
7. Ongoing financial covenant breach with respect to the Interest Coverage Ratio;
8. Ongoing positive covenant breach with respect to project budget revisions;
9. Ongoing reporting covenant breaches which include:
 - Finalized Review Engagement Financial Statements were obtained on May 9, 2019 for the fiscal year ended April 30, 2018 (beyond the August 31, 2018 reporting deadline);

- o Confirmation that property taxes are current through copy of tax receipt was obtained March 27, 2019 (beyond the August 31, 2018 reporting deadline);
- o Annual rent roll was received March 18, 2019 (beyond the August 31, 2018 reporting deadline);
- o Confirmation of insurance was received March 14, 2019 (beyond the August 31, 2018 reporting deadline);
- o Meridian was not promptly notified of the amendment/change related to the lease agreement with one commercial tenant (The Hive – information received April 5, 2019);
- o Meridian was not promptly notified of the amendment/change related to the project budget (information received March 15, 2019)

Notwithstanding the foregoing, Meridian is prepared, on a day-to-day basis, to continue to provide credit on the terms and conditions of the Credit Agreement and to forbear on a temporary basis during the Forbearance Period (as defined below) from enforcing the rights which have accrued to it subject to strict compliance with the following terms and conditions:

- Engagement of Intrepid and receipt of Intrepid's preliminary Project report, confirming the Project budget (\$3,000,000 remaining inclusive of \$1,289,000 due to Maple Reinders) and schedule (substantial completion of all rental and event space by August 31, 2019) in conformity with discussions between the Member and Meridian;
- Updated Personal Net Worth statements for Individual Guarantor and full disclosure of Member's alternate sources of equity to carry any subsequent shortfalls (inclusive of cash/real estate holdings, corporate interests, and investments);
- Full disclosure and provision of all material contracts related to the Food & Beverage segment of operations (inclusive of banquet hall booking pipeline) and contractual details with Damian Wills;
- Update as to discussions with Bridging Finance Inc. and its willingness to refinance / extend existing credit facilities;
- Most recent year-to-date financial statements for the Member;
- Provision of statements for accounts where rent cheques were deposited over the previous three months;
- The existing Credit Facilities will be strictly maintained – any excess overdrafts will result in cheques returned for reason "Non-Sufficient Funds", and nullify this Amendment and Forbearance Letter;
- Except as amended by this Amendment and Forbearance Letter, the Member and Guarantors shall comply with the terms of its agreements with Meridian and the Security;
- All security now held by Meridian will remain in full force and effect;
- It is agreed and acknowledged by the respective Guarantors that their respective guarantees will remain in force regardless of the respective Member's position with Meridian; and
- The Member shall not further encumber its assets or undertakings without the prior written consent of Meridian.

For the purposes of this Amendment and Forbearance Letter, the "Forbearance Period" means the date commencing on the date on which this Amendment and Forbearance Letter is accepted as contemplated below and ending upon the earlier of **August 31, 2019** or the happening prior thereto of any of the following events:

- Failure to adhere to terms and conditions of this Amendment and Forbearance Letter or the Credit Agreement;
- The occurrence of any Event of Default;
- Failure to deposit any accounts receivable or any other payment received by the Member into the Member's Meridian account;
- Failure of the Member to carry on business in the ordinary course; or
- The occurrence of any matter or event, which in the opinion of Meridian, acting reasonably, adversely affects the ability of the Member or the Guarantors to repay the indebtedness to Meridian.

No delay on the part of Meridian in exercising any remedy or any waiver of the rights given to it hereunder or any Security shall operate as a waiver thereof except if such waiver is specifically given in writing by Meridian, and no forbearance on the part of Meridian with respect to any Event of Default shall be deemed to be any waiver by Meridian of that Event of Default or any subsequent or similar Event of Default.


If there is any inconsistency or conflict between the terms of this Amendment and Forbearance Letter and the terms of the Credit Agreement or the Security, then the provisions of this Amendment and Forbearance Letter shall prevail to the extent of inconsistency, but, the forgoing shall not apply to limit or restrict in any way the right and remedies of Meridian under the Credit Agreement, the Security or this Amendment and Forbearance Letter other than as specifically contemplated herein. This Amendment and Forbearance Letter or any amendment thereto may be executed in counterparts, and if so executed all counterparts when taken together shall comprise one and the same instrument, and facsimile and e-mail copies of signatures shall be treated as originals for all purposes.


The parties hereto shall execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable to give effect to the provisions and purpose of this letter, all at the expense of the Member.

To evidence your acknowledgement of and concurrence to the forgoing, kindly sign and return to us the enclosed copy of this Amendment and Forbearance Letter by the close of business on **June 21, 2019**, with payment of the Amendment Arrangement Fee in the amount of \$25,000.00 to be collected as specified herein.

Yours truly,

MERIDIAN CREDIT UNION LIMITED


Michel Kouassi
Senior Relationship Manager,
Commercial Services


Robert Neufeld
Regional Vice President,
Commercial Services

ACKNOWLEDGEMENT:

The undersigned hereby confirms receipt of this letter, acknowledges and accepts the within letter and the terms and conditions contained there-in.

2607380 Ontario Inc.



Signature of Authorized Officer
(I have the authority to bind the Corporation)

Shawn Saulnier Pres
Name/Title

June 21/19
Date

GUARANTORS

Mohawk Inn & Suites Management Inc.


Signature of Authorized Officer
(I have the authority to bind the Corporation)

Shawn Saulnier Pres
Name & Title

June 21/19
Date


Signature of Authorized Officer
(I have the authority to bind the Corporation)

Shawn Saulnier Pres
Name & Title

June 21/19
Date

2348587 Ontario Inc.


Signature of Authorized Officer
(I have the authority to bind the Corporation)

Shawn Saulnier Pres
Name & Title

June 21/19
Date


Signature of Authorized Officer
(I have the authority to bind the Corporation)

Shawn Saulnier Pres
Name & Title

June 21/19
Date

Shawn Saulnier


Shawn Saulnier
Guarantor Signature

June 21/19
Date

EXHIBIT “I”

*THIS IS EXHIBIT "I", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*



Commissioner for Taking Affidavits

Meridian Credit Union
Jackson Square Branch

2 King Street West
Hamilton, Ontario L8P 1A1
tel: 905-528-6391
fax: 905-528-8103
contact centre: 1-866-592-2226
meridiancu.ca



August 14, 2019

2607380 Ontario Inc.
2380 Mohawk Trail
Campbellville, Ontario
L0P 1B0

Attention Mr. Shawn Saulnier:

Amended and Restated Amendment and Forbearance Letter

We refer to the letter from Meridian Credit Union Limited ("Meridian") to 2607380 Ontario Inc. (the "Member") dated August 9, 2018 and accepted by the Member on August 13, 2018 as amended by an Amendment and Forbearance Letter from Meridian to the Member dated June 14, 2019 and accepted by the Member on June 21, 2019 (collectively the "Credit Agreement"). This Amended and Restated Amendment and Forbearance Letter replaces and supersedes the Amendment and Forbearance Letter accepted by the Member on June 21, 2019, which such previously accepted Amendment and Forbearance Letter shall no longer have any force or effect and Meridian and the Member are released from all obligations thereunder.

We also refer to the discussions between yourselves and representatives of Meridian with regard to the operation of your accounts, the delayed progress in completion of the Project, the overall financial performance of the Member's operations, and our concern over the same.

Unless otherwise defined herein, capitalized terms in this Amended and Restated Amendment and Forbearance Letter have the meanings ascribed thereto in the Credit Agreement.

Firstly, subject to your acceptance hereunder, the Credit Agreement is hereby amended as follows:

1. Add new Credit Facility – \$2,500,000 – Demand Loan (Construction):
 - a. Purpose: To assist with final renovations related to the Project due to cost overruns.
 - b. Repayment: Interest only on a monthly basis. Full repayment of this credit facility and all other credit facilities to occur on or before July 31, 2020
 - c. Interest Rates: Prime Rate plus 7.00% per annum.
 - d. Disbursement Conditions:
 - i. Final draw to be completed by no later than October 15, 2019
 - ii. The Member will provide regular written progress / draw requests confirming costs in place and costs to complete the Project supported by a Project Monitor's report, as applicable, verifying hard costs in place and confirming all work has been completed according to the Project's plans and specifications. Each progress / draw request shall also be supported by:
 - Contractor's progress claims with a breakdown of sub-trade accounts and statutory declarations confirming that all sub-trades are in current standing (Meridian acknowledges that as of August 8, 2019, the Member has a loan

arrangement with Maple Reinders which arose due to previous non-payments from Member).

- WSIB certificates.
 - Draws for soft costs are to be certified by the Project Monitor, as applicable, with the report indicating costs to date and costs to complete, with funds withheld to cover any unpaid future soft costs.
 - Account Payable listing.
 - Any additional information as may be identified.
- iii. Bonding of contractors will be required if recommended by the Project Monitor.
 - iv. A 60 day holdback of 10% of the dollar value of services and / or materials supplied, as certified within the progress / draw certificate, will be withheld from each advance until substantial performance has been declared and the lien period has expired as confirmed by Meridian's Solicitor.
 - v. Meridian will supply such information to lien claimants as may be required under the applicable Construction Lien legislation.
 - vi. Meridian is not obligated to make loan advances if there is any construction lien registered against the property or if written Notice of a Construction Lien is received by Meridian.
 - vii. Accumulated advances under the loan are not at any time to exceed the total cost of work in place, including hard and soft costs, as certified within the progress / draw certificate, less required equity, applicable builders deposits and holdbacks. The provisions of the Construction Lien Act are to apply.
 - viii. Meridian's Solicitor is to sub search title at the time of each draw at the expense of the Member, and there shall be no liens or encumbrances prior to Meridian's security or subsequent thereto unless Meridian has given its prior approval.
 - ix. Disbursement is subject to inspection of the Project by a representative of Meridian.
 - x. The Member shall ensure that all H.S.T. remittances are made as required.
 - xi. If at any time pending or during disbursement of the loan, the undrawn loan balance shall not be sufficient to complete the Project in accordance with the approved plans and specifications and pay for all costs thereof, the Member shall immediately inject cash equity into the Project equal to the deficiency prior to any further loan draw being permitted.
 - xii. Satisfactory review of site and building plans for the Project along with all required development agreements, building permits, and finalized project budget.
 - xiii. Confirmation of subordination of the Vendor Take Back mortgage to Crossroads Christian Communications Incorporated, and mezzanine financing, inclusive of Bridging Finance Inc.
 - xiv. Holdback in a minimum amount of \$237,878.55 to be collected with draw# 14 and to apply to consultants' works.
 - xv. Maple Reinders loan to the Borrower to be repaid in full with draw#14 and any remaining balance to be paid off by the Borrower.
2. Delete Facility #3 – \$20,000,000 – Non Revolving Loan – Purpose initially for long-term takeout financing for the Project.
 3. Amend the Repayment section for Facilities #1, 2a, and 2b to delete the following wording from each: "from proceeds of Facility #3".
 4. Delete the following Credit Fees:
 - a. Other Fee: \$50,000 fee is applicable if Facilities #1, #2A and #2b are not ultimately repaid by the advance of Facility 3
 - b. Standby Fee: A standby fee of 0.20% per annum calculated on the daily unused portion of Facility 3, is payable monthly. The fee is only applicable on the difference between the

\$20,000,000 takeout facility and the \$17,350,000 acquisition/renovation facility

5. Add the following Credit Fees – Amendment Arrangement Fee: \$25,000 is due and payable on the acceptance of this Credit Agreement (in this case this Amendment and Forbearance Letter) and should accompany the return of an executed copy. Such Fees have been collected by Meridian.
6. Add Security: Subordination and Standstill Agreement from Bridging Finance Inc. and any other lender(s).
7. New Precedent Conditions:
 - a. Engagement by Meridian of Intrepid Quantity Surveying Inc. ("Intrepid").
 - b. A detailed construction budget and cash flow statement setting out hard and soft costs in form and substance satisfactory to Meridian has been received and reviewed against the approved plans and specifications by the Project Monitor.
 - c. Confirmation of Member's incremental equity in the minimum amount of \$738,951, associated with the current \$3,238,951 financing need (or as ultimately advised in Intrepid's Draw Report #1)
8. Delete all Disbursement Conditions relative to Facility #3.
9. Delete: Financial Covenant (Debt Service Ratio).

Secondly, our concerns include, but are not limited to, the following:

1. Scope changes relative to initially envisioned building layout, resulting in greater reliance on Food & Beverage and Event Space revenue and assumption of numerous individual leases relative to the former "Hive" space;
2. Increase in Project budget from \$7,000,000 to \$14,710,000 (per Intrepid July 18 pre-funding report) which you have not formally documented to Meridian nor has been fulsomely reflected in formal Draw Request documentation provided to us. For example, Draw Request #13 dated March 5, 2019 shows \$7,000,000 "Original Budget" and NIL "Cost to Complete," contradictory to the unfinished state of works and the resultant requested loan increase;
3. Payments of at least \$1,289,000 are owed to Maple Reinders for completed work;
4. Frequent overdrafts on Meridian current account and delinquencies on Meridian Credit Facilities;
5. Rent deposits not being made into the Meridian current account;
6. Meridian Visa card has been recorded as delinquent with last payment received March 15, 2019; subsequent payments received and up to date up to July 2019. Visa balance was overextended \$738.85 per August 13, 2019 notification and Borrower to establish automated payments of Visa card balance when due. Ongoing financial covenant breach with respect to the Interest Coverage Ratio;
7. Ongoing positive covenant breach with respect to project budget revisions;
8. Ongoing reporting covenant breaches which include:
 - o Finalized Review Engagement Financial Statements were obtained on May 9, 2019 for the fiscal year ended April 30, 2018 (beyond the August 31, 2018 reporting deadline);
 - o Confirmation that property taxes are current through copy of tax receipt was obtained March 27, 2019 (beyond the August 31, 2018 reporting deadline);

- o Annual rent roll was received March 18, 2019 (beyond the August 31, 2018 reporting deadline);
- o Confirmation of insurance was received March 14, 2019 (beyond the August 31, 2018 reporting deadline);
- o Meridian was not promptly notified of the amendment/change related to the lease agreement with one commercial tenant (The Hive – information received April 5, 2019);
- o Meridian was not promptly notified of the amendment/change related to the project budget (information received March 15, 2019)

Notwithstanding the foregoing, Meridian is prepared, on a day-to-day basis, to continue to provide credit on the terms and conditions of the Credit Agreement and to forbear on a temporary basis during the Forbearance Period (as defined below) from enforcing the rights which have accrued to it subject to strict compliance with the following terms and conditions:

- Engagement of Intrepid and receipt of Intrepid's preliminary Project report, confirming the Project budget and schedule in conformity with discussions between the Member and Meridian;
- Updated Personal Net Worth statements for Individual Guarantors and full disclosure of Member's alternate sources of equity to carry any subsequent shortfalls (inclusive of cash/real estate holdings, corporate interests, and investments);
- Update as to discussions with Bridging Finance Inc. and its willingness to refinance / extend existing credit facilities;
- Most recent year-to-date financial statements for the Member;
- Full suite of project/cash management accounts to be moved to Meridian by September 6, 2019;
- The existing Credit Facilities will be strictly maintained – any excess overdrafts will result in cheques returned for reason "Non-Sufficient Funds", and nullify this Amended and Restated Amendment and Forbearance Letter;
- Except as amended by this Amended and Restated Amendment and Forbearance Letter, the Member and Guarantors shall comply with the terms of its agreements with Meridian and the Security;
- All security now held by Meridian will remain in full force and effect;
- It is agreed and acknowledged by the respective Guarantors that their respective guarantees will remain in force regardless of the respective Member's position with Meridian; and
- The Member shall not further encumber its assets or undertakings without the prior written consent of Meridian.

For the purposes of this Amended and Restated Amendment and Forbearance Letter, the "Forbearance Period" means the date commencing on the date on which this Amended and Restated Amendment and Forbearance Letter is accepted as contemplated below and ending upon the earlier of **October 30, 2019** or the happening prior thereto of any of the following events:

- Failure to adhere to terms and conditions of this Amended and Restated Amendment and Forbearance Letter or the Credit Agreement;
- The occurrence of any Event of Default;
- Failure to deposit any accounts receivable or any other payment received by the Member into the Member's Meridian account (Member will have until September 6, 2019 to close TD Bank operating account and move full suite of project/cash management accounts to Meridian) and provide written confirmation that the TD account of the Borrower has been closed;

- Failure of the Member to carry on business in the ordinary course; or
- The occurrence of any matter or event, which in the opinion of Meridian, acting reasonably, adversely affects the ability of the Member or the Guarantors to repay the indebtedness to Meridian.

An administrative fee of **\$2,500** is payable upon receipt of this Amended and Restated Amendment and Forbearance Letter and will be debited from the account of the Member with Meridian.

No delay on the part of Meridian in exercising any remedy or any waiver of the rights given to it hereunder or any Security shall operate as a waiver thereof except if such waiver is specifically given in writing by Meridian, and no forbearance on the part of Meridian with respect to any Event of Default shall be deemed to be any waiver by Meridian of that Event of Default or any subsequent or similar Event of Default.

If there is any inconsistency or conflict between the terms of this Amended and Restated Amendment and Forbearance Letter and the terms of the Credit Agreement or the Security, then the provisions of this Amendment and Forbearance Letter shall prevail to the extent of inconsistency, but, the forgoing shall not apply to limit or restrict in any way the right and remedies of Meridian under the Credit Agreement, the Security or this Amended and Restated Amendment and Forbearance Letter other than as specifically contemplated herein. This Amended and Restated Amendment and Forbearance Letter or any amendment thereto may be executed in counterparts, and if so executed all counterparts when taken together shall comprise one and the same instrument, and facsimile and e-mail copies of signatures shall be treated as originals for all purposes.


The parties hereto shall execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable to give effect to the provisions and purpose of this letter, all at the expense of the Member.

To evidence your acknowledgement of and concurrence to the forgoing, kindly sign and return to us the enclosed copy of this Amended and Restated Amendment and Forbearance Letter by the close of business on **August 23, 2019**.

Yours truly,

MERIDIAN CREDIT UNION LIMITED

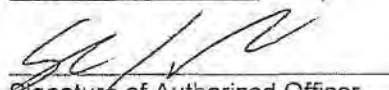

Michel Kouassi
Senior Relationship Manager,
Commercial Services

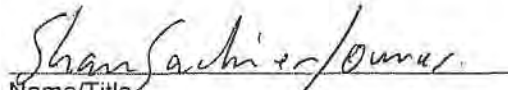

Robert Neufeld
Regional Vice President,
Commercial Services

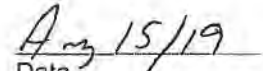
ACKNOWLEDGEMENT:

The undersigned hereby confirms receipt of this letter, acknowledges and accepts the within letter and the terms and conditions contained there-in.

2607380 Ontario Inc.


Signature of Authorized Officer
(I have the authority to bind the Corporation)


Name/Title


Date

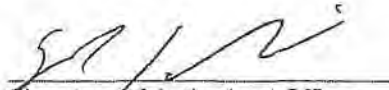
Signature of Authorized Officer
(I have the authority to bind the Corporation)

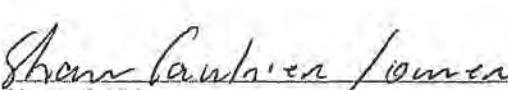
Name/Title

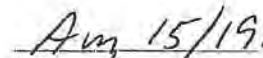
Date

GUARANTORS

Mohawk Inn & Suites Management Inc.


Signature of Authorized Officer
(I have the authority to bind the Corporation)


Name & Title



Date

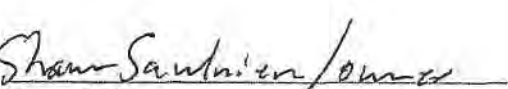
Signature of Authorized Officer
(I have the authority to bind the Corporation)

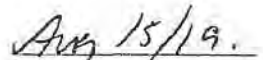
Name & Title

Date

2348587 Ontario Inc.


Signature of Authorized Officer
(I have the authority to bind the Corporation)


Name & Title


Date

Signature of Authorized Officer
(I have the authority to bind the Corporation)

Name & Title

Date

Shawn Saulnier


Shawn Saulnier
Guarantor Signature

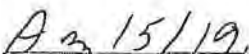

Date

EXHIBIT “J”

*THIS IS EXHIBIT "J", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24 2020.*

A handwritten signature in black ink, appearing to be 'K. L.', is written above a horizontal line.

Commissioner for Taking Affidavits

Properties

PIN 07127 - 0265 - LT **Interest/Estate** Fee Simple
Description PT LT 10, RCP PL 89, PART 3 & 7, 20R6963, S/T IN 619045, BURLINGTON
Address 1295 NORTH SERVICE RD
 BURLINGTON

Chargor(s)

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

Name 2807380 ONTARIO INC
 Acting as a company
Address for Service 2380 MOHAWK TRAIL,
 CAMPBELLVILLE, ON, L0P 1B0

I, Shawn Saulnier, President, have the authority to bind the corporation.

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

Chargee(s)	Capacity	Share
Name CROSBROADS CHRISTIAN COMMUNICATIONS INCORPORATED Acting as a company Address for Service 1295 North Service Road Burlington Ontario L7R 4M2		

Statements

Schedule See Schedules

Provisions

Principal \$ 4,500,000.00 **Currency** CAN
Calculation Period MONTHLY
Balance Due Date 2022/12/21
Interest Rate SEE SCHEDULE
Payments
Interest Adjustment Date 2021 12 21
Payment Date THE 1ST DAY OF EACH AND EVERY MONTH
First Payment Date
Last Payment Date 2022 12 21
Standard Charge Terms 200033
Insurance Amount full insurable value
Guarantor

Additional Provisions

See Schedule for Payment particulars. Construction loan proceeds to be applied in renovating and upgrading building.

File Number

Chargee Client File Number 1712 25

Schedule to Charge

This schedule is attached to and forms part of the Charge between between:

Chargor: 2607380 Ontario Inc.
Chargee: Crossroads Christian Communications Incorporated
Date: November 21, 2017

.....

.....

CHARGE TERMS & CONDITIONS

- Principal amount: \$4.5 million;
- Interest: years 1-4: 0% per annum; year 5: 3% per annum, calculated annually. interest only payments of \$10,000.00 per month beginning the first day of the month, 4 years after the registration date;
- Maturity date: 5 years from registration date;
- Mortgage to rank second behind Chargor's new first mortgage consisting of a purchase loan of up to \$13 million with interest at prime plus 2% per annum and a new construction loan of up to \$7 million with interest at prime plus 2.5% per annum;
- Fully open to prepayment without penalty during term but prepayment instalments of not less than \$250,000.00;
- Construction loan proceeds to be applied in renovating and upgrading building in accordance with issued building permits

EXHIBIT “K”

*THIS IS EXHIBIT "K", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*

A handwritten signature in black ink, appearing to be 'K.A.', is written above a horizontal line.

Commissioner for Taking Affidavits



March 20, 2018

2607380 Ontario Inc.
2380 Mohawk Trail
Campbellville, ON L0P 1B0

Attention: Mr. Shawn Saulnier

Dear Mr. Saulnier:

We are pleased to advise that Bridging Finance Inc., as agent (the "**Lender**") has approved a third mortgage loan over 1295 North Service Road, Burlington, Ontario (the "**Property**") in the principal amount of \$2,500,000 (the "**Loan**") upon the terms and conditions described in this commitment letter (the "**Commitment**") which, upon execution, shall bind 2607380 Ontario Inc. (the "**Borrower**"), Shawn Saulnier (the "**Personal Guarantor**") and Mohawk Inn & Suites Management Inc. and 2348587 Ontario Inc. (collectively, the "**Corporate Guarantors**") and with the Personal Guarantor, the "**Guarantors**") and the Lender.

PURPOSE

The Loan shall be used to finance the acquisition of the Property and shall at all times be used for this purpose and for no other purpose without the prior written consent of the Lender.

CLOSING DATE

The date of the Loan advance, being no later than March 31, 2018 (the "**Closing Date**").

TERM

The Loan shall mature and any outstanding balance together with accrued interest and costs shall become due and payable in full to the Lender on the earliest of: (a) March 23, 2020; (b) the date of demand by the Lender; and (c) the date of maturity or demand by Meridian Credit Union Limited ("**MCUL**") of the loan (the "**MCUL Loan**") to the Borrower in respect of the Property from MCUL (the "**Maturity Date**").

INTEREST RATE

Prime Rate in effect from time to time plus 11.80% per annum calculated and payable monthly not in advance both before and after maturity, default and judgment. On the date of this Commitment the Prime Rate is 3.45% per annum and the interest rate applicable to the Loan is 15.25% per annum.

"**Prime Rate**" means the annual rate of interest announced from time to time by the Bank of Montreal as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada and designated by the Lender as its prime rate.

REPAYMENT

Interest shall accrue from the date of the advance of the Loan and shall be capitalized and added to the principal amount of the Loan on the last day of each month commencing March 31, 2018, and ending September 30, 2018. Thereafter, commencing October 31, 2018, payments of interest only shall be made on the last day of each month.

PREPAYMENT

The Loan may be prepaid in full or partially at any time without any fee or penalty provided that the Borrower shall deliver an irrevocable prepayment notice to the Lender (the "**Prepayment Notice**") sixty (60) days prior to the



proposed prepayment date (the "**Prepayment Date**") setting forth the amount being prepaid (the "**Prepayment Amount**") and provided that the Borrower pays the full Prepayment Amount on the Prepayment Date. Should the Borrower wish to prepay the Loan in full or partially without having to provide the Lender with the required sixty (60) days prior notice, the Borrower shall pay to the Lender an amount calculated in accordance with the formula set out below and which shall be due and payable as of the date the prepayment is made:

$$I/365 \times (60 - N) \times M$$

Where:

I = the annual interest rate on the Loan on the date the Prepayment Notice was given or, if no Prepayment Notice was given, on the date the prepayment is made;

N = where a Prepayment Notice was given, the number of days between the date the Prepayment Notice is given and the date of prepayment, provided that if no Prepayment Notice was given, N shall equal 0; and

M = the Prepayment Amount, including any proportionate interest and other fees owing, on the date the Prepayment Notice was given or, if no Prepayment Notice was given, on the date the prepayment is made.

In the event that the Prepayment Amount is not paid in full on the Prepayment Date, then the Lender shall have the option, in its discretion, to declare and consider the Prepayment Notice to be null and void such that any prepayment shall thereafter only be permitted by the delivery of a new Prepayment Notice in compliance with this section.

SECURITY

The Loan shall be secured by the following security (the "**Security**");

- (a) a third mortgage and charge on the Property (the "**Charge**") supported by title insurance;
- (b) a second ranking general assignment of leases and rents and revenues from the Property (the "**GAR**");
- (c) a general security agreement providing a second ranking security interest against all the Borrower's present and future assets, property and undertaking;
- (d) a second ranking general assignment of construction contracts in respect of the Property;
- (e) a postponement and assignment of any claims from the directors and shareholders of the Borrower, if applicable;
- (f) an assignment of insurance in respect of the Borrower and the Property;
- (g) a joint and several environmental indemnity to be provided by the Borrower and the Guarantors;
- (h) an undertaking and agreement to fund cost overruns and debt service agreement by the Borrower and the Guarantors;
- (i) an unlimited guarantee and postponement of claim by each of the Guarantors;
- (j) an inter-creditor agreement with MCUL which shall include, among other things, a limit to the priority of the security in favour of MCUL to the principal amount \$23,000,000; and
- (k) such other pledges, assignments, security agreements and documents as the Lender or its solicitors may deem necessary.

All documentation shall be in form and substance as required by the Lender or its solicitors.



TITLE

The Borrower shall have a good and marketable fee simple title to the Property. The Charge shall be third in priority subject only to a first mortgage in favour of MCUL in the principal amount of \$23,000,000 and a second mortgage in favour of the vendor of the Property in the principal amount of \$4,500,000 (the "VTB"), and otherwise rank in priority to all other encumbrances whatsoever, save and except the Permitted Encumbrances to be defined in the Charge, to the full extent of the Loan. Title insurance is mandatory. The Borrower shall promptly provide any authorization that the Lender may request in order to permit it to obtain information on file with any government authority having jurisdiction over the Property. The Borrower shall not seek to rezone all or any part of the Property without the prior written consent of the Lender such consent to not be unreasonably withheld or delayed.

FINANCIAL INFORMATION

The Borrower shall, at the Lender's request, provide (a) updated review engagement financial statements for the Borrower and Notice to Reader financial statements for the Corporate Guarantors; (b) management prepared financial statements relating specifically to the operation of the Property including a rent roll, if applicable; (c) copies of all leases and renewals, as applicable; (d) updated net worth statement of the Personal Guarantor with supporting information; (e) tax returns of the Borrower and the Guarantors with notice of assessment confirming all taxes paid; and (f) such other financial and other information as the Lender may require.

LEASES

The Borrower shall provide copies of all leases and renewals of the Property, if applicable, for the Lender's review, which leases must be acceptable to the Lender. The Borrower and each tenant shall otherwise perform all their respective obligations in any lease. The Lender reserves the right to require that any or all present and future leases of the Property be postponed in favour of the Lender's interest therein. The Lender reserves the right to require tenant acknowledgements/estoppel certificates from all tenants.

TAXES

With respect to municipal taxes, school taxes and local improvement rates ("Taxes") levied against the Property, the Borrower will pay all Taxes as they fall due and will provide the Lender with receipts confirming payment of same as it may require.

INSURANCE

The Borrower shall insure the Property and keep it insured against the following in each case to the extent applicable:

- (a) Loss or damage by fire and other insurable hazards defined in an "all risks" insurance policy for the full replacement cost with provision for permission to occupy and with automatic vacancy permit;
- (b) Comprehensive boiler and pressure vessel insurance for the full replacement cost or such lesser amount as shall be acceptable to the Lender;
- (c) Business interruption or rental loss insurance acceptable to the Lender for an indemnity period of not less than 12 months and with coverage of not less than 100% of the resulting loss of rent or other revenue received from the operation of the Property; and
- (d) Public liability insurance on a comprehensive basis to an amount not less than \$10,000,000 on an occurrence basis, or such other amount as the Lender may reasonably request, adding the Lender as an additional insured.



The policy to be maintained shall not contain any co-insurance clauses, shall be in form and with an insurer satisfactory to the Lender and shall include the agreement of the insurer that the policy will not be cancelled without at least 30 days' prior written notice of intended cancellation to the Lender. The Lender shall be named in all policies of insurance as third mortgagee, subject only to the interests of the mortgages under the MCIJL Loan and the VTB, upon the terms of the standard Insurance Bureau of Canada mortgage clause or as loss payee as its interest may appear, and as additional insured with respect to public liability insurance. The Lender may in its sole discretion, at the Borrower's expense, retain an insurance consultant to review the insurance coverage to ensure that it meets the Lender's requirements.

ENVIRONMENTAL AND OTHER PROVISIONS

The Borrower represents and warrants to the Lender as follows: (a) except as may have been disclosed in environmental reports delivered to the Lender in connection herewith the receipt of which shall have been acknowledged in writing by the Lender, no environmental hazard exists on the Property or on adjacent land; (b) no claim, complaint or notice of any action has been made or issued relating to an environmental hazard on the Property; (c) the Property is being used in compliance with applicable laws; and (d) the Borrower does not own any real property abutting the Property. The Borrower shall give the Lender immediate notice of any change in circumstances which would render any of the above representations untrue; and shall ensure that the Property and all improvements thereon comply in all respects with all applicable laws, including those in respect of zoning, use, occupancy, construction liens, subdivision, parking, historical designation, fire, access, loading facilities, landscaping, pollution of the environment, toxic materials or other environmental hazards, building construction and public health and safety; and shall ensure that there will be no outstanding work orders against the Property or any part thereof.

In the event that the Property does not comply with all applicable environmental and other laws on the Closing Date or at any other time during the term of the Loan, the Borrower will forthwith notify the Lender and remediate and cure any non-compliance, including removal of any hazardous substances, to the entire satisfaction of the Lender, failing which the Borrower shall be in default under this Commitment and the Security.

CONDITIONS PRECEDENT TO ADVANCE

The Lender's obligation to advance the Loan is conditional upon receipt by it of the following, all in form and substance satisfactory to the Lender or its solicitors:

- (a) a duly executed copy of this Commitment, together with the Commitment Fee;
- (b) duly executed copies of the Security registered where required, provided however that registration of the Charge and GAR shall not be a condition of the advance if title insurance is obtained satisfactory to the Lender;
- (c) a certificate of binder of insurance satisfactory to the Lender;
- (d) an appraisal of the property for not less than \$35,000,000 on an as complete basis prepared for the Lender by an approved appraiser (or delivery of a reliance letter), the assumptions, findings and conclusions of which are satisfactory to the Lender in its absolute discretion;
- (e) satisfactory credit bureau report for the Guarantors together with a current net worth statement with details of assets and liabilities;
- (f) personal tax returns and notices of assessment of the Guarantors for the past 2 years confirming that all taxes have been paid;



- (g) a Phase 1, Phase 2 and Phase 3 environmental site assessment if deemed necessary by the Lender addressed to and satisfactory to the Lender;
- (h) current rent roll together with details of leases satisfactory to the Lender, if applicable;
- (i) copies of all leases and renewals, if applicable, satisfactory to the Lender;
- (j) confirmation that all Taxes are current;
- (k) corporate documentation to the Lender's and its solicitors' satisfaction, where applicable including, without limitation, articles of incorporation with form 1 indicating the officers and directors of the Borrower;
- (l) an authorization by the Borrower authorizing the Lender to contact its external accountant/auditor and any government agency with respect to financial statements, income taxes, payroll deductions, worker's compensation and HST;
- (m) a solicitor's corporate opinion in respect of the Borrower and the Corporate Guarantors satisfactory to the Lender and its solicitors;
- (n) a legal opinion from the Lender's solicitors satisfactory to the Lender confirming based on title insurance that (i) the Borrower has good and marketable title to the Property; and (ii) the Charge constitutes a good and valid third charge on the Property, subject to the MCUL Loan and the VTB;
- (o) if the Borrower is a bare trustee, a copy of the declaration of trust or nominee agreement;
- (p) confirmation of current zoning for the Property;
- (q) a satisfactory site visit by the Lender in respect of the Property; and
- (r) such other information, documentation, opinions and registrations as the Lender or its solicitors may request.

REPORTING REQUIREMENTS

For the purposes of the Lender's annual review of the Loan and Property, the Borrower and Guarantors shall provide the following statements and information (collectively the "Statements") to the Lender.

- (a) Review engagement financial statements for the Borrower and notice to reader financial statements for the Corporate Guarantors prepared by accountants acceptable to the Lender within 120 days of each fiscal year end together with copies of all tax filings and notices of assessment to confirm all taxes are paid up-to-date;
- (b) Updated net worth statement for the Personal Guarantor together with supporting information to support asset values and income as requested by the Lender together with copies of all tax filings and notices of assessment to confirm all taxes are paid up-to-date;
- (c) Current Taxes bill with confirmation that all required Taxes have been paid;
- (d) Current insurance policy indicating the Lender as third mortgagee or as loss payee as its interest may appear, and as additional insured with respect to public liability insurance;
- (e) Current rent roll listing, inter alia, all terms of all leases, and copies of any leases and renewals entered into since the last annual review, if applicable;



- (f) Update on the status (with detail satisfactory to the Lender) of the development of the Property; and
- (g) Such other information pertinent to the Property as the Lender may request.

WORK FEE

A work fee of \$37,500 plus HST for a total of \$42,375 is fully earned by Bridging Finance Inc. on the date of acceptance of this Commitment and shall be deducted from the advance of the Loan.

APPRAISALS AND ASSESSMENT

All appraisals, inspections, assessments and information with respect to the Property provided to the Lender are provided only for the purpose of assisting it in determining whether to grant the Loan, and no acceptance, use of or adoption of such appraisals, inspections, assessments or information by the Lender shall be construed as any agreement by it as to the value or condition of the Property. The Borrower is responsible for all appraisal and assessment fees.

ASSIGNMENT

Neither the Borrower nor the Guarantors shall have the right to assign any of its respective rights or obligations under this Commitment or in respect of the Loan to any person. The Borrower and Guarantors agree that the Lender may transfer and assign, without their consent and without notice or cost to them, the Lender's rights and obligations under this Commitment, the Loan, the Security and any related documentation (the "**Mortgage Loan and Security**") to any person. The Lender may also syndicate, securitize or grant participation interests in the Mortgage Loan and Security without the consent of the Borrower and Guarantors or notice or cost to them. The Borrower and Guarantors agree that the Lender may disclose confidential information relating to the Mortgage Loan and Security, including any financial information provided by them at any time or otherwise relating to the Property and any plans, drawings or other documentation or information regarding the Property, to any person in connection with any of the transactions contemplated in this paragraph.

TIME

Time is of the essence hereof.

AMENDMENT

This Commitment shall only be amended by agreement in writing executed by all the parties hereto.

WAIVER

Any failure by the Lender to exercise any rights or remedies under this Commitment or any Security shall not constitute a waiver thereof.

GOVERNING LAW

This Commitment shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.



SURVIVAL

The terms and conditions of this Commitment shall survive the execution and registration of the Security and there shall be no merger of these provisions or conditions in the Security; provided that in the event of any conflict between the provisions of this Commitment and the Security, the provisions of this Commitment shall prevail to the extent necessary to remove such conflict. Notwithstanding the foregoing, in the event that the Security contains remedies which are in addition to the remedies set forth in this Commitment, the existence of such additional remedies in the Security shall not constitute a conflict or inconsistency with the provisions of the Commitment.

NOTICES

Any notice or demand or other written communication hereunder shall be given by facsimile, letter or by electronic means of communication. A facsimile communication shall be deemed received on the Business Day following its transmission. A letter shall be deemed received when delivered to the receiving party at the address shown on page 1 hereof. An electronic communication shall be deemed received on the day of transmittal if a Business Day and before 5:00 p.m. or, if not, on the next Business Day. Each party shall be bound by any notice given as provided hereunder and entitled to act in accordance therewith. "Business Day" means any day other than a Saturday, Sunday or any statutory or civic holiday observed in the Province of Ontario.

INTERPRETATION

In this Commitment (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders; (b) the word "including" shall mean "including, without limitation,"; (c) any reference to a statute shall mean the statute in force as at the date hereof, together with all regulations promulgated thereunder, as the same may be amended, re-enacted, consolidated and/or replaced from time to time, and any successor statute thereto; (d) any reference to this Commitment, the Security or other concomitant agreement or instrument shall include all amendments, addenda, modifications, extensions, renewals, restatements, supplements or replacements thereto from time to time; (e) any reference to the Lender, Borrower, Guarantors and any other person shall include their respective heirs, estate trustees, legal representatives, successors and assigns; and reference to a "person" shall include an individual, general or limited partnership, joint venture, sole proprietorship, corporation, unincorporated association, trust, trustee, estate trustee, legal representative or any federal, provincial, municipal or other form of government; and reference to a "corporation" shall include a company or other form of body corporate; (f) all dollar amounts are expressed in Canadian dollars; (g) the division of this Commitment into separate sections and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation of this Commitment; and (h) if more than one person is named as, or otherwise becomes liable for or assumes the obligations and liabilities of the Borrower or Guarantors, then the obligations and liabilities of all such persons shall be joint and several. This Commitment is intended to supplement and not derogate from the Security or any other concomitant document.

ADDITIONAL LOAN TERMS:

The additional loan terms attached as Schedule "A" to this commitment letter shall form a part thereof as if incorporated herein.

LENDER APPROVED SOLICITORS:

Philip L. Taylor, Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9
Phone: 416-218-1125 / Fax: 416-218-1855
philip@chaitons.com



ACCEPTANCE

The terms of this Commitment are open for acceptance by the Borrower and Guarantors by executing the original hereof where indicated below and delivering it to the Lender via email to its solicitors at Philip@chaitons.com on or before 5:00 p.m. on March 23, 2018, after which date and time this Commitment shall lapse and become null and void.

Yours truly,

BRIDGING FINANCE INC., AS AGENT

Per: 

Name: Natasha Sharpe
Title: Chief Investment Officer

ACCEPTED on: March ____, 2018

2607380 ONTARIO INC.

Per: _____

Name: Shawn Saulnier

Title: President

I have authority to bind the corporation.

The undersigned Guarantors have read, understand and accept the terms and conditions of this Commitment.

ACCEPTED on: March ____, 2018

MOHAWK INN & SUITES MANAGEMENT INC.

Per: _____

Name: Shawn Saulnier

Title: President

I have authority to bind the corporation.

2348587 ONTARIO INC.

Per: _____

Name: Shawn Saulnier

Title: President

I have authority to bind the corporation.

Witness: _____

Shawn Saulnier



ACCEPTANCE

The terms of this Commitment are open for acceptance by the Borrower and Guarantors by executing the original hereof where indicated below and delivering it to the Lender via email to its solicitors at Philip@chaitons.com on or before 5:00 p.m. on March 23, 2018, after which date and time this Commitment shall lapse and become null and void.

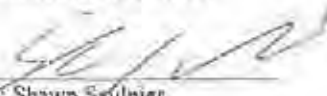
Yours truly,

BRIDGING FINANCE INC., AS AGENT

Per: _____
Name: _____
Title: _____

ACCEPTED on: March __, 2018

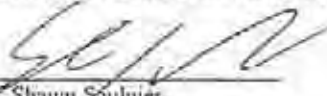
2607380 ONTARIO INC.

Per: 
Name: Shawn Saulnier
Title: President
I have authority to bind the corporation.

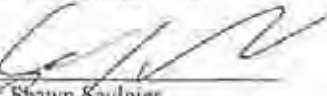
The undersigned Guarantors have read, understand and accept the terms and conditions of this Commitment

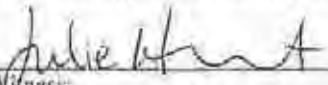
ACCEPTED on: March __, 2018

MOHAWK INN & SUITES MANAGEMENT INC.

Per: 
Name: Shawn Saulnier
Title: President
I have authority to bind the corporation.

2348587 ONTARIO INC.

Per: 
Name: Shawn Saulnier
Title: President
I have authority to bind the corporation.

Witness: 


Shawn Saulnier



SCHEDULE "A" **ADDITIONAL LOAN TERMS**

Attached to and forming part of a commitment letter dated March 20, 2018 among Bridging Finance Inc., as agent, as Lender, 2607380 Ontario Inc., as Borrower, and Mohawk Inn & Suites Management Inc., 2348587 Ontario Inc. and Shawn Saujner, collectively, as Guarantors.

DEFAULT

In the event that the Borrower or any of the Guarantors does not perform or comply with any of the provisions of this Commitment or the Security or any other agreement between the Borrower or Guarantors and the Lender relating to the Loan, such non-performance or failure to comply shall constitute a default under the terms of this Commitment and the Security and the Lender shall have the right to immediately demand payment of any amounts advanced, together with interest at the rate set out in this Commitment, as well as any other amounts due under this Commitment or the Security. Any default under the MCUL Loan shall be a default under the Loan.

SALE OR OWNERSHIP CHANGE

The Borrower shall not sell, assign or otherwise dispose of the Property without the prior written consent of the Lender. If the Borrower is a corporation, it shall not make any changes to its authorized capital or its allocation or ownership which would result in a change of voting control or beneficial ownership of the corporation, without the prior written consent of the Lender.

SIGNAGE

Upon the request of the Lender, the Borrower shall, at its own expense, erect a sign on the Property containing an acknowledgement of the financing provided by the Lender, the size and format of such acknowledgement; (i) to be similar to that of other signs in similar circumstances; (ii) to comply with municipal by-laws; and (iii) in a location acceptable to the Borrower and the Lender each acting in a commercially reasonable manner.

SUBSEQUENT FINANCING

The Borrower shall not enter into any further financing of the Property and shall not further encumber the Property without the prior written consent of the Lender, which consent may be withheld in the Lender's sole discretion.

APPOINTMENT OF RECEIVER

In the event that the Borrower or any of the Guarantors shall be in default in the observance or performance of any of the terms, conditions, covenants or payments contained in this Commitment or the Security, the Lender may, by notice in writing, appoint any person to be a receiver, a manager or a receiver and manager of the Property upon and subject to terms more particularly set out in the Security.

INSPECTION

The Lender shall have the right at any reasonable time or times to fully inspect the Property, so long as any monies remain outstanding under the Loan.

CONSENT TO DISCLOSURE

The Borrower hereby consents (such consent to remain in force as long as the Loan is outstanding) to any government body or authority or other person having information relating to HST or any other amount required to be paid by the Borrower, where the failure to pay such other amount could give rise to a claim ranking or capable of ranking in priority to the Security, to release such information to the Lender at any time upon its request. The Borrower shall



provide signed third-party authorizations in support of the foregoing at any time upon the Lender's request, whether prior to or after disbursement of the Loan.

LENDER'S EXPENSES AND ADMINISTRATION FEES

The Borrower shall pay all fees and expenses (including, but not limited to, all due diligence, consultant, field examination and appraisal costs, all fees and expenses for outside legal counsel and other outside professional advisors and the time spent by the Lender and its representatives in retaking, holding, repairing, processing and preparing for disposition and disposing of the Security calculated at the Lender's standard per diem rate in effect at such applicable time and established by the Lender in its sole discretion for internal personnel of the Lender) reasonably incurred by the Lender in connection with the preparation, registration and ongoing administration of the Loan and the Security and with the enforcement of the Lender's rights and remedies under this Commitment or the Security, whether or not any amounts are advanced under this Commitment. In addition, the Borrower shall pay the administration fees in connection with the administration of the Loan by the Lender, including the provision of mortgage statements and discharges, processing late payments, and cheques or automatic debits which are dishonoured or not accepted, the amount of each such administration fee being a liquidated amount to cover administrative costs and not a penalty. If the Lender has paid any expense for which the Lender is entitled to reimbursement from the Borrower and such expense has not been deducted from the advance under the Loan, such expense shall be payable by the Borrower upon demand therefor from the Lender. If the Borrower fails to pay any such costs, charges or expenses upon demand, they will be added to the outstanding Loan and shall be secured by the Security. All such fees and expenses and interest thereon shall be secured by the Security whether or not any funds under the Loan are advanced.

DEMOLITION

Except in connection with the construction and renovations approved prior to the date hereof, the Borrower shall not demolish all or any portion of the Property without the Lender's prior written consent.

INTEREST ON INTEREST

Interest shall be payable on all past due interest from the due date of such interest at the Interest Rate, both before and after default, demand, maturity and judgment. Any overdue interest shall be payable on demand. If such overdue interest and compound interest are not paid within one month from the time of default, a rest will be made and compound interest at the Interest Rate will be payable on the aggregate amount then due, both before and after maturity, default and judgment, and so on from time to time until paid.

LENDER'S RECORDS

The Lender shall keep accounts showing the status of the Loan and records of the sums borrowed, principal and interest repayments and all other sums due under this Commitment. In the absence of manifest error, the Lender's records shall constitute conclusive evidence of the Borrower's indebtedness to the Lender hereunder.

PAYMENTS TO GOVERNMENT AUTHORITIES

During the term of the Loan the Borrower shall pay, when due, all amounts owing to any government authority which, if unpaid, would give such authority recourse for such amounts ranking in priority to the Security; the failure to pay any such amount, when due, shall constitute a default under this Commitment and the Security.

CAPITALIZED WORDS

Unless otherwise defined herein, all capitalized words and expressions shall have the same meanings as defined in the commitment letter to which these additional loan terms are attached.

EXHIBIT “L”

THIS IS EXHIBIT "L", referred to in the Affidavit of SHAWN SAULNIER, sworn on February 24, 2020.



Commissioner for Taking Affidavits



GENERAL SECURITY AGREEMENT

DATED this 23rd day of March, 2018.

1. SECURITY INTEREST

- 1.1 For value received, 2607380 ONTARIO INC. (the "**Debtor**") hereby grants to BRIDGING FINANCE INC., AS AGENT (the "**Secured Party**"), a security interest (the "**Security Interest**") in the present and future undertaking and property, both real and personal, of the Debtor (collectively the "**Collateral**") and as further general and continuing security for the payment and performance of the Indebtedness, the Debtor hereby assigns the Collateral to the Secured Party and mortgages and charges the Collateral as and by way of a fixed and specified mortgage and charge to the Secured Party. Without limiting the generality of the foregoing, Collateral shall include all the right, title and interest that the Debtor now has or may hereafter have, be possessed of, be entitled to, or acquire in all property of the following kinds: all goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), accounts, chattel paper, documents of title (whether negotiable or not), equipment, instruments, intangibles, inventory, money and securities and in all proceeds and renewals thereof, accretions thereto and substitutions therefor and including the following:

- ☒ all inventory of whatever kind and wherever situated;
- ☒ all equipment (other than inventory) of whatever kind and wherever situated, including all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- ☒ all accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including guarantees, indemnities, 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 (hereinafter collectively called "**Debts**");
- ☒ all deeds, documents, writings, papers, books of account and other books 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;
- ☒ all contractual rights, licences and insurance claims and all goodwill, patents, trademarks, copyrights, and other intellectual property and industrial property and any rights of renewal or extension thereof;

- ☒ all monies other than trust monies lawfully belonging to others; and
- ☒ all property described in any schedule now or hereafter annexed hereto.

- 1.2 The Security Interest granted hereby shall not extend or apply to and the Collateral shall not include 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 the same to any person acquiring such term, including, without limitation, the Secured Party.
- 1.3 The terms "accessions", "account", "chattel paper", "document of title", "equipment", "goods", "instrument", "intangible", "inventory", "money", "personal property", "proceeds" and "security" whenever used herein have the meanings given to those terms in the *Personal Property Security Act* (Ontario) (the "P.P.S.A"). Provided always that the term "goods" when used herein shall not include "consumer goods" of the Debtor as that term is defined in the P.P.S.A., and the term "inventory" when used herein shall include livestock and the young thereof after conception, crops that become growing crops, fish after they are caught, minerals or hydrocarbons after they are extracted and timber after it is cut. Any reference herein to the "Collateral" shall, unless the context otherwise requires, be deemed a reference to the "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

- 2.1 The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of the Debtor to the Secured Party (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is at any time and 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 (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that the Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Secured Party shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

- 3.1 The Debtor represents and warrants and so long as this Agreement remains in effect shall be deemed to continuously represent and warrant that,
 - (a) the Collateral is genuine and owned by the Debtor free of all security interests, mortgages, liens, claims, charges or other encumbrances (hereinafter collectively called "Encumbrances"), save for the Security Interest and the Permitted

Encumbrances defined in the mortgage granted in connection herewith, those Encumbrances approved in writing, prior to their creation or assumption, by the Secured Party (hereinafter collectively called "**Permitted Encumbrances**"); provided, that nothing in the foregoing definition of "Permitted Encumbrances" or otherwise in this Agreement shall (i) be construed as evidencing an intention or agreement on the part of the Secured Party that the Security Interest or the Indebtedness be or have been subordinated to any such Permitted Encumbrances; or (ii) cause any such subordination to occur.

- (b) to the best of the knowledge, information and belief of the Debtor, (i) each Debt, chattel paper and instrument constituting the Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "**Account Debtor**"), and the amount represented by the Debtor to the Secured Party from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable; and (ii) no Account Debtor now has any defence, set off, claims or counterclaim against the Debtor which can be asserted against the Secured Party, whether in any proceeding to enforce the Collateral or otherwise; and
- (c) the locations specified in Schedule "A" attached hereto as to the location of the business operations and records of the Debtor are accurate and complete and, with respect to goods (including inventory) constituting the Collateral, the locations specified in Schedule "A" are accurate and complete, save for goods in transit to such locations and inventory on lease or consignment; and all fixtures or goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situated at one of such locations.

4. COVENANTS OF DEBTOR

4.1 So long as this Agreement remains in effect the Debtor covenants and agrees,

- (a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to keep the Collateral free from all Encumbrances, except for the Security Interest and the Permitted Encumbrances; and not to sell, exchange, transfer, assign, lease, or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Secured Party; provided always that, until default, the Debtor may, in the ordinary course of the Debtor's business, sell or lease inventory and, subject to section 7.01 hereof, use monies available to the Debtor and the Debtor may sell or otherwise dispose of equipment which has become worn out or damaged or otherwise unsuitable for its purpose on condition that the Debtor shall substitute therefor, subject to the Security Interest, property of equal or greater value so that the Collateral shall not thereby be in any way reduced or impaired;

- (b) to notify the Secured Party in writing promptly of,
 - (i) any change in the information contained herein relating to the Debtor, the Debtor's business or the Collateral;
 - (ii) the details of any significant acquisition of Collateral;
 - (iii) the details of any claims or litigation affecting the Debtor or the Collateral;
 - (iv) any significant loss of or damage to the Collateral;
 - (v) any material default by any Account Debtor in payment or other performance of its obligations with respect to the Collateral; and
 - (vi) the return to or repossession by the Debtor of the Collateral;
- (c) to keep the Collateral in good order, condition and repair and not to use the Collateral in violation of the provisions of this Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
- (d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters, information and things as may be reasonably requested by the Secured Party with respect to the Collateral in order to give effect to this agreement and to pay all costs for searches and filings in connection therewith;
- (e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or the Collateral as and when the same become due and payable;
- (f) to insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Secured Party shall reasonably direct with loss payable to the Secured Party and the Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;
- (g) to prevent the Collateral, save inventory sold or leased as permitted hereby, from being or becoming an accession to other property not charged by this Agreement;
- (h) to 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 the Collateral, and mark in the manner specified by the Secured Party from time to time any and all such records and the Collateral at the Secured Party's request so as to

indicate the Security Interest; and

- (i) to deliver to the Secured Party from time to time promptly upon request,
 - (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the 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 request.

5. USE AND VERIFICATION OF COLLATERAL

- 5.1 Subject to compliance with the Debtor's covenants contained herein and section 7.1 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.

6. SECURITIES

- 6.1 If the Collateral at any time includes shares in any affiliates of the Debtor, the Debtor authorizes the Secured Party to transfer the same or any part thereof into its own name or that of its nominee. If the Collateral at any time includes Securities, other than shares in any affiliates of the Debtor, the Debtor authorizes the Secured Party, upon default, to transfer the same or any part thereof into its own name or that of its nominee so that the Secured Party or its nominee may appear of record as the sole owner thereof. After any transfer as aforesaid, the Debtor waives all right to receive any notices or communications received by the Secured Party or its nominee as such registered owner. Subject to the foregoing, upon the request of the Secured Party, the Debtor will instruct the issuer, clearing agency, custodian or nominee to make an entry in its records of the Secured Party's security interest in the Securities so as to effect delivery to and possession

by the Secured Party of those securities.

7. COLLECTION OF DEBTS

- 7.1 Before or after default under this Agreement, the Secured Party may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on the Collateral to the Secured Party. The Debtor acknowledges that any payments on or other proceeds of the 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 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.

8. INCOME FROM AND INTEREST ON COLLATERAL

- 8.1 Until default, the Debtor reserves the right to receive any monies constituting income from or interest on the Collateral and if the Secured Party receives any such monies prior to default, the Secured Party shall either credit same against the Indebtedness or pay the same promptly to the Debtor.
- 8.2 After default, the Debtor will not request or receive any monies constituting income from or interest on the Collateral and if the Debtor receives any such monies, without any request by the Secured Party, the Debtor will pay the same promptly to the Secured Party.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

- 9.1 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 sections 8.1 and 8.2 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 the Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of the Collateral.
- 9.2 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.

10. DISPOSITION OF MONIES

- 10.1 Subject to any applicable mandatory requirements of the P.P.S.A., all monies collected or

received by the Secured Party pursuant to or in exercise of any right it possesses with respect to the Collateral shall be applied or reapplied on account of the Indebtedness in such manner as the Secured Party deems best in its sole discretion or, in the discretion 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.

11. EVENTS OF DEFAULT

11.1 The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as “default”:

- (a) the non-payment when due, whether by acceleration or otherwise, of any principal or interest forming part of the Indebtedness or the failure of the Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Agreement or any other agreement between the Debtor and the Secured Party;
- (b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to an individual Debtor;
- (c) the bankruptcy or insolvency of the Debtor; the filing against the Debtor of a petition in bankruptcy; the making of an authorized assignment or proposal for the benefit of Secured Parties by the Debtor; the appointment of a receiver or trustee for the Debtor or for any assets of the Debtor; or the institution by or against the Debtor of any other type of insolvency proceeding under the *Bankruptcy and Insolvency Act* (Canada) or otherwise;
- (d) the institution by or against the Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of the Debtor;
- (e) if any Encumbrance affecting the Collateral becomes enforceable against the Collateral;
- (f) if the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;
- (g) if any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or if a distress or analogous process is levied upon the assets of the Debtor or any part thereof; or
- (h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of the Debtor pursuant to or in connection with

this Agreement, or otherwise (including the representations and warranties contained herein) or as an inducement to the Secured Party to extend any credit to or to enter into this Agreement or any other agreement with the Debtor, proves to have been false or inaccurate in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against the Debtor; or if upon the date of execution of this Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Secured Party at or prior to the time of such execution.

12. ACCELERATION

- 12.1 The Secured Party, in its sole discretion, may declare all or any part of the Indebtedness which is not by its terms payable on demand, to be immediately due and payable without demand or notice of any kind, in the event of default, or if the Secured Party in good faith believes and has commercially reasonable grounds to believe that a material adverse change has occurred in the financial and business position of the Debtor. The provisions of this section 12.1 are not intended in any way to affect any right of the Secured Party with respect to Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

- 13.1 Upon default, the Secured Party may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Secured Party or not, to be a receiver (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of the Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his stead. Any Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Debtor and not 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, his servants, agents or employees. Subject to the provisions of the instrument appointing him, any Receiver shall have power to take possession of the Collateral, to preserve the Collateral or its value, to carry on or concur in carrying on all or any part of the business of the Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of the Collateral. To facilitate the foregoing powers, any Receiver may, to the exclusion of all others including the Debtor, enter upon by peaceable or forcible means at any time of the day or night, use and occupy all premises owned or occupied by the Debtor wherein the Collateral may be situated, maintain the Collateral upon such premises, borrow money on a secured or unsecured basis and use the Collateral directly in carrying on the Debtor's business or as security for loans or advances to enable him to carry on the Debtor's business or otherwise, as the Receiver shall, in his discretion, determine. Except as may be otherwise directed by the Secured Party, all monies received from time to time by any Receiver in carrying out his appointment shall be received in trust for and paid over to the Secured Party. Every Receiver may, in

the discretion of the Secured Party, be vested with all or any of the rights and powers of the Secured Party.

- 13.2 Upon default, the Secured Party may, either directly or through its agents or nominees, exercise all the powers and rights given to a Receiver by virtue of section 13.1 hereof.
- 13.3 The Secured Party may take possession of, collect, demand, sue on, enforce, recover and receive the Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, the Secured Party may sell, lease or otherwise dispose of the Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to the Secured Party may seem reasonable.
- 13.4 In addition to those rights granted herein and in any other agreement now or hereafter in effect between the Debtor and the Secured Party and in addition to any other rights the Secured Party may have at law or in equity, the Secured Party shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that the Secured Party shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of the Collateral or to institute any proceedings for such purposes. Furthermore, the Secured Party shall have no obligation to take any steps to preserve rights against prior parties to any instrument or chattel paper, whether Collateral or proceeds and whether or not in the Secured Party's possession, and shall not be liable or accountable for failure to do so.
- 13.5 The Debtor acknowledges that the Secured Party or any Receiver appointed by it may take possession of the Collateral wherever it may be located and by any method permitted by law, and the Debtor agrees upon request from the Secured Party or any Receiver to assemble and deliver possession of the Collateral at such place or places as directed.
- 13.6 In the event of default, the Debtor agrees to pay all costs, charges and expenses reasonably incurred by the Secured Party or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors' and auditors' costs, other legal expenses and Receiver remuneration), in operating the Debtor's accounts, in enforcing this Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for dispositions and disposing of the Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses together with any monies owing as a result of any borrowing by the Secured Party or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of the Collateral and shall be secured hereby.
- 13.7 Unless the Collateral in question is perishable, the Secured Party believes on reasonable grounds that the Collateral in question will decline speedily in value, the Collateral in question is of the type customarily sold on a recognized market, the cost and storage of the Collateral is disproportionately large relative to its value or a court of competent

jurisdiction orders otherwise, the Secured Party will give the Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of the Collateral is to be made, as may be required by the P.P.S.A.

14. MISCELLANEOUS

- 14.1 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 (including completing and adding schedules hereto identifying the Collateral or any permitted Encumbrances affecting the Collateral or identifying the locations at which the Debtor's business is carried on and the Collateral and records relating thereto are situate) 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 and the Debtor hereby irrevocably constitutes and appoints but only following a default any officer or director from time to time of the Secured Party the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever it may be deemed necessary or expedient.
- 14.2 Without limiting any other right of the Secured Party, whenever Indebtedness is immediately due and payable or the Secured Party has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), the Secured Party may, in its sole discretion, set off against such Indebtedness any and all monies then owed to the Debtor by the Secured Party in any capacity, whether or not due, and the Secured Party shall be deemed to have exercised such right of setoff immediately at the time of making its decision to do so, even though any charge therefor is made or entered on the Secured Party's records subsequent thereto.
- 14.3 Upon the Debtor's failure to perform any of its duties hereunder, the Secured Party may, but shall not be obligated to do so, perform any or all of such duties, and the Debtor shall pay to the Secured Party, forthwith upon written demand therefor, an amount equal to the expense incurred by the Secured Party in so doing plus interest thereon from the date such expense is incurred until it is paid at the highest rate applicable to the Indebtedness.
- 14.4 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 and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security 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 the Security Interest. Furthermore, after default, the Secured Party may demand, collect and sue on the Collateral in either the Debtor's or the Secured Party's name, at the Secured Party's option, and may endorse the Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting the Collateral.
- 14.5 No delay or omission by the Secured Party in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or

remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, the Secured Party may remedy any default by the Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Debtor. All rights and remedies of the Secured Party granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

- 14.6 The Debtor waives protest, notice of protest, notice of presentment and notice of dishonour of any instrument constituting the Collateral at any time held by the Secured Party on which the Debtor is in any way liable and subject to section 13.7 hereof, notice of any other action taken by the Secured Party.
- 14.7 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, estate trustees, personal legal representatives, successors and assigns. In any action brought by an assignee of this Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against the Secured Party.
- 14.8 Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.
- 14.9 Subject to the requirements of section 13.7 hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given if delivered by mail to the party for whom it is intended at the last known address of such party or if sent by prepaid registered mail addressed to the party for whom it is intended at the last known address of such party. Either party may notify the other pursuant hereto of any change in its address to be used for the purposes hereof.
- 14.10 This Agreement and the security created hereby is in addition to and not in substitution for any other security now or hereafter held by the Secured Party and is and is intended to be a continuing Agreement and shall remain in full force and effect until all Indebtedness contracted for or created, and any extensions or renewals thereof, together with interest accruing thereon shall be paid in full and this Agreement is discharged. If all the Indebtedness has been paid and satisfied and the Debtor has otherwise observed and performed all its obligations under this Agreement and is not then in default hereunder, then the Secured Party shall at the request and expense of the Debtor release and discharge the Security Interest and execute and deliver such deeds and other instruments as shall be requisite therefor.

- 14.11 In this Agreement (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders; (b) the word "including" shall mean "including, without limitation,"; (c) any reference to a statute shall mean the statute in force as at the date hereof, together with all regulations promulgated thereunder, as the same may be amended, re-enacted, consolidated and/or replaced from time to time, and any successor statute thereto; (d) reference to the Debtor, the Secured Party and any other person shall include their respective heirs, estate trustees, personal legal representatives, successors and assigns; (e) the division of this Agreement into separate Sections, Subsections and Schedules, and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation of this Agreement; (f) the Secured Party's right to give or withhold any consent or approval, make any determination or exercise any discretion shall be exercised by the Secured Party acting reasonably unless otherwise expressly provided, except that following default the Secured Party shall be entitled to exercise the same in its sole discretion; (g) if more than one person is named as, or otherwise becomes liable for or assumes the obligations and liabilities of the Debtor, then the obligations and liabilities of all such persons shall be joint and several; (h) time shall be of the essence; and (i) all obligations of the Debtor in this Agreement will be deemed to be covenants by the Debtor in favour of the Secured Party.
- 14.12 In the event any provisions of this Agreement shall be deemed invalid or void, in whole or in part, by any court of competent jurisdiction, the remaining terms and provisions of this Agreement shall remain in full force and effect.
- 14.13 Nothing herein contained shall in any way obligate the Secured Party to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.
- 14.14 The Security Interest created hereby shall attach when this Agreement is signed by the Debtor and delivered to the Secured Party. The Debtor and the Secured Party acknowledge that value has been given and the Debtor has rights in the Collateral.
- 14.15 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 "Indebtedness" (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 "Indebtedness" 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.

- 14.16 This Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may from time to time be in effect, including, where applicable, the P.P.S.A.

15. COPY OF AGREEMENT

- 15.1 The Debtor hereby acknowledges receipt of a copy of this Agreement and all financing statements in respect hereof. In the event that the Secured Party pays to the Debtor any penalties pursuant to subsection 46(7) of the P.P.S.A. then the Debtor shall indemnify and hold harmless the Secured Party from all costs, expenses, penalties or charges arising in connection with any action by or on behalf of the Debtor pursuant to subsection 46(7) of the P.P.S.A.

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DATED as of the date first written above.

2607380 ONTARIO INC.

Per: 

Name: Shawn Saulnier

Title: President

I have authority to bind the Corporation.

SCHEDULE "A"
(Locations)**1. Business Locations**

1295 North Service Road, Burlington, Ontario

2380 Mohawk Trail, Campbellville, Ontario

2. Location of Records relating to Collateral

1295 North Service Road, Burlington, Ontario

2380 Mohawk Trail, Campbellville, Ontario

3. Locations of Collateral

1295 North Service Road, Burlington, Ontario

2380 Mohawk Trail, Campbellville, Ontario

EXHIBIT “M”

*THIS IS EXHIBIT "M", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*

A handwritten signature in black ink, appearing to be "Mike", written over a horizontal line.

Commissioner for Taking Affidavits



GUARANTEE

THIS GUARANTEE is made as of this 23rd day of March, 2018 (the "Guarantee")

BETWEEN:

BRIDGING FINANCE INC., AS AGENT
(the "Lender")

- and -

SHAWN SAULNIER
(the "Guarantor")

WHEREAS the Lender is making a loan in the amount of \$2,500,000 (the "Loan") to 2607380 Ontario Inc. (the "Borrower") pursuant to a commitment letter dated March 20, 2018 governing the Loan between the Borrower and the Lender (the "Commitment Letter") and secured by, *inter alia*, a mortgage and charge (the "Mortgage") of certain lands and premises situated in the Regional Municipality of Halton, Province of Ontario, legally described in Schedule "A" attached hereto. As a condition of the Loan, the Guarantor has agreed to provide this Guarantee to the Lender. Unless otherwise defined herein, the capitalized terms and expressions used in this Guarantee shall have the same meanings as set out in the Mortgage.

NOW THEREFORE in consideration of the premises and the covenants and agreements herein contained, the sum of \$2.00 now paid by the Lender to the Guarantor and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Guarantor covenants and agrees with the Lender as follows:

ARTICLE 1 - GUARANTEE

1.1 Guarantee. The Guarantor hereby unconditionally and irrevocably guarantees payment and performance by the Borrower to the Lender of all the debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender on account of the Loan or remaining unpaid or unsatisfied by the Borrower to the Lender in respect thereof including, without limitation, all "Indebtedness" as defined in the Mortgage (hereinafter collectively referred to as the "Obligations").

1.2 Indemnity. If any or all of the Obligations are not duly performed by the Borrower and are not performed under Section 1.1 for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Lender from and against all losses

resulting from the failure of the Borrower to perform such Obligations.

1.3 Primary Obligation. If any or all of the Obligations are not duly performed by the Borrower and are not performed under Section 1.1 or the Lender is not Indemnified under Section 1.2, in each case, for any reason whatsoever, such Obligations will, as a separate and distinct obligation, be performed by the Guarantor as primary obligor.

1.4 Guarantee Absolute. The liability of the Guarantor hereunder shall be absolute and unconditional and shall not be affected by:

- (a) any lack of validity or enforceability of any agreements between any Lender Entity and any Borrower Entity, including any of the Loan Documents or any change in the time, manner or place of payment of or in any other term of such agreements or the failure on the part of any Borrower Entity to carry out any of its obligations under such agreements;
- (b) any impossibility, impracticability, frustration of purpose, illegality, *force majeure* or act of government;
- (c) the bankruptcy, winding-up, liquidation, dissolution or insolvency of any Borrower Entity or any party to any agreement to which any Lender Entity is a party;
- (d) any lack or limitation of power, incapacity or disability on the part of any Borrower Entity or any Lender Entity, or of the directors, partners or agents thereof, or any other irregularity, defect or informality on the part of any Borrower Entity in its obligations to the Lender; or
- (e) any other law, regulation or other circumstance which might otherwise constitute a defence available to, or a discharge of any Borrower Entity in respect of any or all of the Obligations.

The liability of the Guarantor hereunder shall be for the full amount of the Obligations without apportionment, limitation or restriction of any kind. If more than one Person is named as or otherwise becomes liable for or assumes the obligations and liabilities of the Guarantor hereunder, then the obligations and liabilities of all such Persons shall be joint and several.

ARTICLE 2 - DEALINGS WITH BORROWER AND OTHERS

2.1 No Release. The liability of the Guarantor hereunder shall not be released, discharged, limited or in any way affected by anything done, suffered or permitted by any Lender Entity in connection with any duties or liabilities of any Borrower Entity to any Lender Entity or any security therefor including any loss of or in respect of any security received by the Lender. Without limiting the generality of the foregoing and without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantor's liability hereunder, the Lender may discontinue, reduce, increase or otherwise vary the credit of any Borrower Entity in any manner whatsoever without the consent of or notice to the Guarantor and may, either with or without consideration and both before and after an Event of Default,

- (a) make any change in the time, manner or place of payment under, or in another term of any agreement between any Borrower Entity and the Lender;
- (b) grant time, renewals, extensions, indulgences, releases and discharges to any Borrower Entity;
- (c) take or abstain from taking or enforcing securities or collateral from any Borrower Entity or from perfecting securities or collateral of any Borrower Entity;
- (d) accept compromises from any Borrower Entity;
- (e) apply all money at any time received from any Borrower Entity or from securities upon such part of the Obligations as the Lender may see fit or change any such application in whole or in part from time to time as the Lender may see fit; and
- (f) otherwise deal with any Borrower Entity and all other Persons and securities as the Lender may see fit.

ARTICLE 3 - CONTINUING GUARANTEE

3.1 Continuing Guarantee. This Guarantee shall be a continuing guarantee of the Obligations and shall apply to and secure any ultimate balance due or remaining due to the Lender and shall not be considered as wholly or partially satisfied by the payment or liquidation at any time of any sum of money for the time being due or remaining unpaid to the Lender. The Guarantor shall not be released or discharged from any of its obligations hereunder except upon payment of the total amount guaranteed hereunder together with interest thereon as provided in Section 4.1. This Guarantee shall continue to be effective even if at any time any payment of any of the Obligations is rendered unenforceable or is rescinded or must otherwise be returned by the Lender upon the occurrence of any action or event including the insolvency, bankruptcy or reorganization of any Borrower Entity or otherwise, all as though such payment had not been made. Any account settled or stated in writing by or between the Lender and the Borrower shall be *prima facie* evidence that the balance or amount thereof appearing due to the Lender is so due.

ARTICLE 4 - DEMAND AND INTEREST

4.1 Demand and Interest. The Lender shall be entitled to make demand upon the Guarantor at any time upon the occurrence of any Event of Default (as defined in the Mortgage) and upon such Event of Default the Lender may treat all Obligations as due and payable and may forthwith collect from the Guarantor the total amount guaranteed hereunder whether or not such Obligations are yet due and payable at the time of demand for payment hereunder. The Guarantor shall make payment to the Lender of the total amount guaranteed hereunder forthwith after demand therefor is made to the Guarantor. The Guarantor shall pay interest to the Lender at the Interest Rate (as defined in the Mortgage) on the unpaid portion of all amounts payable by the Guarantor under this Guarantee, such interest to accrue from and including the date of demand by the Lender on the Guarantor. The Lender shall not be bound or obligated to exhaust its recourse against any Borrower Entity or other Persons or any securities or collateral it may hold or take any other action before being entitled to demand payment from

the Guarantor hereunder. In any claim by the Lender against the Guarantor, the Guarantor may not assert any set-off or counterclaim that either the Guarantor or any Borrower Entity may have against the Lender. The Guarantor shall pay all reasonable costs and expenses incurred by the Lender in enforcing this Guarantee.

ARTICLE 5 - ASSIGNMENT, POSTPONEMENT AND SUBROGATION

5.1 Assignment, Postponement and Subrogation. All debts and liabilities, present and future, of the Borrower to any party comprising the Guarantor are hereby assigned to the Lender and postponed to the Obligations, and all money received by any party comprising the Guarantor in respect thereof shall be held 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 Guarantor hereunder and this assignment and postponement is independent of the Guarantee and shall remain in full force and effect until, in the case of the assignment, the liability of the Guarantor under this Guarantee has been discharged or terminated and, in the case of the postponement, until all Obligations are performed and paid in full. The Guarantor will not be entitled to subrogation until the Obligations are performed and paid in full.

ARTICLE 6 - GENERAL

6.1 Benefit of the Guarantee. The Guarantor acknowledges and agrees that the Lender may hold the Loan, this Guarantee and the Loan Documents as custodian and agent for all persons having an ownership interest in the Loan from time to time and this Guarantee shall enure to the benefit of the Lender and each such person and their respective successors and assigns. The Guarantor agrees that all enforcement actions or proceedings may be brought by the Lender under the Loan and this Guarantee on behalf of all persons having an ownership interest in the Loan and waives any requirement that any such person be a party thereto. This Guarantee shall be binding upon the Guarantor and its heirs, estate trustees, legal representatives, successors and assigns. Where any reference is made in this Guarantee to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the trust) by or with respect to a trust, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the trust) by or with respect to the trustees of the trust. This Guarantee may be transferred or assigned by the Lender without restriction and without notice to or the consent of the Guarantor.

6.2 Entire Agreement. This Guarantee constitutes the entire agreement between the Guarantor and the Lender with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between such parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties with respect to the subject matter of this Guarantee except as expressly set forth herein. The Lender shall not be bound by any representations or promises made by the Borrower to the Guarantor and possession of this Guarantee by the Lender shall be conclusive evidence against the Guarantor that the

Guarantee was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with.

6.3 Amendments and Waivers. No amendment to this Guarantee will be valid or binding unless set forth in writing and duly executed by the Guarantor and the Lender. No waiver of any breach of any provision of this Guarantee will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

6.4 Severability. If any provision of this Guarantee is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

6.5 Notices. Any demand, notice or other communication to be made or given to the Guarantor in connection with this Guarantee may be made or given by personal delivery, by registered mail or by facsimile transmission addressed to the last known address of the Guarantor as shown in the Lender's records. Any demand, notice or communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof, and if given by registered mail, on the third Business Day following deposit thereof in the mail, and if given by facsimile transmission, on the first Business Day following the transmittal thereof.

6.6 Financial Statements and Release of Information. The Guarantor shall furnish to the Lender promptly upon demand by Lender from time to time financial statements detailing the assets and liabilities of the Guarantor, in form and substance reasonably acceptable to the Lender. The Guarantor hereby represents and warrants to the Lender that all financial statements and other information previously provided or to be provided to any Lender Entity with respect to the Guarantor are and will be complete and correct in all material respects and include all material facts and circumstances concerning the financial or other condition or status of the Guarantor, its business and operations necessary to ensure all such statements and information are not misleading as of the date of delivery to such Lender Entity or as of such other date specified therein. The Guarantor acknowledges and agrees that the Loan may be syndicated without further notice to or the consent of the Guarantor or any other Borrower Entity. Each Lender Entity may release, disclose, exchange, share, transfer and assign from time to time, as it may determine in its sole discretion, all information and materials (including financial statements and information concerning the status of the Loan, such as existing or potential Loan defaults, lease defaults or other facts or circumstances which might affect the performance of the Loan) provided to or obtained by any Lender Entity relating to the Guarantor or any other Borrower Entity, the Property or the Loan (both before and after the Loan advance and/or default) without restriction and without notice to or the consent of the Guarantor or any other Borrower Entity as follows: (i) to any other Lender Entity; (ii) to any subsequent or proposed purchaser of the Loan, including any subsequent or proposed Lender Entity and their respective third party advisers and agents such as lawyers, accountants, consultants, appraisers, credit verification sources and servicers; and (iii) to any other Person in connection with the sale or assignment of the Loan or in connection with any collection or enforcement proceedings taken under or in respect of the Loan and/or the Loan Documents. The Guarantor irrevocably consents to the collection, obtaining, release, disclosure, exchange, sharing, transfer and assignment of all such information and materials.

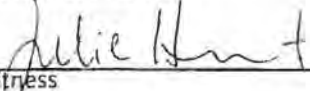
6.7 Governing Law. This Guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein without application of any principle of conflict of laws which may result in laws other than the laws in force in such Province applying to this Guarantee; and the Guarantor consents to the jurisdiction of the courts of such Province and irrevocably agrees that, subject to the Lender's election in its sole discretion, all actions or proceedings arising out of or relating to this Guarantee shall be litigated in such courts and the Guarantor unconditionally accepts the non-exclusive jurisdiction of the said courts and waives any defense of *forum non-conveniens*, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Guarantee, provided nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of the Lender to bring proceedings against the Guarantor or any other Borrower Entity in the courts of any other jurisdiction.

6.8 General. The Guarantor acknowledges having received and reviewed a copy of the Commitment Letter, the Mortgage and each of the other Loan Documents. Section 2.5 of the Mortgage is incorporated in and forms part of this Guarantee *mutatis mutandis*. "**Lender Entity**" means each of the Lender, each person having an ownership interest in the Loan from time to time, any receiver and their respective employees, officers and directors. "**Borrower Entity**" means the Borrower, each guarantor of the loan, and any person having a beneficial ownership interest in all or any part of the Mortgaged Premises from time to time.


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IN WITNESS WHEREOF the Guarantor has executed this Guarantee and acknowledges receipt of a fully executed copy thereof.

Signed, Sealed and Delivered
in the presence of:



Witness

)
)
)
)
)


Shawn Saulter

SCHEDULE "A"
(Legal Description of Lands)

Municipal Address:

1295 North Service Road, Burlington, Ontario

Legal Description:

Part Lot 10, RCP Plan 99, Part 3 & 7, 20R6963, subject to 619045; Burlington (PIN 07127-0265 (LT))

EXHIBIT “N”

*THIS IS EXHIBIT "N", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*



Commissioner for Taking Affidavits

AMENDED AND RESTATED

PRIORITY, POSTPONEMENT AND STANDSTILL AGREEMENT

THIS AGREEMENT made as of August 30, 2019.

BETWEEN:

MERIDIAN CREDIT UNION LIMITED

(hereinafter referred to as the "**Meridian**")

- and -

**CROSSROADS CHRISTIAN COMMUNICATIONS
INCORPORATED**

(hereinafter referred to as "**CCCI**")

- and -

BRIDGING FINANCE INC., as agent

(hereinafter referred to as "**BFI**")

- and -

2607380 ONTARIO INC.

(hereinafter referred to as "**Borrower**")

WHEREAS the Borrower is the registered owner of those lands and premises legally described as PT LT 10, RCP PL 99, PART 3 & 7, 20R6963, S/T IN 619045; BURLINGTON, and municipally known as 1295 North Service Road, Burlington, Ontario (hereinafter referred to as the "**Real Property**") including any portion thereof, and any chattels, fixtures, rents, leases, and/or other personal property situate upon, within or affixed to or otherwise relating exclusively to the Real Property, or any portion thereof (the "**Property Collateral**");

AND WHEREAS the Borrower granted a charge to Meridian which was registered in the Land Registry Office for the Land Titles Division of Halton (No. 20) on the date hereof and additionally secured by a General Assignment of Rents, Notice of which was registered on the date hereof, which charge secures the maximum principal sum of TWENTY THREE MILLION DOLLARS (\$23,000,000.00), together with costs and interest thereon (the "**Meridian Indebtedness**") registered against the Real Property and other security collateral to such charge (collectively, the "**Meridian Security**") pursuant to a Credit Agreement, dated March 9, 2018, as such Credit Agreement may have been, and may in the future be amended, modified, restated or replaced from time to time or time, including without limitation pursuant to an Amended and Restated Amendment and Forbearance Letter dated August 14, 2019 (the "**Meridian Credit Agreement**");

AND WHEREAS the Borrower acquired the Real Property from CCCI in part consideration of which CCCI provided a vendor-take-back loan for which Borrower granted a charge to CCCI which was registered in the Land Registry Office for the Land Titles Division of Halton (No. 20) on the date hereof, which charge secures the principal sum of FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS (\$4,500,000.00) (the "**CCCI Indebtedness**") and certain additional security collateral thereto, if any (collectively, the "**CCCI Security**");

AND WHEREAS the Borrower granted a charge to the BFI which was registered in the Land Registry Office for the Land Titles Division of Halton (No. 20) on the date hereof, which charge secures the principal sum of THREE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$3,250,000.00) together with costs and interest thereon (the "**BFI Indebtedness**"), registered against the Real Property, or portions thereof, and the Borrower has granted, or may in the future grant, other security collateral to such charge (collectively, the "**BFI Security**"), pursuant to the terms of a Commitment Letter, dated March 20, 2018 (the "**BFI Commitment Letter**"), as such commitment letter may have been, and may in the future be amended, modified, restated or replaced from time to time or times;

AND WHEREAS the parties hereto have entered into this Agreement in order to evidence and confirm the respective priorities between the Meridian Security, the CCCI Security, and the BFI Security in respect of the Real Property and to outline the respective obligations and agreements among the parties with respect to the financing of the acquisition and the realization upon their respective security;

AND WHEREAS for the purposes of this Agreement the parties have agreed that the amount of the Meridian Indebtedness to which the CCCI Security shall be postponed is the amount of TWENTY MILLION SEVEN HUNDRED THIRTY FIVE THOUSAND DOLLARS (\$20,735,000) (the "**Limited Meridian Indebtedness**");

AND WHEREAS by a lease dated March 23, 2018, the Borrower has leased to CCCI certain premises upon the Real Property for a term of five (5) years (and two (2) options to extend for an additional five (5) years) upon the terms and conditions as set out in the Lease;

AND WHEREAS Meridian and CCCI entered into a Non-Disturbance and Attornment Agreement the dated March 23, 2018 (the "**NDA Agreement**");

AND WHEREAS Meridian, CCCI, BFI and the Borrower entered into a Priority, Postponement and Standstill Agreement on March 23, 2018 (the "**Original Agreement**");

And WHEREAS Meridian, CCCI, BFI and the Borrower wish to amend and fully replace and restate the Original Agreement with this Amended and Restated Priority Postponement and Standstill Agreement ("**this Agreement**");

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements hereinafter set forth, the sum of Ten Dollars (\$10.00) of lawful money of Canada paid by each of the parties hereto to the others, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto hereby covenant and agree, to and with each other, as follows:

ARTICLE 1.00
PRIORITIES, POSTPONEMENTS AND SUBORDINATIONS BETWEEN MERIDIAN
AND CCCI

- 1.01 The parties hereto hereby acknowledge and agree that the following priorities shall govern with respect to the Meridian Security and the CCCI Security relating to the Real Property, namely:
- (a) the Meridian Security relating to the Real Property, and all advances made thereunder from time to time up to the amount of the Limited Meridian Indebtedness, as well as all reasonable costs and expenses of Meridian arising from or in connection with the Credit Agreement and the Meridian Security, and/or incurred by or on behalf of Meridian in enforcing the Meridian Security or any portion thereof, shall, shall constitute a first charge and security interest against the Real Property and all other Property Collateral relating to the Real Property, and for greater certainty the Meridian Security shall constitute a second charge and security interest against the Real Property over all amounts of the Meridian Indebtedness which are in excess of the Limited Meridian Indebtedness together with costs and interest thereon; and
 - (b) the CCCI Security relating to the Real Property and all advances made or secured thereunder from time to time, and all other amounts secured thereunder, including without limitation, all reasonable costs and expenses of CCCI arising from or in connection with the CCCI Security relating to the Real Property and/or incurred by or on behalf of CCCI in enforcing the CCCI Security relating to the Real Property or any portion thereof, shall, so long as the Meridian Security is registered against title to the Real Property, constitute a subordinate charge and security interest against the Real Property and all other Property Collateral relating to the Real Property in relation to the Meridian Security up to the amount of the Limited Meridian Indebtedness only, and for greater certainty, the CCCI Security shall have a first charge and security interest against the Real Property over all amounts of the Meridian Indebtedness which are in excess of the Limited Meridian Indebtedness together with costs and interest thereon.
- 1.02 Without limiting the generality of the foregoing, with respect to the Real Property and the Property Collateral, CCCI hereby postpones and subordinates the CCCI Security in the Real Property and the Property Collateral, and all of its rights, powers and interest thereunder, to and in favour of the Meridian Security in the Real Property and the Property Collateral to the extent of the Limited Meridian Indebtedness and all interest now or hereafter accrued and/or payable thereon, and all reasonable costs and expenses of Meridian arising from or in connection with the Credit Agreement and the Meridian Security, and/or incurred by or on behalf of Meridian in enforcing the Meridian Security or any portion thereof, with such postponement and subordination to be valid and effective regardless of the respective times of execution, delivery, registration, attachment, perfection, crystallization and/or enforceability of the applicable CCCI Security and the Meridian Security, and with such postponement and subordination to be valid and effective in respect of the entirety of the Limited Meridian Indebtedness together with costs and interest thereon regardless of the time of advance of any part of all of the Meridian

Indebtedness from time to time or times including whether advanced before or subsequent to the date of registration of the CCCI Security.

- 1.03 CCCI covenants and agrees to execute and provide Meridian with whatever documents may, in the reasonable opinion of Meridian's counsel, be required from time to time to evidence and confirm the foregoing postponement and subordination and which are satisfactory to CCCI and its counsel, acting reasonably, including, if necessary, a postponement of charge in registerable form in respect of CCCI's charge including without limitation a reference to CCCI's postponement to all subsequent advances up to the Limited Meridian Indebtedness as provided for in this Agreement, as well as any financing charge statements or other documents required to record such postponement and subordination under the *Personal Property Security Act R.S.O. 1990*, as amended, provided all reasonable legal fees and disbursements incurred by CCCI in connection with the foregoing are fully paid for by the Borrower.
- 1.04 Notwithstanding any other provision hereof, save and except for amounts that may be added to the principal amount of the Meridian Security in accordance with the terms of the Meridian Commitment Letter or Meridian Security, Meridian agrees that any increase in the indebtedness of the Borrower to Meridian above and beyond the amount of the Limited Meridian Indebtedness together with costs and interest thereon, without CCCI's prior written consent, shall not be afforded the priority over the CCCI Security as contemplated herein.

ARTICLE 2.00

PRIORITIES, POSTPONEMENTS AND SUBORDINATIONS BETWEEN MERIDIAN AND BFI

- 2.01 The parties hereto hereby acknowledge and agree that the following priorities shall govern with respect to the Meridian Security and the BFI Security relating to the Real Property, namely:
 - (a) the Meridian Security, and all advances made thereunder from time to time up to the amount of Meridian Indebtedness, as well as all reasonable costs and expenses of Meridian arising from or in connection with the Meridian Commitment Letter and Meridian Security, and/or incurred by or on behalf of Meridian in enforcing Meridian Security or any portion thereof, shall constitute a first charge, and security interest against the Real Property and all other Property Collateral; and
 - (b) the BFI Security and all advances made or secured thereunder from time to time, and all other amounts secured thereunder, including without limitation, all reasonable costs and expenses of BFI arising from or in connection with the BFI Security and/or incurred by or on behalf of BFI in enforcing the BFI Security or any portion thereof, shall, so long as the Meridian Security is registered against title to the Real Property, constitute a subordinate charge and security interest in relation to the Meridian Security, against the Real Property and all other Property Collateral relating to the Real Property.
- 2.02 Without limiting the generality of the foregoing, with respect to the Real Property and the Property Collateral, BFI hereby postpones and subordinates the BFI, and all of its rights,

powers and interest thereunder, to and in favour of the Meridian Security to the extent of the Meridian Indebtedness and all interest now or hereafter accrued and/or payable thereon, and all reasonable costs and expenses of Meridian arising from or in connection with the Credit Agreement and the Meridian Security, and/or incurred by or on behalf of Meridian in enforcing the Meridian Security or any portion thereof, with such postponement and subordination to be valid and effective regardless of the respective times of execution, delivery, registration, attachment, perfection, crystallization and/or enforceability of the applicable BFI Security and the Meridian Security, and with such postponement and subordination to be valid and effective in respect of the entirety of the Meridian Indebtedness together with costs and interest thereon regardless of the time of advance of any part of all of the Meridian Indebtedness from time to time or times including whether advanced before or subsequent to the date of registration of the BFI Security.

- 2.03 Notwithstanding any other provision hereof, save and except for all reasonable costs and expenses of Meridian arising from or in connection with the Meridian Commitment Letter and Meridian Security, and/or incurred by or on behalf of Meridian in enforcing Meridian Security or any portion thereof, Meridian agrees that any increase in the principal amount secured by the Meridian Security, or any increase in the interest rate secured by the Meridian Security above a rate which is equivalent to the Prime Rate (as defined in the Meridian Credit Agreement, unamended from March 9, 2018) plus Eleven percent (11%), without BFI's prior written consent shall not be afforded the priority over the BFI Security as contemplated herein.

ARTICLE 3.00

PRIORITIES, POSTPONEMENTS AND SUBORDINATIONS BETWEEN CCCI AND BFI

- 3.01 The parties hereto hereby acknowledge and agree that the following priorities shall govern with respect to the CCCI Security and the BFI Security relating to the Real Property, namely:
- (a) the CCCI Security relating to the Real Property, and all advances made thereunder from time to time up to the amount of CCCI Indebtedness, as well as all reasonable costs and expenses of CCCI arising from or in connection with the CCCI Commitment Letter and CCCI Security, and/or incurred by or on behalf of CCCI in enforcing CCCI Security or any portion thereof, shall constitute a charge in priority to the BFI Security against the Real Property; and
 - (b) the BFI Security relating to the Real Property and all advances made or secured thereunder from time to time, and all other amounts secured thereunder, including without limitation, all reasonable costs and expenses of BFI arising from or in connection with the BFI Security relating to the Real Property and/or incurred by or on behalf of BFI in enforcing the BFI Security relating to the Real Property or any portion thereof, shall, so long as the CCCI Security is registered against title to the Real Property, constitute a subordinate charge and security interest in relation to the CCCI Security, against the Real Property.
- 3.02 Without limiting the generality of the foregoing, with respect to the Real Property, BFI hereby postpones and subordinates the BFI Security in the Real Property, and all of its

rights, powers and interest thereunder, to and in favour of CCCI Security in the Real Property to the extent of the CCCI Indebtedness and all interest now or hereafter accrued and/or payable thereon, and all reasonable costs and expenses of CCCI arising from or in connection with the Credit Agreement and the CCCI Security, and/or incurred by or on behalf of CCCI in enforcing the CCCI Security or any portion thereof, with such postponement and subordination to be valid and effective regardless of the respective times of execution, delivery, registration, attachment, perfection, crystallization and/or enforceability of the applicable BFI Security and the CCCI Security, and with such postponement and subordination to be valid and effective in respect of the entirety of the CCCI Indebtedness together with costs and interest thereon.

- 3.03 Notwithstanding any other provision hereof, save and except for all reasonable costs and expenses of CCCI arising from or in connection with the CCCI Security, and/or incurred by or on behalf of CCCI in enforcing CCCI Security or any portion thereof, CCCI agrees that any increase in the principal face amount secured by CCCI Security without BFI' prior written consent, shall not be afforded the priority over the BFI Security as contemplated herein.

ARTICLE 4.00 GENERAL PRIORITY TERMS

- 4.01 The Borrower hereby acknowledges the foregoing priorities and postponements as set out in Articles 1.00, 2.00 and 3.00 herein, and agrees to be bound by the respective priorities of the Meridian Security, the CCCI Security, and the BFI Security relating to the Real Property, and the Property Collateral, as hereinbefore set forth, and to pay or fully reimburse Meridian, CCCI and BFI for all reasonable legal fees, expenses and disbursements incurred by Meridian, CCCI and BFI in connection with its execution and delivery of the postponement and subordination documentation hereinbefore provided or contemplated.
- 4.02 BFI shall not accept any money or other property from the Borrower in payment of any indebtedness and liability except in accordance with this Agreement.
- 4.03 In the event that BFI receives any money or other property in breach of this Agreement, it shall hold it in trust for, and immediately pay or transfer it to, Meridian until such time as the Meridian Indebtedness is fully repaid and satisfied, at which time it shall hold it in trust for, and immediately pay or transfer it to, CCCI until such time as the CCCI Indebtedness is fully repaid and satisfied.
- 4.04 Notwithstanding any other provision hereof, Meridian and CCCI hereby acknowledge and agree that it shall not be a default hereunder for BFI to receive from the Borrower and accept the following payments, but only to the extent that such payments do not put the Borrower into default under the Meridian Credit Agreement with respect to its obligation to maintain a minimum Debt Service Ratio and Interest Coverage Ration (as defined in the Meridian Credit Agreement, unamended from March 9, 2018):
- (a) repayment principal and interest in accordance with the BFI Commitment Letter; and

- (b) any discharge fees reasonably incurred by Borrower in legitimate pursuit of any full or partial discharge of the BFI Security.

ARTICLE 5.00
NOTICE OF DEFAULT AND CURING

- 5.01 Each of Meridian, CCCI and BFI covenants and agrees to provide to the others with notice in writing of any notice of default sent to the Borrower under the Meridian Security, the CCCI Security or the BFI Security, respectively.
- 5.02 Notwithstanding the foregoing, neither Meridian, CCCI and BFI shall have any liability for failing to comply with this Section 5.01, except that the Standstill Period relating to the Real Property will only commence on delivery of a notice of default.
- 5.03 CCCI shall be entitled (but not obligated) to cure any default under the Meridian Security, and to repay all amounts then outstanding under the Meridian Security (in order to bring the Meridian Security back into good standing) in either case within the applicable curing period under the Meridian Security relating thereto.
- 5.04 BFI shall be entitled (but not obligated) to cure any default under the Meridian Security and the CCCI Security, and to repay all amounts then outstanding under the Meridian Security and CCCI Security (in order to bring the Meridian Security and CCCI Security back into good standing) in either case within the applicable curing period under the Meridian Security or CCCI Security relating thereto.

ARTICLE 6.00
STANDSTILL/FORBEARANCE IN FAVOUR OF THE LENDER

- 6.01 CCCI and BFI agree that, from and after the date hereof, to and until the date of the repayment and/or satisfaction of all outstanding indebtedness and/or liabilities of the Borrower to Meridian under the Meridian Security and the complete discharge thereof, CCCI and BFI shall not take, direct, initiate, pursue or otherwise participate in, either directly or indirectly, any collection, realization or enforcement proceedings or remedies against, or otherwise effecting, the Borrower, nor against the Real Property, or any portion thereof, nor against any other Property Collateral relating to Real Property or any other undertaking, property and assets of the Borrower ("**Realization**"), as a result of any breach, default or non-compliance with any covenants, conditions, representations, warranties, terms and/or provisions of the CCCI Security or BFI Security, as applicable ("**Borrower Default**"), or any portion thereof, for a period of ninety (90) days following the delivery by CCCI or BFI, as applicable, to the Borrower and to Meridian of a notice of default by the Borrower under the CCCI Security or BFI Security, as applicable (the "**Standstill Period**").
- 6.02 Meridian shall be entitled to send a notice to CCCI and BFI that there has been an event of default under the Meridian Credit Agreement or the Meridian Security (the "**Meridian Default Notice**"). A Standstill Period shall be triggered and shall commence upon delivery by Meridian to CCCI and BFI of a Meridian Default Notice. Notwithstanding the foregoing, Meridian shall not be able to trigger a Standstill period by delivery of a Meridian Default Notice on more than one occasion during any consecutive nine (9) month period.

- 6.03 CCCI and BFI shall not engage in a Realization during any Standstill Period.
- 6.04 CCCI and BFI shall not demand, accept nor receive any payment from the Borrower whether on account of principal or interest on the CCCI Indebtedness or BFI Indebtedness or otherwise from the time a Meridian Default Notice is received until the earlier of (i) all indebtedness and liability owing by the Borrower to Meridian has been paid in full; (ii) Meridian withdraws the Meridian Default Notice; and, (iii) Meridian completes a Realization in accordance, and in compliance, with the terms of this Agreement.
- 6.05 The parties further agree that an event of default under the CCCI Security or BFI Security may, at the option of Meridian, trigger an event of default under the Meridian Security, and a default under the Meridian Security may, at the option of CCCI or BFI, as applicable, trigger a default under the CCCI Security and BFI Security.
- 6.06 It is understood and agreed by the parties hereto that the expiration of the Standstill Period shall not diminish, detract, or derogate from the validity and effectiveness of all postponements, consents and discharges theretofore executed and/or provided pursuant to this Agreement.
- 6.07 CCCI and BFI hereby expressly acknowledge and confirm that Meridian is relying upon such forbearance on the part of CCCI and BFI during the Standstill Period in order to be ensured that in the event the Meridian Security is hereafter in default, that to the extent prohibited herein no actions, steps or proceedings shall or be taken by or on behalf of CCCI or BFI, whether culminating in any document or instrument hereafter registered against or otherwise affecting the Real Property, any portion thereof, or otherwise, which might negatively or detrimentally impact Meridian's ability to expeditiously realize upon the Meridian Security.
- 6.08 CCCI and BFI agree with Meridian that CCCI and BFI shall not, during the Standstill Period, be permitted to exercise any of their rights and remedies arising as a result of a breach or default under the CCI Security or BFI Security, or any portion thereof, against any guarantors of the CCCI Indebtedness or BFI Indebtedness or any other persons or entities who may be liable for the indebtedness and obligations of the Borrower under or secured by such security other than the Borrower.
- 6.09 Each of BFI and CCCI has granted to Meridian a Postponement of Charge which is registered against the Real Property, copies of which are attached as Schedule "A", and the BFI and CCCI agree that such Postponements of Charge shall continue to be registered and relied upon by Meridian throughout the term of this Agreement as evidence of the postponements granted herein.

ARTICLE 7.00 NOTICES

- 7.01 Any notices desired or required to be given to any of the parties hereto shall be in writing, and shall be delivered by hand/courier or by telefax to the intended party or parties as follows:

To Meridian:
Meridian Credit Union
75 Corporate Park Drive.
St. Catharines, ON
L2S3W3

Attn: Commercial Security Support
Fax: 905-988-4006

To the Borrower:
2380 Mohawk Trail,
Campbellville, ON
L0P1B0

Attn: Shawn Saulnier

To CCCI:
1295 North Service Road
Burlington, ON
L7R 4M2

Attention: Jack Vanderkooy
Fax: 905-332-6655

To BFI:
77 King Street West, Suite 2925
P.O. Box 322,
Toronto, ON
M5K 1K7

Attn: Robb Cacovic
Fax: 1-888-920-9599

- 7.02 Documents and notices shall be delivered by hand/courier or by telefax only on business days (excluding Saturdays, Sundays and statutory holidays), and shall be deemed to have been received on the day that same have been so delivered or telefaxed, provided however that any document or notice delivered or telefaxed after 5:00 p.m. shall be deemed to have been received on the next following business day.
- 7.03 Any party hereto may, from time to time and by written notice delivered to the other parties hereto in the manner aforesaid, change the address or telefax number to which its notices are to be delivered.
- 7.04 Without limiting the generality of the foregoing, each of Meridian, CCCI and BFI agree to provide to the others with a copy of any and all notices sent to the Borrower under, or in connection with, its respective security, including notice of an Event of Default, as such term is defined under the Meridian Security, committed by the Borrower, together with the particulars and status of compliance of the Borrower's outstanding indebtedness or obligations, when so requested from time to time by the other party. The Borrower consents to such exchange of information between Meridian and Meridian, CCCI and BFI.

ARTICLE 8.00
NO AFFECT ON NDA AGREEMENT

- 8.01 Meridian or CCCI agree that nothing in this Agreement shall vary or modify the rights and obligations of Meridian or CCCI as set out in the NDA Agreement.

ARTICLE 9.00
FURTHER ASSURANCES

- 9.01 Each of the parties hereto agree, at the expense of the Borrower, to give and execute such further documents and assurances, and to do and perform, or cause to be done and

performed, such further and other acts and things as may be necessary in order to give full effect and force to the terms and provisions of this Agreement.

**ARTICLE 10.00
NO WAIVER OF DEFAULT**

- 10.01 The failure of any party hereto to seek redress from the breach or violation of any provision of this Agreement, or to insist upon the strict performance thereof, shall not constitute a waiver of such breach, nor a waiver of such party's respective rights and remedies in connection therewith, and shall not prevent a subsequent act, which would have originally constituted a violation or breach of any provision of this Agreement, from having the effect of an original violation or breach.
- 10.02 No waiver on behalf of any party hereto in relation to any breach or default by any other party hereto, shall be effective or binding upon such first-mentioned party, unless and until such waiver is specifically confirmed or expressed in writing, and same shall not limit or affect such first-mentioned party's rights and remedies with respect to any further or other breach or default by the other party or parties hereto.

**ARTICLE 11.00
SEVERABILITY OF INVALID PROVISIONS**

- 11.01 Every provision of this Agreement is intended to be severable, and accordingly, if any term or provision hereof is adjudged by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, then such illegal or invalid provision shall not affect the validity of the remainder of this Agreement, but shall be severable therefrom, and this Agreement shall accordingly be construed and enforced as if such illegal or invalid provision had not been inserted in this Agreement.

**ARTICLE 12.00
ENTIRE AGREEMENT**

- 12.01 This Agreement constitutes the entire agreement between the parties hereto in connection with the respective priorities between the Meridian Security, the CCCI Security, and the BFI Security, and the respective obligations and agreements among the parties with respect to the financing of the acquisition and the realization upon their respective security.
- 12.02 This Agreement replaces and supersedes all prior written Agreements between Meridian and CCCI in connection with the priorities of the Meridian Security and CCCI Security.

**ARTICLE 13.00
GOVERNING LAW AND JURISDICTION**

- 13.01 This Agreement shall be construed and enforced in accordance with, and the rights of the parties hereto shall be governed by, the laws of the Province of Ontario. Each of the parties hereto irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

**ARTICLE 14.00
HEADINGS AND GENDER**

- 14.01 Any headings used throughout this Agreement are for ease of reference only, and shall not be deemed or construed to form a part of this Agreement, nor shall they influence the construction or interpretation of this Agreement.
- 14.02 This Agreement shall be read and construed with all changes in gender and/or number as may be required.

**ARTICLE 15.00
TIME OF THE ESSENCE**

- 15.01 Time shall in all respects be of the essence hereof, provided that the time for doing or completing any matter provided or contemplated in this Agreement may be extended or abridged by an agreement in writing, executed by Meridian, CCCI and BFI, or by their respective solicitors who are hereby specifically authorized in that regard.

**ARTICLE 16.00
EXECUTION IN COUNTERPARTS**

- 16.01 This Agreement may be executed in one or more counterparts, each of which when so executed shall constitute an original, and all of which shall together constitute one and the same agreement.

**ARTICLE 17.00
FACSIMILE**

- 17.01 The execution of this Agreement may be communicated by way of email facsimile transmission, and receipt of such transmission by the addressees herein shall be deemed to be good, sufficient and fully effectual as if an original executed copy of this Agreement had been delivered.

**ARTICLE 18.00
ASSIGNMENT BY ANY OF THE SECURED PARTIES**

- 18.01 In the event that either Meridian, CCCI or BFI should hereafter desire to assign their respective security, in whole or in part, to any third party assignee(s), then such assignor shall notify in writing the other parties hereto of such assignment, and shall:
- (a) deliver a copy of this Agreement to any such assignee(s) on or prior to the effective date of such assignment; and
 - (b) obtain a binding written commitment from such assignee(s) in favour of all of the other parties hereto, confirming that such assignee(s) shall be bound by the covenants and obligations of the assignor hereunder, to the same extent as if it had executed this Agreement in the place and stead of the said assignor, and shall thereafter deliver such commitment to all other parties hereto.

**ARTICLE 19.00
BINDING UPON SUCCESSORS**

- 19.01 This Agreement shall enure to the benefit of, and be correspondingly binding upon, each of the parties hereto and their respective successors and assigns, and shall likewise be binding on any trustee or receiver in Bankruptcy of any party hereto, and on any trustee or appointee of any court or other tribunal, and on any person (including a corporation) who shall receive the property of any party hereto upon any liquidation proceedings, or any proceedings involving the disposition or devolution of property by operation of law or otherwise.

**ARTICLE 20.00
MISCELLANEOUS PROVISIONS**

- 20.01 Nothing in this Agreement shall be construed so as to entitle any party to receive any proceeds of realization in respect of which such party does not have any security, or in respect of which such party's security is invalid or unenforceable against third parties. If any third party shall have a claim to such proceeds from any of the property or assets of the Borrower, in priority to or on a parity with one of the parties hereto, but not in priority to or on a parity with the other parties hereto, then this Agreement shall not apply so as to diminish the right, as such rights would have been but for this Agreement, of such other parties against any such third party to such proceeds from such property or assets.


**ARTICLE 21.00
THIS AGREEMENT TO SUPERSEDE AND REPLACE ORIGINAL AGREEMENT**

- 21.01 This Agreement shall fully replace and supersede the Original Agreement in all respects, and on the signing of this Agreement the Original Agreement shall be cancelled and all parties shall be released from their obligations thereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have hereunto executed these presents as of the date first above-mentioned.

MERIDIAN CREDIT UNION LIMITED

Per: 
Name: Senior Mgr. BBC Commercial Credit
Title:
I/We have the authority to bind the Corporation

**CROSSROADS CHRISTIAN
COMMUNICATIONS INCORPORATED**

Per: _____
Name: Jack Vanderkooy
Title: Chief Operating Officer
I/We have the authority to bind the Corporation

BRIDGING FINANCE INC.

Per: _____
Name: Robb Cacovic
Title: Senior Managing Director, Authorized
Signing Officer

2607380 ONTARIO INC.

Per: _____
Name: Shaun Saulnier
Title: President

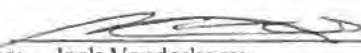
I have the authority to bind the Corporation

IN WITNESS WHEREOF the parties hereto have hereunto executed these presents as of the date first above-mentioned,

MERIDIAN CREDIT UNION LIMITED

Per: _____
Name: _____
Title: _____
I/We have the authority to bind the Corporation

**CROSSROADS CHRISTIAN
COMMUNICATIONS INCORPORATED**

Per:  _____
Name: Jack Vanderkooy
Title: Chief Operating Officer
I/We have the authority to bind the Corporation

BRIDGING FINANCE INC.

Per: _____
Name: Robb Cacovic
Title: Senior Managing Director, Authorized
Signing Officer

2607380 ONTARIO INC.

Per: _____
Name: Shaun Saulnier
Title: President

I have the authority to bind the Corporation

IN WITNESS WHEREOF the parties hereto have hereunto executed these presents as of the date first above-mentioned.

MERIDIAN CREDIT UNION LIMITED

Per: _____
Name: Stephen Otten
Title: Senior Director and Regional Manager
I/We have the authority to bind the Corporation

**CROSSROADS CHRISTIAN
COMMUNICATIONS INCORPORATED**

Per: _____
Name: Jack Vanderkooy
Title: Chief Operating Officer
I/We have the authority to bind the Corporation

BRIDGING FINANCE INC.

Per: _____
Name: Robb Caeovic *Robb Caeovic*
Title: Senior Managing Director, Authorized
Signing Officer

2607380 ONTARIO INC.

Per: _____
Name: Shaun Saulnier
Title: President

I have the authority to bind the Corporation

IN WITNESS WHEREOF the parties hereto have hereunto executed these presents as of the date first above-mentioned.

MERIDIAN CREDIT UNION LIMITED

Per: _____
Name: Stephen Otten
Title: Senior Director and Regional Manager
I/We have the authority to bind the Corporation

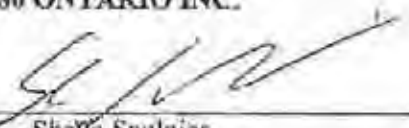
**CROSSROADS CHRISTIAN
COMMUNICATIONS INCORPORATED**

Per: _____
Name: Jack Vanderkooy
Title: Chief Operating Officer
I/We have the authority to bind the Corporation

BRIDGING FINANCE INC.

Per: _____
Name: Robb Cacovic
Title: Senior Managing Director, Authorized
Signing Officer

2607380 ONTARIO INC.

Per:  _____
Name: Shawn Saulnier
Title: President

I have the authority to bind the Corporation

- 14 -

SCHEDULE "A"

Postponements of Charge

(See attached)

Properties

PIN 07127 - 0265 LT
Description PT LT 10, RCP PL 99, PART 3 & 7, 20R0983, S/T IN 516045, BURLINGTON
Address 1295 NORTH SERVICE RD
BURLINGTON

Source Instruments

Registration No	Date	Type of Instrument
HR1532639	2018 03 26	Charge/Mortgage

Party From(s)

Name BRIDGING FINANCE INC
Address for Service 77 King Street West
Suite 2925, P.O. Box 322
Toronto, ON M5K 1K7

I, Graham Marr, have the authority to bind the corporation

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

Party To(s)	Capacity	Share
Name MERIDIAN CREDIT UNION LIMITED Address for Service 75 Corporate Park Drive, St. Catharines, ON L2S 3W3		

Statements

The applicant postpones the rights under the selected instrument to the rights under an instrument registered as number HR1532634 registered on 2018/03/26

Schedule See Schedules

Signed By

Jill C. Medeiros	1 James Street South, 14 th floor, PO Box 926 Depo Hamilton L8N 3P9	acting for Party Signed From(s)	2018 03 23
Tel 905-523-1333			
Fax 905-523-5878			

I have the authority to sign and register the document on behalf of the Party From(s)

Submitted By

SCARFONE HAWKINS LLP	1 James Street South, 14 th floor PO Box 926 Depo Hamilton L8N 3P9	2018 03 26
Tel 905-523-1333		
Fax 905-523-5878		

Fees/Taxes/Payment

Statutory Registration Fee	\$63.65
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Total Paid	\$63.65
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Schedule: Postponement of Charge

The Charge Instruments referenced on page 1 to this Postponement of Interest, being one charge granted to Bridging Finance Inc. (the "BFI Charge") and one charge granted to Meridian Credit Union Limited (the "Meridian Charge") are subject to a Priority, Postponement and Standstill Agreement, dated the date hereof, and which, inter alia, subordinates the BFI Charge to subsequent advances made under the Meridian Charge, as more particularly set out in the abovementioned Priority, Postponement and Subordination Agreement.

Properties

PIN 07127 - 0265 LT
 Description PT LT 10, RCP PL 99, PART 3 & 7, 20R6963, S/T IN 619045, BURLINGTON
 Address 1295 NORTH SERVICE RD
 BURLINGTON

Source Instruments

Registration No.	Date	Type of Instrument
HR1532637	2018 03 26	Charge/Mortgage

Party From(s)

Name CROSSROADS CHRISTIAN COMMUNICATIONS INCORPORATED
 Address for Service 1295 North Service Road,
 Burlington, ON
 L7R 4M2

I, Jack Vanderkooy, have the authority to bind the corporation.

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

Party To(s)

Capacity

Share

Name MERIDIAN CREDIT UNION LIMITED
 Address for Service 75 Corporate Park Drive,
 St. Catharines, ON
 L2S 3W3

Statements

The applicant postpones the rights under the selected instrument to the rights under an instrument registered as number HR1532634 registered on 2018/03/26

Schedule: Crossroads Christian Communications Incorporated, the registered owner of the charge registered on the 26th day of March, 2018 as No. HR HR1532637 (the Crossroads Charge) hereby postpones the Crossroads Charge to the charge dated 26th day of March, 2018 and registered as No. HR HR1532634 in favour of Meridian Credit Union Limited (the Meridian Charge), including with respect to subsequent advances made by Meridian Credit Union Limited to 2607380 Ontario Inc. under the Meridian Charge.

Signed By

Jill C. Medeiros	1 James Street South, 14 th floor, PO Box 926 Depo Hamilton L8N 3P9	acting for Party From(s)	First Signed	2018 03 23
------------------	--	-----------------------------	-----------------	------------

Tel 905-523-1333

Fax 905-523-5878

Denise Patricia Kocsis	1 James Street South, 14 th floor, PO Box 926 Depo Hamilton L8N 3P9	acting for Party From(s)	Last Signed	2018 04 09
------------------------	--	-----------------------------	----------------	------------

Tel 905-523-1333

Fax 905-523-5878

I have the authority to sign and register the document on behalf of the Party From(s)

Submitted By

SCARFONE HAWKINS LLP	1 James Street South, 14 th floor, PO Box 926 Depo Hamilton L8N 3P9	2018 04 09
----------------------	--	------------

Tel 905-523-1333

Fax 905-523-5878

Fees/Taxes/Payment

Statutory Registration Fee	\$63.65
Total Paid	\$63.65

File Number

Party To Client File Number:

17R1494

EXHIBIT “O”

*THIS IS EXHIBIT "O", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*



Commissioner for Taking Affidavits

**KEEP CAPITAL LTD.**

Lic #13077

Letter of Commitment

Date of Offer: July 18, 2019

LENDER: Keep Capital Ltd. and assigns

BORROWER(S): Shawn Saulnier
Bridget Saulnier
2348587 Ontario Inc.
2317159 Ontario Inc.
2607380 Ontario Inc.

PURPOSE: Refinance

MUNICIPAL ADDRESS: 2388 Mohawk Trail, Milton, ON L0P 1B0
525 Beach Blvd., Hamilton, ON L8H 6X4
9301 2 Line, Campbellville, ON L0P 1B0
9230 Guelph Line, Burlington, ON L7P 0A9
1295 North Service RD., Burlington, ON L7P 3A7

LOAN AMOUNT:	\$2,500,000.00	
MORTGAGE PRIORITY:	Multi Priority	
MORTGAGE TERM:	6 Months	
PREPAYMENT PRIVILEGE:	Closed	
PREPAYMENT FEE:	Interest to Term	
ANNUAL INTEREST RATE:	15.0%	
AMORTIZATION:	N/A - Interest Only, Compounded Monthly	
TOTAL FEE:	\$137,500.00	
	LENDER FEE:	\$125,000.00
	COMMITMENT FEE:	\$12,500.00
CLOSING DATE:	July 19 th , 2019	
INTEREST ADJUSTMENT DATE:	August 1 st , 2019 <i>4/8/19</i>	
MATURITY DATE:	February 1 st , 2020	
PAYMENT:	\$31,250.00 Monthly	
	FULLY PREPAID - \$187,500.00 Interest payment deducted	

Note: Alterations, deletions or additions to this Letter of Commitment requires the prior written consent of the Lender/Keep Capital Ltd.

Initial *SAS* *BES*

LENDERS LEGAL REPRESENTATIVE: J Ryan J Carson Esq. (905) 336-8940 (email: Ryan@carsonlaw.ca)

The borrower acknowledges they are fully responsible for all legal fees, disbursements, title insurance, and HST of the Lender/Investor. The legal fees are based on a minimum of \$1,950.00 plus HST. Further the borrower acknowledges that title insurance for private mortgages is charged by the insurance company and that the Lender/Investor and Lender/Investor's lawyer have no control over that fee and that fee is based on the total value of the loan and that a premium is charged on the title insurance when the amount exceeds \$750,000.

The Borrower further acknowledges that RUSH deals (a deal instructed, registered and closed within 3 business days) will have an extra fee of \$500.00. Blanket mortgages/Multiple registrations will also increase costs to the borrower.

BORROWER(S) SOLICITOR: Please be advised that you will require your own Solicitor:

Solicitor name:

Ian McPhail Tracie Kemp 416-365-3300

Solicitor Contact Information:

Tim McCormack-Stikeman Elliot 416-869
5674

PROPERTY TAXES: An up to date property tax statement is required to confirm balances.
ANY arrears amount will be deducted from the proceeds.

APPRAISAL: Property Valuations have been assessed by the Lender/Investor

INSPECTION: The Lender/Investor shall have the right to inspect the property prior to closing.

ASSIGNMENT: The Borrowers hereby acknowledge and agree that this Commitment may be assigned, or the loan may be sold at any time without further notice or consent, including prior to funding.

REPRESENTATION: You Warrant that all representation made by you or your broker/agent in connection with this mortgage application is true and correct, and that you agree to supply on request any further information concerning yourself, your financial standing, or the property, which may be required by us or our solicitors.
I/WE confirm that authorization for a Credit inquiry has been granted. Any Misrepresentation of fact contained in this loan application or other documentation entitles us to decline to advance a portion, or the entire loan proceeds or to demand immediate repayment of all monies secured by this mortgage.

MATURITY/RENEWAL OPTION:

The borrower(s) agree that this loan shall be either renewed upon written agreement, auto renewed or called for full payout at maturity. This right is solely at the discretion of the Lender/Investor.

Provided that the Loan is not in default and has not been in default throughout the term of the Loan, and at the sole discretion of the Lender/Investor, the Borrower(s) shall have an option, presented in writing, to renew the Loan for a further term of either 6 (or any term), as offered by the Lender/Investor.

Upon renewal or extension of the mortgage term, the rate of interest charged may be changed or increased.

All other terms and conditions of the Loan will remain the same.

If the renewal is granted a renewal form will be issued, and at the discretion of the Mortgagee, there may be a renewal fee for the renewal term due and payable by the Mortgagor(s) on or before the maturity date, or capped to the mortgage principal, which renewal fee shall not exceed the sum of 5% of the principal amount.

The Borrower(s) must provide written notification to the Lender/Investor of their intent to PAY OUT or to RENEW the loan 30 days prior to the maturity of the subject loan. If this notice is not received the Lender/Investor reserves the right to auto renew or call the loan for full payout.

An Administration fee of \$1,500.00 will be charged upon renewal.

Failure of either the borrower signing and returning the renewal offer OR failure of the Lender/Investor to provide terms of renewal will result in the following AUTO RENEWAL terms:

- (1) 5% Lender/Investor fee charged at maturity for auto renewal of the mortgage
- (2) Increase to the Annual Interest Rate by 1%

Should a Discharge request be received post maturity, with a payout date within 30 days of the maturity date the Per Diem Interest from Maturity date to Payout date will be at 24%. A late discharge fee of \$900 will also be applicable.

Note: Alterations, deletions or additions to this Letter of Commitment requires the prior written consent of the Lender/ Keep Capital Ltd.

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In order to fund on the closing date you are required to have all legal documentation returned to Carson Law 48 hours prior to the closing date. Failure to have full documentation returned by your legal representative may result in a change of closing date.

SPECIAL CONDITIONS/PAYOUTS:

1. Solicitor to control disbursements as directed by the Lender/Investor
2. Solicitor to confirm existing mortgage balances for all registered mortgages on all properties.
3. Solicitor to confirm no subsequent financing at time of registration
4. \$4,500,000.00 registration on 1295 North Service Road, Burlington, to postpone position to this new registration.

Undertaking by Borrower to work with lender and on a best efforts basis get from Meridian a \$4,500,000 registration on 1295 North Service Road, Burlington

SECURITY:

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1. Mortgage and charge to be registered in the amount of \$2,500,000.00 on the freehold properties located at:
 - 2388 Mohawk Trail, Milton ON, L0P 1B0
 - 525 Beach Blvd., Hamilton ON L8H 6X4
 - 9301 2 Line, Campbellville ON L0P 1B0
 - 9230 Guelph Line, Burlington ON L7P 0A9
 - 1295 North Service RD., Burlington ON L7P 3A7
2. Standard Charge Terms filled as No. 200033 shall be referenced and form part of the Charge.
3. Unlimited Personal Guarantee from Shawn Saulnier
4. Unlimited Personal Guarantee from Bridget Saulnier
5. Unlimited Corporate Guarantee from 2348587 Ontario Inc.
6. Unlimited Corporate Guarantee from 2317159 Ontario Inc.
7. Unlimited Corporate Guarantee from 2607380 Ontario Inc.
8. Assignment of Rents
9. Assignment of Adequate Fire Insurance naming Lender/Investor as first/second loss payee
10. Title Insurance, Residential or Commercial as necessary
11. Any other reasonable security documentation requested by the Lender/Investor's solicitor

ADDITIONAL CONDITIONS:

- A duly executed copy of this commitment letter
- All fees payable will be deducted from Mortgage Advance. These fees include, but are not limited to the Lender Fee, Commitment Fee, Broker fee and Lender Lawyer Fees and Interest Adjustments.
- An Interest Adjustment amount will be deducted from the advance and will be calculated from the closing date of this mortgage to the 1st of the month following the closing date. If there are delays in closing, that are not as a result or caused by the Lender/Investor, the Interest Adjustment amount may be adjusted to the original date of funding. (Solicitor)
- The Mortgage charge will be registered at the \$2,500,000.00

REQUIRED DOCUMENTATION:

1. A copy of the Articles of Incorporation for 2348587 Ontario Inc.
2. A copy of the Articles of Incorporation for 2317159 Ontario Inc.
3. A copy of the Articles of Incorporation for 2607380 Ontario Inc.
4. A copy of the Most Recent Income Tax Notice of Assessment (NOA) for Shawn Saulnier to evidence there are no personal income tax arrears owing to CRA
5. A copy of the Most Recent Income Tax Notice of Assessment (NOA) for Bridget Saulnier to evidence there are no personal income tax arrears owing to CRA
6. A copy of the current rent roll for the subject properties and copies of any and all current leases for any of the subject property units.

Note: Alterations, deletions or additions to this Letter of Commitment requires the prior written consent of the Lender/ Keep Capital Ltd.

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7. The Borrowers hereby represent and warrant that they have the ability to service the mortgage debt
8. Contact information for the lawyer that will represent the borrower in this transaction. (The name of the firm, the name of the lawyer handling the file, the name of lawyer's clerk, the address of firm, the best phone number for the lawyer and his/her clerk, the best fax number for the firm, the best email address for the lawyer and his/her clerk).
9. Verification that the Lender/Investor has been added on as a Loss Payee on each of the subject property(s) fire insurance policies. (The Lender/Investor information will be provided once signed commitment is received and prior to closing.) (Solicitor)
10. Duly executed copies of the security on the property and evidence of registration of same, in the manner and with the priorities required by us, in all appropriate government offices. (Solicitor)
11. Satisfactory evidence (as determined by the Lender/Investor's solicitor) that prior discharged mortgages have been paid and properly discharged. (Solicitor)
12. The following Schedule(s) form part of this commitment:
 - i. Schedule A - Additional Terms
 - ii. Schedule B - Administration Fees
13. Signed copies of the Brokerage
 - i) Client consent form,
 - ii) Amortization Schedule,
 - iii) Borrower Disclosure form and
 - iv) Insurance acceptance/waiver.
14. Subsequent Mortgages (second or third priorities) are allowable upon Lender/Investor Approval. A copy of the lender commitment and contact information is required prior to funding.
15. The Lender/Investor and Investor may require updated information statements to be delivered in a timely manner upon request, including but not limited to: mortgage information statements, mortgage terms, property tax statements, rent rolls, home (fire) insurance policy, and any ancillary information necessary for regulatory or audit purposes.
16. Any other information and documentation as we or our solicitor may reasonably request.

Note: Alterations, deletions or additions to this Letter of Commitment requires the prior written consent of the Lender/ Keep Capital Ltd.

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ACCEPTANCE

Your acceptance of this Commitment will be your undertaking to pay all costs as laid out in this commitment together with all legal costs and fees incurred.

Should the borrower not proceed with the deal but Carson Law has issued the requisition, instruction letter, and closing documents they shall owe Carson Law Office \$3,000.00 plus HST.

Material Risks associated with Mortgage Borrowing:

The borrower(s) acknowledge that the Brokerage and Broker/Agent have reviewed and discussed the material risks of mortgage financing. These risks include, but are not limited to, such items as the consequences of default in payment or other terms of the mortgage which may result in the Lender/Investor taking action against us; the prepayment penalties in the mortgage, if any; the mortgage may not be renewable at maturity; and any risk that a change in our income or other personal circumstances may create.

Before acceptance of the Commitment you are strongly advised to obtain Independent Legal Advice.

The undersigned Borrower(s) have read, understand and accept the terms and conditions of this Commitment Letter and acknowledge receiving a copy of it, including Schedule A & B.


Subsequent to acceptance of this commitment if any event occurs which is in our or our legal representation's opinion increases our risk or lowers the value of our security, then the loan may be cancelled, reduced or any funds advanced will forthwith become due and payable.

I/We hereby acknowledge receipt of this document and that I/we have reviewed the information herein. The Broker/Agent has explained the Risks and Benefits associated with this transaction. I/We accept the Terms and Conditions of this mortgage commitment:

Only 18/19
Date

Client Home Telephone Number: _____
Shawn - 416-625-1769
Client Cell Phone Number: Bridget - 416-312-9184

Borrower email address: _____


Shawn Saulnier

shawnsaulnier@gmail.com
bridget.saulnier@gmail.com


Bridget Saulnier

Note: Alterations, deletions or additions to this Letter of Commitment requires the prior written consent of the Lender/ Keep Capital Ltd.

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ADMINISTRATOR: This mortgage shall be administered by a FSCO licensed mortgage administrator as chosen by the Lender/Investor. The Borrower(s) will pay all set up charges of the administrator, not to exceed \$500.00 plus HST (\$565.00). Upon renewal, there may be an administrator's renewal charge.

GENERAL MORTGAGE LOAN CONDITIONS:

The Mortgage(s) acknowledge receipt of the above commitments and accepts the said mortgage on the stated terms.

You warrant that all representation made by you or by your broker in connection with this mortgage application is true and correct, and that you agree to supply promptly on request any further information concerning yourself, your financial standing, or the property, which may be required by us or our solicitors. Any misrepresentation of fact contained in this loan application or the withholding of any information or documentation of a material nature entitles us to decline to advance a portion or all loan proceeds or to demand immediate repayment of all monies secured by this mortgage.

The Lands and all activities conducted thereon comply with all municipal codes/laws as well as all environmental laws in the Province of Ontario. The Lands contain no hazardous substances, have not been previously subject to any remediation or clean-up of hazardous substances and there is no prior, existing or threatened investigation, action, proceedings, notice, order, fine, conviction, judgment or law of any nature or kind against or affecting the Lands of the Borrower or the previous owners arising under or relating to environmental laws. All existing environmental assessments, audits, tests and reports relating to the Lands within the knowledge of the Borrower has been delivered to the Lender/Investor prior to approval.

Mortgage Statements from all prior mortgagees should indicate mortgages are in good standing and up-to-date. If the mortgage statements do not reflect this, lawyer must inform the Mortgagee prior to funding.

This Mortgage is Non-transferable and Non-Assumable.

Subsequent (second or third mortgages) mortgages allowable upon Lender/Investor Approval. A copy of the lender commitment and contact information is required prior to funding.

It is a condition of this commitment that the solicitor provides a copy of a legible valid photo driver's license and/or valid passport for all Borrower(s) and Guarantor(s) prior to closing.

The Borrower(s) and Guarantor(s) agree that in the event of a sale, conveyance, lease, or transfer of the title to the mortgaged property to a purchaser, grantee, transferee, mortgagee, or lessee not approved in writing by the Lender/Investor, then at the option of the Lender/Investor, all monies secured under the Loan shall forthwith become due and payable, other than with respect to sales that occur pursuant to partial discharge provisions detailed herein.

If an insurance policy is cancelled, the policy lapses, there is a failure to make a premium payment or any other infraction where the Lender/Investor is notified of an insurance cancellation, the Borrower(s) will have 15 days to provide verification of policy reinstatement or proof a new policy is in place. Failure to provide this confirmation within 15 days may, at the sole discretion of the lender/investor, apply a blanket insurance policy on the subject property or properties, at the cost of the borrower. In addition, this will be considered an instance of default.

The occurrence of an event of default under any one of the security documents held by the Lender/Investor relating to the Borrower(s) and/or Guarantor(s) or a company related to the Borrower(s) and/or Guarantor(s), will constitute an event of default under all other security documents and loans to the Borrower(s) and/or Guarantor(s), or a company related to the Borrower(s) and/or Guarantor(s), held by the Lender/Investor, or in the name of any associated or affiliated corporation to the Lender/Investor. If the Lender/Investor takes any proceeding pursuant to the Loan or other security document by reason of the Borrower(s)' default the Lender/Investor shall be entitled to add to the Loan debt a service and administrative fee and a property inspection fee in addition to all other fees, cost, claims or demands to which the Lender/Investor are also entitled.

In the event that the Borrower(s) fails to repay the principal and interest outstanding on the maturity date or fails to accept a renewal offer tendered by the Lender/Investor for any reason not attributable to the Lender/Investor within 10 business days of the maturity date, then the Lender/Investor shall not be obligated to offer any renewal.

In consideration of the Lender/Investor committing to make the Loan available to the Borrower(s), the receipt and sufficiency of which is hereby acknowledged by Guarantor(s), the Guarantor(s) do hereby covenant, as principal debtor and not as surety that they will pay or cause to be paid to the Lender/Investor all amounts due by the Borrower(s) under the Loan and will observe, keep and perform all of the terms and conditions set forth herein and in the security documents or required hereby or by the security documents to be observed, kept and performed by the Borrower(s) pursuant to this Commitment or any of the security documents, and that all present and future indebtedness of the Borrower(s) to the Guarantor(s) shall be assigned to the Lender/Investor and postponed to the present and future indebtedness of the Borrower(s) to the Lender/Investor and the Guarantor(s) agree that they shall execute the security documents or any of them in such form as may be required by the Lender/Investor and its solicitors, in order to fully document and effectuate the intent and meaning of this paragraph.

Please signify your agreement to the Commitment by executing and dating each page of the Commitment and returning same with the Deposit (if required). Before acceptance of the Commitment you are strongly advised to obtain independent legal advice.

Errors and Omissions accepted.

Yours truly,



Darren Woodcock
Darren.Woodcock@KeepCapital.ca
Keep Capital Ltd. - FSCO #1387
Tel: 289-635-2809

Note: Alterations, deletions or additions to this Letter of Commitment requires the prior written consent of the Lender/ Keep Capital Ltd.

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SCHEDULE A – Addition Terms

FIRE INSURANCE

Fire and extended coverage insurance in a form and for an amount acceptable to the mortgagee, is to be taken out with an insurance company approved by the mortgagee for the full insurable value of the charged/mortgaged property and assigned to the Lender/Investor. Co-insurance is not acceptable. Failure of the Mortgagor(s) to provide a copy of the policy on demand shall represent default under the mortgage. Should the Lender/Investor receive an insurance cancellation notification and have to follow up with the Mortgagor(s) then the Insurance Administration Fee will apply.

REGULATIONS

The charge/mortgaged property must comply with all municipal provincial and federal statutes regulations and requirements. Failure to do so shall constitute default under this mortgage.

ACCESS TO THE PROPERTY BY THE MORTGAGEE

Mortgagee shall have the right at any reasonable time to inspect the property, whether this mortgage is in default or not, including the building to be held as security for the mortgage as long as any monies remain outstanding under the mortgage. Access shall be on 24 hours notice to the Mortgagor(s).

TAXES

All taxes are to be paid in full as they fall due. Failure by the Mortgagor(s) to make such payment shall represent default under the mortgage. The mortgagee shall have the right to require the Mortgagor(s) to pay to the mortgagee one twelfth (1/12) of the annual taxes monthly, together with the mortgage payment monthly. Failure to make such payment monthly shall represent default under the mortgage.

REVENUE CANADA LIENS

Should a Revenue Canada Tax Lien be placed upon any of the properties, then this loan will be deemed in default and repayable with immediate effect, at the Lender/Investors discretion. All Applicable default fees shall apply.

THREE MONTH INTEREST FEE

Unless otherwise set out in the mortgage commitment, this mortgage shall be closed.

Providing that the mortgage is not in default, the Mortgagor(s) may prepay any amount of the principal of this mortgage upon the payment of a fee equal to Three (3) month interest. This fee shall not apply if the payment of the principal of the mortgage takes place on the maturity date of the mortgage. If the mortgage is not repaid on the maturity date and the mortgage is not renewed, or a request for discharge is not received, then the three-month interest fee will apply to the mortgage account thereafter. This interest fee shall apply whether or not the mortgagee takes mortgage action or requests payment.

ASSIGNMENT OF MORTGAGE

The Lender/Investor may assign or transfer all or any of interest in this commitment or in the accepted commitment or in the mortgage entered pursuant to this commitment and the assignee or transferee shall become the Lender/Investor herein.

TRANSFER OF MORTGAGE

This mortgage shall be non-transferrable without the mortgagee's written consent. In the event that the transfer is allowed, the original Mortgagor(s) shall remain liable for the mortgage and any arrears and expenses. Provided that upon the Mortgagor selling, transferring conveying, assigning, mortgaging or in any way dealing with the equity of redemption or any interest in the lands therein without the express written consent of the Lender/Investor herein, the said principal sum together with all interest thereon shall at the option of the Lender/Investor immediately become due and payable without notice being given or any action being taken by the Lender/Investor and in default the Lender/Investor may exercise any of the remedies available hereunder to enforce payment including the power of entering upon leasing or selling the said lands.

PRECEDENCE

This schedule of further provisions to the mortgage shall take precedence over all other conditions and provisions in this mortgage.

DISCHARGE

The mortgage discharge shall be prepared by the mortgagee's solicitor at the Mortgagor(s)' expense which cost shall be \$500.00 per discharge plus HST and registration costs.

RE-ADVANCEMENTS UNDER THE MORTGAGE

This Mortgage shall operate as a continuing security for payment of all monies actually advanced from time to time by the mortgagee to the Mortgagor(s) and outstanding from time to time, and for payment of all your indebtedness and liability to the mortgagee whether presently existing or hereafter incurred, and this Mortgage is intended by the Mortgagor(s) and the mortgagee to secure the mortgagee in respect of any one or more loans and it shall operate as security for the mortgagee notwithstanding that the Mortgagor(s) may from time to time make payments to the mortgagee and reduce or retire the Mortgagor(s)' indebtedness and liability, in whole or in part, on one or more occasions. Notwithstanding any payment on account of any of the Mortgagor(s)' indebtedness to the mortgagee at any time, any further, new or fresh advance or advances will, together with interest and all other charges/fees be secured by this Mortgage notwithstanding the mortgaging or charging of the Land by any intervening or intermediate mortgage, charge or encumbrance ("Intervening Interest") and the Mortgage will at all times hold priority over any such intervening Interest. This Mortgage shall be and shall remain valid security for any and all subsequent advances or re-advances by the mortgagee.

MORTGAGE/CHARGE TO ACT AS SECURITY FOR ALL OTHER MONIES AND LIABILITIES OWING IN ADDITION TO PRINCIPAL OF MORTGAGE

This mortgage also secures in addition to the amount noted on the face of this mortgage all monies and liabilities whether direct or contingent, now or hereafter owing or incurred by the Mortgagor(s), including, but not limited to: further advances, renewal fees, property taxes paid, legal costs and payments made on behalf of the Mortgagor(s) on both prior and subsequent mortgages.

CONTINUATION

The terms and conditions of the original mortgage commitment shall continue in effect and be binding upon the Mortgagor(s) and the Mortgagee, whether or not they are set out in this mortgage.

ABANDONMENT

If this mortgage is in arrears, and the property is vacant for a period of ten (10) days, it shall be deemed to be abandoned, and at the mortgagee's option, they may take immediate possession without notice, change the locks and secure the premises.

EXPENSES OF MORTGAGEE ON COLLECTION

The mortgagee shall be entitled to add to the mortgage account, any expenses incurred, where the mortgage is in default for any reason. Default will include but shall not be limited to non-payment of a prior mortgage, default in payment, fire insurance cancellation, non-payment of taxes, allowing criminal activity at the mortgaged premises, and abandoning the mortgaged property. The expenses to be added to the mortgage account will include any fees or costs paid to third parties such as property managers, real estate agents, appraisers, property inspectors, mortgage collection agents, and paralegals.

LENDERS ADMINISTRATION FEES ON DEFAULT

The Lender/Investor may use its Mortgage Administrator, own staff and resources and/or its own efforts to administer the mortgage when the mortgage is in default. The Lender/Investor will add to the mortgage account, Administration fees in order to recover expenses directly related to any default. See Mortgage Administrator Fee Schedule for full details.

LEGAL COSTS

The mortgagee shall add to the mortgage account, in the case of default on the mortgage, all legal expenses incurred on a full indemnity basis.

FORBEARANCE

Should the mortgagee forbear on taking mortgage action, or forbear enforcing any term of the mortgage, this shall not prejudice or prevent the mortgagee from adding to the mortgage account, those expenses and the interest fee as set out in this schedule.

Note: Alterations, deletions or additions to this Letter of Commitment requires the prior written consent of the Lender/ Keep Capital Ltd.

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Schedule B
Administration Fees

Where applicable and as they occur

Administrator Fee Maximum	Description
\$500.00	Initial Account Set up fee including payment account information. Payable ONCE at set up
\$300.00	NSF/Returned Payment fee, Stop Payment fee
\$50.00	Stop Payment - Change Payment date Fee
\$350.00	Mortgage Information Statement: Payable for preparation of a mortgage statement
\$395.00	Discharge Administration Fee: Payable for the preparation of Discharge Statement
\$900.00	Late Discharge Fee: Payable for all discharges received after the registered maturity date where the mortgage has not been renewed.
\$300.00	Tax Administration Fee: Payable for the administration of the Property Tax account and for the payment of property taxes on behalf of the borrower.
\$350.00	Insurance administration fee: Payable for administering any payments to property insurer should notification of cancellation and non re-instatement of insurance occur.
\$200.00	Property Management Fee: Per day when the Lenders/Investor is in possession of the property.
\$1,500.00	Renewal Processing fee: Payable for the Administration of renewals on behalf of the Investor/Lender.
\$350.00	Inspection Fee
\$250 + disbursement	Legal Fee for Construction Advances
Lenders/Investors Lawyer Fees for Enforcement proceedings:	
\$500.00	1) Demand Letter
\$1,500.00	2) Notice of Sale
\$2,500.00	3) Statement of Claim
\$5,000.00	4) Default Proceedings
\$5,000.00	5) Occupancy Report
Hourly Rate for time spent	6) Defence

SAS BES

Tracie Kemp

From: Courtney Holland <Courtney@carsonlaw.ca>
Sent: July 23, 2019 8:57 AM
To: Tracie Kemp; Ryan Carson
Cc: Ian McPhail
Subject: RE: Saulnier Mortgage

Tracie

The loan has increased on this file.

Revised amount 2,750,000
Lender fee: 137,500
Commitment Fee: 13,750
Payment: 34,375 Fully prepaid for 6 months 206,250

I am meeting with Ryan and will hopefully hear back from FCT re title insurance shortly.

Courtney Holland

Real Estate Clerk
Carson Law Office Professional Corporation
3400 Fairview St
Burlington, ON, L7N 3G5
Phone: (905) 336-8940 x1009
Fax: (905) 336-8943
courtney@carsonlaw.ca
Services offered throughout the Golden Horseshoe and Greater Toronto Area



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EXHIBIT “P”

*THIS IS EXHIBIT "P", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*

A handwritten signature in black ink, appearing to be 'K. L.', written over a horizontal line.

Commissioner for Taking Affidavits

GUARANTEE

For valuable consideration, we, the undersigned Guarantors agree with **CELERNUS INVESTMENT PARTNERS INC.** as follows:

1. **Chargors' Names.** The names of the chargors whose loan we are guaranteeing are:

2348587 ONTARIO INC., (the "Chargors")

2. **Guarantee.** We guarantee payment to the Chargee of all of the Chargors' Loan of \$2,500,000.00 (the "Loan"). Said loan is secured by a charge (the "Charge") against 9301 Second Line, Campbellville (the "Property") all pursuant to an Agreement between the Chargee and the Chargors (the "Agreement") which Agreement may be amended, extended or renewed from time to time.

IN CONSIDERATION of the premises and of the Chargee advancing the said money to the Chargors, the Guarantors doth hereby absolutely and unconditionally guarantee to all principal moneys, interest and other moneys owing on the security of this Charge, and the Guarantors themselves, their heirs, executors and administrators, covenants with the moneys payable hereunder, they will pay all such moneys to the Chargee without any demand being required to be made.

AND it is hereby expressly declared that although as between the Guarantors and the Chargors, the Guarantors are only surety for the payment by the Chargors of the moneys hereby guaranteed, yet as between the Guarantors and the Chargee the Guarantors shall be considered as primarily liable therefor and that no release or releases of any portion or portions of the charged premises and no indulgence shown by the Chargee in respect of any default by the Chargors or any successor which may arise under this Charge, and that no extension or extensions granted by the Chargee to the Chargors or any successor for payment of the Charge moneys hereby secured or for the doing, observing or performing of any covenant, agreement, matter or thing herein contained, to be done, observed or performed by the Chargors or any successor nor any variation in or departure from the provisions of this Charge nor any dealings between the Chargors or any successor and Chargee nor any release of the Chargors or any other thing whatsoever whereby the Guarantors as surety only would or might have been released shall in any way modify, alter, vary or in any way prejudice the Chargee or affect the liability of the Guarantors in any way under this covenant, which shall continue and be binding on the Guarantors, and as well after as before default and after as before maturity of this Charge, including any future renewals with or without an increased rate of interest, until the said Charge moneys are fully paid and satisfied. And it is hereby further expressly declared that the Chargee shall not be bound to exhaust its recourse against the Chargors or the Charged premises before being entitled to payment from the Guarantors or the amount hereby guaranteed by the Guarantors.

ANY payment by the Guarantors of any money under their said guarantee shall not in any event be taken to affect the liability of the Chargors for payment thereof but such liability shall remain unimpaired and enforceable by the Guarantors against the Chargors and the Guarantors shall, to the extent of any such payments made by them, in addition to all other remedies by subrogated as

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against the Chargors to all the rights, privileges and powers to which the Chargee was entitled prior to payment by such Guarantors; provided, nevertheless, that the Guarantors shall not be entitled in any event to rank for payment against the charged premises in competition with the Chargee and shall not unless and until the whole of the principal, interest and other moneys owing on the security of this Charge shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Chargee.

PROVIDED further that any failure on the part of the Chargee to perfect, maintain or enforce its rights whether due to default, negligence or otherwise on the part of the Chargee with respect to this Charge or any other security granted to the Chargee relating to the within Charge, shall not prejudice the Chargee with respect to its rights pursuant to this guarantee and shall not discharge or limit or lessen the liability of the Guarantors pursuant to the terms hereof.

THE Chargee may vary any agreement or arrangement with the Guarantors and grant extensions of time to or otherwise deal with them, their executors or administrators, without any consent on the part of the Chargors.

AND it is further hereby expressly agreed that if there is more than one Guarantor, all covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantor shall be joint and several and wherever the singular has been used the plural shall be deemed to be substituted as the context requires.

AND it is further hereby expressly declared that the release of any of the Guarantors from their liability hereunder shall not affect the liability of the remaining Guarantor or Guarantors which shall remain unimpaired and still in full force and effect as if the Guarantor or Guarantors so released had not been a party or parties of the Charge.

ALL covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantors shall be equally binding upon their heirs, executors, administrators and assigns, or successors and assigns as the case may be, and all such covenants and liabilities and obligations shall be joint and several.

Toronto
DATED at ~~Burlington~~ ^{Burlington}, this day of July, 2019.

GA 7802.

2317159 ONTARIO INC.

Per: 

Name: Shawn Saulnier


Title: President

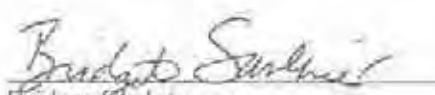
2607380 ONTARIO INC.

Per: 

Name: Shawn Saulnier

Title: President


Shawn Saulnier


Bridget Saulnier

Sh. PES

GUARANTEE

For valuable consideration, we, the undersigned Guarantors agree with **CELERNUS INVESTMENT PARTNERS INC.** as follows:

1. **Chargors' Names.** The names of the chargors whose loan we are guaranteeing are:

2317159 ONTARIO INC., (the "Chargors")

2. **Guarantee.** We guarantee payment to the Chargee of all of the Chargors' Loan of \$2,500,000.00 (the "Loan"). Said loan is secured by a charge (the "Charge") against 9230 Guelph Line, Burlington (the "Property") all pursuant to an Agreement between the Chargee and the Chargors (the "Agreement") which Agreement may be amended, extended or renewed from time to time.

IN CONSIDERATION of the premises and of the Chargee advancing the said money to the Chargors, the Guarantors doth hereby absolutely and unconditionally guarantee to all principal moneys, interest and other moneys owing on the security of this Charge, and the Guarantors themselves, their heirs, executors and administrators, covenants with the moneys payable hereunder, they will pay all such moneys to the Chargee without any demand being required to be made.

AND it is hereby expressly declared that although as between the Guarantors and the Chargors, the Guarantors are only surety for the payment by the Chargors of the moneys hereby guaranteed, yet as between the Guarantors and the Chargee the Guarantors shall be considered as primarily liable therefor and that no release or releases of any portion or portions of the charged premises and no indulgence shown by the Chargee in respect of any default by the Chargors or any successor which may arise under this Charge, and that no extension or extensions granted by the Chargee to the Chargors or any successor for payment of the Charge moneys hereby secured or for the doing, observing or performing of any covenant, agreement, matter or thing herein contained, to be done, observed or performed by the Chargors or any successor nor any variation in or departure from the provisions of this Charge nor any dealings between the Chargors or any successor and Chargee nor any release of the Chargors or any other thing whatsoever whereby the Guarantors as surety only would or might have been released shall in any way modify, alter, vary or in any way prejudice the Chargee or affect the liability of the Guarantors in any way under this covenant, which shall continue and be binding on the Guarantors, and as well after as before default and after as before maturity of this Charge, including any future renewals with or without an increased rate of interest, until the said Charge moneys are fully paid and satisfied. And it is hereby further expressly declared that the Chargee shall not be bound to exhaust its recourse against the Chargors or the Charged premises before being entitled to payment from the Guarantors or the amount hereby guaranteed by the Guarantors.

ANY payment by the Guarantors of any money under their said guarantee shall not in any event be taken to affect the liability of the Chargors for payment thereof but such liability shall remain unimpaired and enforceable by the Guarantors against the Chargors and the Guarantors shall, to the extent of any such payments made by them, in addition to all other remedies by subrogated as

875 BE

against the Chargors to all the rights, privileges and powers to which the Chargee was entitled prior to payment by such Guarantors; provided, nevertheless, that the Guarantors shall not be entitled in any event to rank for payment against the charged premises in competition with the Chargee and shall not unless and until the whole of the principal, interest and other moneys owing on the security of this Charge shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Chargee.

PROVIDED further that any failure on the part of the Chargee to perfect, maintain or enforce its rights whether due to default, negligence or otherwise on the part of the Chargee with respect to this Charge or any other security granted to the Chargee relating to the within Charge, shall not prejudice the Chargee with respect to its rights pursuant to this guarantee and shall not discharge or limit or lessen the liability of the Guarantors pursuant to the terms hereof.

THE Chargee may vary any agreement or arrangement with the Guarantors and grant extensions of time to or otherwise deal with them, their executors or administrators, without any consent on the part of the Chargors.

AND it is further hereby expressly agreed that if there is more than one Guarantor, all covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantor shall be joint and several and wherever the singular has been used the plural shall be deemed to be substituted as the context requires.

AND it is further hereby expressly declared that the release of any of the Guarantors from their liability hereunder shall not affect the liability of the remaining Guarantor or Guarantors which shall remain unimpaired and still in full force and effect as if the Guarantor or Guarantors so released had not been a party or parties of the Charge.

ALL covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantors shall be equally binding upon their heirs, executors, administrators and assigns, or successors and assigns as the case may be, and all such covenants and liabilities and obligations shall be joint and several.

Toronto
DATED at ~~Burlington~~ ^{Burlington}, this day of July, 2019.

SAS BBS

2348587 ONTARIO INC.

Per: 

Name: Shawn Saulnier

Title: President

2607380 ONTARIO INC.

Per: 

Name: Shawn Saulnier

Title: President


Shawn Saulnier


Bridget Saulnier

EXHIBIT “Q”

*THIS IS EXHIBIT "Q", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*



Commissioner for Taking Affidavits

Properties

PIN 07127 - 0265 LT
Description PT LT 10 , RCP PL 99 , PART 3 & 7 , 20R6963 , S/T IN 619045 ; BURLINGTON
Address 1295 NORTH SERVICE RD
BURLINGTON

Consideration

Consideration \$1,867,942.79

Claimant(s)

Name MAPLE REINDERS CONSTRUCTORS LTD.
Address for Service 2660 Argenta Road
Mississauga, Ontario
L5N 5V4

I am the lien claimant and the facts stated in the claim for lien are true.

I, Eric Van Ginkel, Chief Financial Officer, have the authority to bind the corporation.

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

Statements

Name and Address of Owner : 2607380 Ontario Inc., 2380 Mohawk Trail, Campbellville, Ontario L0P 1B0. Name and address of person to whom lien claimant supplied services or materials : 2607380 Ontario Inc., 2380 Mohawk Trail, Campbellville, Ontario L0P 1B0. Time within which services or materials were supplied from 2017/10/30 to 2019/11/22 Short description of services or materials that have been supplied : Supply of construction management and supervision services together with incidental site labour. Contract price or subcontract price : \$4,639,421.79 inclusive of HST. Amount claimed as owing in respect of services or materials that have been supplied : \$1,867,942.79 inclusive of HST.

The lien claimant claims a lien against the interest of every person identified as an owner of the premises described in said PIN to this lien

Signed By

Brayden J Halton 200 - 1 Robert Speck Parkway acting for Signed 2019 11 25
Mississauga Applicant(s)
L4Z 3M3

Tel 905-366-9700

Fax 905-366-9707

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

Submitted By

SPEIGEL NICHOLS FOX 200 - 1 Robert Speck Parkway 2019 11 25
Mississauga
L4Z 3M3

Tel 905-366-9700

Fax 905-366-9707

Fees/Taxes/Payment

Statutory Registration Fee \$65.05
Total Paid \$65.05

File Number

Claimant Client File Number : 19-452

Properties

PIN 07127 - 0265 LT
Description PT LT 10, RCP PL 99, PART 3 & 7, 20R5963, S/T IN 619045, BURLINGTON
Address 1295 NORTH SERVICE RD
BURLINGTON

Party From(s)

Name MAPLE REINDERS CONSTRUCTORS LTD
Address for Service 2860 Argentea Road
Mississauga, Ontario
L5N 5V4

I, Eric Van Ginkel, Chief Financial Officer, have the authority to bind the corporation.
This document is not authorized under Power of Attorney by this party.

Statements

This document relates to registration number(s) HR1667791
Schedule: See Schedules

Signed By

Irene Helene Tanner	200 - 1 Robert Speck Parkway Mississauga L4Z 3M3	acting for Party From(s)	Signed	2019-12-23
---------------------	--	-----------------------------	--------	------------

Tel 905-366-9700

Fax 905-366-9707

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

Submitted By

SPEIGEL NICHOLS FOX	200 - 1 Robert Speck Parkway Mississauga L4Z 3M3	2019-12-23
---------------------	--	------------

Tel 905-366-9700

Fax 905-366-9707

Fees/Taxes/Payment

Statutory Registration Fee	\$65.05
Total Paid	\$65.05

File Number

Party From Client File Number : 19-452

Court File No.

CV-19-00005411-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

IN THE MATTER OF the *Construction Act*, R.S.O. 1990, c. C.30

BETWEEN:

MAPLE REINDERS CONSTRUCTORS LTD.

Plaintiff

- and -

2607380 ONTARIO INC., MERIDIAN CREDIT UNION LIMITED,
CROSSROADS CHRISTIAN COMMUNICATIONS INCORPORATED, and
BRIDGING FINANCE INC.

Defendants

CERTIFICATE OF ACTION

I CERTIFY that an action has been commenced in the Ontario Superior Court of Justice under the *Construction Act*, R.S.O. 1990, c. C.30 between the above parties in respect of the premises described as follows:

PIN 07127 - 0265 LT
Description PT LT 10, RCP PL 99, Part 3 & 7, 20R6963,
S/T IN 619045; City of Burlington
Address 1295 North Service Road
Burlington

and relating to the claim for lien bearing the following registration number: HR1667791.

Date: December 23, 2019

Issued by: _____

Registrar

Address of Court Office Ontario Superior Court of Justice
491 Steeles Avenue East
Milton, Ontario
L9T 1Y7

MAPLE REINDERS CONSTRUCTORS LTD.
Plaintiff

-and- 2607380 ONTARIO INC. et al
Defendants

No.

CU-19-0000 5411-0000

Ontario
SUPERIOR COURT OF JUSTICE

IN THE MATTER OF the *Construction Act*, R.S.O. 1990, c. C.30

PROCEEDINGS COMMENCED AT
MILTON

CERTIFICATE OF ACTION

SPEIGEL NICHOLS FOX LLP
Barristers & Solicitors
1 Robert Speck Parkway, Suite 200
Mississauga ON L4Z 3M3

Allison Speigel
LSO No. 64992D
allison@ontlaw.com

Tel - 905-366-9700 ext. 280
Fax - 905-366-9707

Lawyers for the plaintiff
Maple Reinders Constructors Ltd.

EXHIBIT “R”

*THIS IS EXHIBIT "R", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*



Commissioner for Taking Affidavits

Properties

PIN 07127 - 0265 LT
Description PT LT 10 , RCP PL 99 , PART 3 & 7 , 20R6963 , S/T IN 619045 ; BURLINGTON
Address 1295 NORTH SERVICE RD
BURLINGTON

Consideration

Consideration \$89,543.93

Claimant(s)

Name BARRIE GLASS & MIRROR LTD.
Address for Service c/o DOOLEY LUCENTI LLP
10 Checkley Street
Barrie, ON L4N 1W1

I, Richard Brighton, am the agent of the lien claimant and have informed myself of the facts stated in the claim for lien and believe them to be true.

I, Richard Brighton, have the authority to bind the corporation.

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

Statements

Name and Address of Owner 2607380 Ontario Inc., 2380 Mohawk Trail, Campbellville, ON L0P 1B0 Name and address of person to whom lien claimant supplied services or materials Maple Reinders Contractors Ltd., 2660 Argenta Road, Mississauga, ON L5N 5V4 Time within which services or materials were supplied from 2019/02/17 to 2019/11/22 Short description of services or materials that have been supplied Supply and install Glass/Aluminum Partition Contract price or subcontract price \$332,600.00 Amount claimed as owing in respect of services or materials that have been supplied \$89,543.93 incl of HST

The lien claimant claims a lien against the interest of every person identified as an owner of the premises described in said PIN to this lien

Signed By

Scott Robert Fairley 10 Checkley Street acting for Signed 2019 12 13
Barrie Applicant(s)
L4N 1W1

Tel 705-792-7963

Fax 705-792-7964

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

Submitted By

DOOLEY LUCENTI LLP 10 Checkley Street 2019 12 16
Barrie
L4N 1W1

Tel 705-792-7963

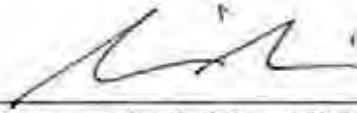
Fax 705-792-7964

Fees/Taxes/Payment

Statutory Registration Fee \$65.05
Total Paid \$65.05

EXHIBIT "S"

*THIS IS EXHIBIT "S", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*

A handwritten signature in black ink, appearing to be 'R. L. Saulnier', written over a horizontal line.

Commissioner for Taking Affidavits

LOAN AGREEMENT

THIS AGREEMENT ("Loan Agreement") is made as of the 5th day of September 2019

BETWEEN:

Maple Reinders Constructors Ltd.

(hereinafter called the "Lender" or "Maple")

and

Shawn Saulnier

(hereinafter called the "Borrower")

WHEREAS Maple has been contracted by Land Co (defined below) to perform certain construction activities for the renovation of the Crossroads Centre (the "Construction Contract") at the property known municipally as 1295 North Service Road, Burlington, Ontario (the "Property");

AND WHEREAS the Borrower is the sole shareholder, Director and Officer of a holding company that holds title to the Property (the "Land Co");

AND WHEREAS the Borrower wants to borrow, and the Lender wants to lend, the sum of Five Hundred and Fifty Thousand Dollars (\$550,000.00 CDN) (the "Principal Amount") with interest at the rate of 15% per annum, calculated and compounded monthly not in advance (the "Loan");

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants herein contained, the parties hereto agree with one other as follows:

1. The Lender shall advance the Principal Amount to the Borrower, who shall, in turn, advance the full amount to Land Co. The advance of the full amount by the Borrower to Land Co is an express term and condition of this Agreement. The Lender, Borrower, and Land Co agree that in lieu of an actual transfer of funds, the parties shall make entries into their books and records necessary to document the following:
 - (a) a deemed loan advance by the Lender to the Borrower equal to the Principal Amount;
 - (b) a deemed loan by the Borrower to Land Co; and
 - (c) a deemed payment by Land Co to Maple, in an amount equal to the Principal Amount, on account of amounts owing to Maple by Land Co under the Construction Contract, thereby reducing the amount owing to Maple by Land Co under the Construction Contract;
2. The Loan and all accrued interest shall be due, and the Borrower shall pay such amounts in full to the Lender, no later than 90 calendar days following the completion of that portion of the construction identified as "Phase 2" in the Construction Contract and related documents (the "Due Date").
3. Interest shall accrue and be compounded monthly and added to the total payable (see attached Schedule A). In accordance with 2. Above, no payments shall be required to be made to the Lender by the Borrower prior to the Due Date of the Loan, provided that if after the date of this Loan Agreement Maple provides notice to Land Co under the Construction Contract that Land Co is in default of its payment obligations under the Construction Contract, then the full value of the

principal and accrued interest will immediately become due and payable upon Maple providing a copy of such notice to the Borrower.

4. At any time prior to the Due Date, the Borrower shall have the right and privilege of repaying the whole or any portion of the Principal Amount unpaid and outstanding without penalty and without notice to the Lender. Payments will be applied first to any accrued and unpaid interest with the balance applied to the Principal Amount;
5. In case of a default in making any payment under this Agreement, the Borrower shall pay to the Lender on demand all reasonably incurred costs of enforcing payment under this Loan Agreement including, but not limited to, legal costs;
6. The Borrower represents and warrants that any repayments to the Borrower by Land Co of amounts which the Borrower has loaned or otherwise advanced to Land Co, (including the loan under this Loan Agreement), shall first be used by the Borrower to pay amounts due under this Agreement, and for no other purpose, until the Principal Amount and all interest has been paid under this Agreement. The Borrower represents and warrants that he will comply with this provision and execute such further agreements and provide such further information as may be required by the Lender, acting reasonably, to ensure such compliance.
7. The Borrower represents and warrants that he will repay all amounts owing under this Loan Agreement in priority to all amounts, excluding bank mortgages, owing by the Borrower to any other individuals or corporations.
8. The Borrower hereby waives any presentment, demand, protest or notice of any kind of this Loan Agreement;
9. This Loan Agreement will enure to the benefit of and be binding upon the respective successors and assigns of the Borrower and the Lender;
10. This Loan Agreement (and the benefits and obligations contained in it) may not be assigned by any party without the prior written consent of each of the other parties;
11. The provisions of this Loan Agreement may be amended or modified only by written agreement of all of the parties;
12. The delivery of an electronic or facsimile copy of this Loan Agreement shall be deemed to be valid execution and delivery of this Loan Agreement;
13. This Loan Agreement shall be governed by and interpreted in accordance with the laws of Canada, and the laws of Ontario as applicable therein.

IN WITNESS WHEREOF the parties have set their hands and seals as of the date set out above.

SIGNED, SEALED AND DELIVERED

in the presence of:

Maple Reinders Constructors Ltd.

Shawn Saulnier

Name:

I have authority to bind the corporation

Shawn Saulnier

Name of Witness:

Address of Witness:

EXHIBIT “T”

THIS IS EXHIBIT "T", referred to in the Affidavit of SHAWN SAULNIER, sworn on February 24 2020.

A handwritten signature in black ink, appearing to be 'J. A.', is written above a horizontal line.

Commissioner for Taking Affidavits



404 Stanfield Drive
Oakville, ON L6L3P8
Phone 905.208.444

February 3, 2020

Kelly Ingram
NUVO Network
1295 North Service Road
Burlington, ON L7P 3A7

Dear Kelly,

We are writing to follow up with you regarding payment. As of January 31st, your outstanding balance is \$77,626.07, as detailed on the attached statement of account.

We will be requiring you to remit payment of \$38,813.04 by Feb. 28, 2020 otherwise supplies and cleaning services will be suspended as of March 1, 2020.

Thank you for your attention to this matter. I look forward to hearing from you soon.

Best regards,

Steve Zazulyk
Owner
Canway Group Corporation

EXHIBIT “U”

*THIS IS EXHIBIT "U", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*

A handwritten signature in black ink, appearing to be 'J. L. ...', written over a horizontal line.

Commissioner for Taking Affidavits

Meridian Credit Union
St. Catharines Corporate Office

75 Corporate Park Drive
St. Catharines, Ontario L2S 3W3
tel: 905-988-1000
contact centre: 1-866-592-2226
meridiancu.ca

Meridian™

December 20th, 2019.

2607380 Ontario Inc.
1295 North Service Road,
Burlington, Ontario.
L7P 3A7

Sent by e-mail to shawn@nuvoneetwork.com and psimpson@nmcpc.ca

Attention: Mr. Shawn Saulnier and Mr. Paul Simpson

Re: 2607380 Ontario Inc. (260)

Dear Sirs,

This letter communication summarizes conversations and learnings since the meeting of November 29th, 2019 attended by Shawn Saulnier, Paul Simpson, John Trivieri, Greg Mildenberger and Bernie Huber. This letter is a revision to an earlier letter dated December 13th, 2019 that contained an omission as it pertains to the information requirements (a, b, c on page 3). This letter is for discussion purposes only and does not represent a commitment to provide financing by Meridian Credit Union Limited (Meridian).

The November 29th, 2019 meeting concluded with Meridian agreeing to seek credit approval for a new \$3.1 million first position credit facility for completing the 1295 North Service Road, Burlington, Ontario retrofit project (the project). The commitment for the new loan facility would form part of a new forbearance agreement (agreement) which would be acceptable to both Meridian and 260. The agreement would include, among other things, a consent to receivership (in the event that the project is not completed on time and budget), the requirement that advances would be subject to a Quantity Surveyor (QS) report acceptable to Meridian confirming costs incurred, cost to complete, hold back requirements, statutory declarations, insurance confirmation and other standard QS reporting along with the advance of \$550K by Maple Reinders to Shawn Saulnier to partially fund the project costs. The agreement would also require that 260 close its account with the TD such that Meridian would be the operate the current account and that rent deposits would be made at the 260 Meridian account. The payment arrears on the existing Meridian loan facilities would be brought up-to-date and would be kept current. Property tax arrears would be brought current.

Meridian's ask of 260 was to:

- a) Provide reporting or confirmation of the status of the Maple Reinders account.
- b) Obtain and provide a statement of the amount required to satisfy the Maple Reinders construction lien that had been registered against the project for \$1.87 million on November 25th, 2019 and is an

event of default under the terms of 260's loan agreement with Meridian. 260 was of the view that this amount was almost double the actual amount outstanding.

c) 260 would provide confirmation that Maple Reinders was still prepared to lend \$550K to Shawn Saulnier personally for the purpose of injecting / funding the 260 retrofit project.

Subsequent to the meeting, Meridian requested and received authorization from 260 to discuss the project with Maple Reinders.

Maple Reinders provided Meridian with its account summary page that quantifies costs to complete, invoices paid to date, how the lien was determined etc. In brief, total cost to complete the project was set at \$4,036K. 260 has advised Meridian that it was of the view that this new sum was not a variance from what was discussed with Meridian on November 29th. Meridian disagrees.

260 has since advised Meridian that it requires working capital. No loan amount for working capital was specified or discussed on November 29th. Subsequent to the meeting on November 29th 260 advised that in addition to the construction funding that it requires to complete the project, 260 would require \$925K to pay arrears (Meridian @\$220K, Bridging Finance Inc. @ \$200K, property taxes and hydro @ \$140K) and its monthly cash flow shortfall until August 2020.

In response to a request from Meridian, 260 on December 5th provided a more detailed cash flow based on a 9 month time frame (June 30, 2020 to complete the project plus a 2 month buffer). The 260 cash flow indicated that \$6.1 million in funding would be required. \$550K of this amount would be sourced through the Maple Reinders loan to Shawn Saulnier. 260 net financing requirement was now \$5.5 million.

Meridian requested a 2nd meeting with 260 to be held on Dec 6th at Meridian to discuss the complete financial requirements for 260 and to establish a strategy moving forward. 260 declined Meridian's invitation.

Meridian has and continues to express an interest in seeking credit approval for a first position \$3.1 million credit facility for the purpose of funding a portion of the completion costs for the project, but not without first obtaining confirmation that 260 has the financial capacity to fund the remaining portion of the total cash flow requirement of \$5.5 million.

Recall that a Priority, Postponement and Standstill Agreement is in place among 260, Meridian, Crossroads Christian Communications Incorporated ("CCCI") and Bridging Finance Inc. ("BFI"). The agreement notes the following:

- The CCCI Security is subordinated to the Meridian Security up to the amount of the Limited Meridian Indebtedness (\$20 million). The CCCI Security will have a first charge and security interest over the real property for all amounts in excess of the Limited Meridian Indebtedness.
- The BFI Security is subordinated to the Meridian Security however Meridian has agreed that any increase in the principal amount secured by the Meridian Security or any increase in the interest rate (with certain conditions) will not have priority over the BFI Security without BFI's prior written consent.

In order for Meridian to seek credit approval for 260's request for an additional \$3.1 million credit facility, Meridian will require the following;

- 1) Confirmation that Maple Reinders was still prepared to lend \$550K to Shawn and will inject the same into the project.
- 2) Confirmation that 260 has sourced \$2.4 million cash flow shortfall and will inject the same into the project. This will form a condition precedent to advance on the new \$3.1 million credit facility.
- 3) 260 will provide confirmation that CCCI and BFI will agree to either amend the existing Priority, Postponement and Standstill Agreement (Agreement) made as of March 23, 2018 or enter into a new Agreement that will enable Meridian to increase the 260 credit facility and amend the interest rate.

Time is of the essence. Meridian requires receipt of the three confirmations cited above by January 6th, 2020. Failure to provide the same will result in Meridian taking such further steps as it deems necessary to recover its debt, including enforcement of its security.

Meridian's decision not to take steps to immediately enforce its security after the events of default referenced herein shall not in any way constitute a waiver of existing or subsequent events of default under the loan agreement between 260 and Meridian or any other agreements between 260 and Meridian. Meridian expressly reserves its rights to exercise at any time any and all remedies available to it by reason of any existing or subsequent events of default.

Sincerely Yours,

Meridian Credit Union Limited



Senior Commercial Credit Specialist

TOR_LAW 10151755\2

EXHIBIT “V”

THIS IS EXHIBIT "V", referred to in the Affidavit of SHAWN SAULNIER, sworn on February 24, 2020.



Commissioner for Taking Affidavits



REPLY TO: PHILIP L. TAYLOR
FILE NO.: 43135
DIRECT: 416-218-1125
FAX: 416-218-1459
EMAIL: philip@chaitons.com

December 30, 2019

VIA EMAIL (shawn@nuvonetwork.com)

2607380 Ontario Inc.
2380 Mohawk Trail
Campbellville, Ontario
L0P 1B0
Attention: Mr. Shawn Saulnier

Dear Mr. Saulnier:

**Re: Bridging Finance Inc., as agent ("BFI") loan to
2607380 Ontario Inc. (the "Borrower")
pursuant to a Commitment Letter dated March 20, 2018 (the "Commitment")**

We are the solicitors for BFI. We understand from BFI that the Borrower has not made scheduled payments of interest as required under the Commitment since July 26, 2019. Further to your discussions with BFI, we confirm that BFI is not prepared to tolerate the arrears any further. Unless payment of all arrears is received or satisfactory arrangements therefore are made on or before January 7, 2020, BFI intends to issue demand for payment of all amounts owing under the Commitment and all documentation delivered in respect of same.

Yours truly,

CHAITONS LLP

Philip L. Taylor

(computer generated signature)

Philip L. Taylor

PARTNER

PLT/db

EXHIBIT “W”

*THIS IS EXHIBIT "W", referred to in the
Affidavit of SHAWN SAULNIER, sworn
on February 24, 2020.*

A handwritten signature in black ink, appearing to be 'L. H.', written over a horizontal line.

Commissioner for Taking Affidavits

DIP CREDIT FACILITY AGREEMENT

THIS AGREEMENT made as February 24, 2020

BETWEEN:

MAYNBRIDGE CAPITAL INC.
(the "**DIP Lender**")

– and –

2607380 ONTARIO INC.
(the "**Borrower**")

– and –

NUVO NETWORK INC.
(the "**Guarantor**").

WHEREAS:

- A. The Borrower has requested the DIP Lender to provide it with financing to fund certain of the Borrower's cash requirements during the pendency of its proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") in accordance with the terms and conditions set out herein;
- B. The DIP Lender has agreed to provide interim CCAA financing in order to fund certain obligations of the Borrower in accordance with the terms and conditions set out herein.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements contained herein (and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged), the Borrower, the DIP Lender and the Guarantor (the "**Parties**") agree as follows:

- 1. **DEFINED TERMS:** Capitalized terms not defined in the body of this Agreement have the meaning ascribed to them in Section 37 below.
- 2. **DIP FACILITY AND MAXIMUM AMOUNT:** The DIP Lender will provide to the Borrower a secured super-priority debtor-in-possession non-revolving credit facility (the "**DIP Facility**") of up to \$7,180,000, inclusive of an amount equal to the Commitment Fee less the Good Faith Deposit (the "**Maximum DIP Credit Amount**").
- 3. **CLOSING DATE OF INITIAL ADVANCE** The Borrower will make an initial draw under the DIP Facility (the "**Initial Advance**") on the day following the date on which the conditions precedent in Section 5 below applicable

to the Initial Advance have been satisfied or waived (the “**Closing Date**”), provided that if the conditions precedent in Section 5 below applicable to the Initial Advance have not been satisfied or waived by February 28, 2020 or such later date as the DIP Lender may in its sole discretion agree to in writing, the DIP Facility will be terminated and the DIP Lender will be under no obligation to make any DIP Advance.

4. **REPAYMENT:**

The aggregate principal amount owing under the DIP Facility, together with all accrued and unpaid interest, fees and prepayment obligations, if applicable, and all fees, expenses and other amounts incurred by or owing to the DIP Lender under or in connection with the DIP Facility and the Loan Documents (the “**DIP Obligations**”) will be due and payable on the earliest of (such earliest date, the “**Maturity Date**”):

- (a) October 25, 2020;
- (b) if the Second DIP Order has not been issued on or before such date, March 6, 2020;
- (c) the date that the stay period expires under the Initial Order without extension;
- (d) the date on which the stay under the Initial Order is lifted, in whole or in part, without the prior written consent of the DIP Lender;
- (e) the date on which (i) an assignment in bankruptcy is made by the Borrower under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), (ii) a bankruptcy order is issued in respect of the Borrower pursuant to the BIA, (iii) a proposal or notice of intention to make a proposal under the BIA is filed by or on behalf of the Borrower, (iv) a receiver or receiver and manager is appointed by any court of competent jurisdiction in respect of the Borrower or any of its assets or undertaking, in each case without the prior written consent of the DIP Lender; and
- (f) the date on which the DIP Lender demands repayment of the DIP Facility after the occurrence and continuance of an Event of Default.

The date in clause (a) above may be extended for three months at the written request of the Borrower not less than 30 days prior to such date, subject to the satisfaction of the following conditions in favour of the DIP Lender:

- (i) the Borrower has paid an extension fee to the DIP Lender equal to one percent (1.0%) of the Maximum DIP Credit Amount;

- (ii) no Default or Event of Default has occurred and is continuing; and
- (iii) if required, approval of the extension has been obtained from the Court pursuant to an order in form and content satisfactory to the DIP Lender in its sole discretion.

The commitment in respect of the DIP Facility will expire on the Maturity Date and all DIP Obligations must be repaid in full no later than the Maturity Date, without the DIP Lender being required to make demand (or, in the case of clause (f) above, further demand) upon the Borrower or to give notice that the DIP Facility has expired and/or that the DIP Obligations are due and payable.

All payments received by the DIP Lender will be applied first to any fees and expenses due hereunder, then to prepayment obligations, if applicable, then to accrued and unpaid interest and then after all such amounts are paid in full, to principal.

5. **AVAILABILITY
UNDER DIP
FACILITY:**

The Borrower may request advances under the DIP Facility (each, a **"DIP Advance"**) by delivery to the DIP Lender of a drawdown request in the form attached as Schedule "B" hereto (the **"Drawdown Request"**) no more frequently than once per two-week period and not less than three (3) Business Days prior to the requested advance date, provided that a Drawdown Request need only be delivered one (1) Business Day prior to each of (x) the Initial Advance, and (y) the first DIP Advance after the issuance of the Second DIP Order (the **"Second Advance"**).

Each DIP Advance must be in a minimum amount of \$250,000 and in multiples of \$100,000 in excess thereof, provided that the Initial Advance must be for an amount not less than the Commitment Fee less the Good Faith Deposit, plus any further amount the Borrower chooses to borrow, if any, up to a maximum Initial Advance of \$700,000.

Availability under the DIP Facility is limited to \$700,000 for the Initial Advance and thereafter to the Maximum DIP Credit Amount and is subject to the other conditions described herein. Any Drawdown Request that is not materially consistent with the Cash Flow Budget must be acceptable to and approved in writing by the DIP Lender.

The aggregate borrowings under the DIP Facility during any week must not exceed the forecasted borrowing requirements set forth in the Cash Flow Budget, unless acceptable to and approved in writing by the DIP Lender.

The following conditions precedent must be satisfied, or waived by the DIP Lender in its sole discretion, prior to each DIP Advance hereunder (provided that, in the case of the Initial Advance, DIP Security other than the DIP Charge will not be required to be executed and delivered and the conditions listed below in 5(c), 5(e) and 5(j) will not apply but must be satisfied by the Borrower before the earlier of the Second Advance and 14 days after the Closing Date):

- (a) this Agreement, the other Loan Documents required by the DIP Lender pursuant to Section 15 to such date and all other documentation relating to the DIP Facility have been executed and delivered and remain in full force and effect;
- (b) the application for the DIP Order has been brought on notice to such parties as are acceptable to the DIP Lender in its sole discretion, and has been heard by the Court no later than February 25, 2020;
- (c) the application for the Second DIP Order has been brought on notice to such parties as are acceptable to the DIP Lender in its sole discretion, and has been heard by the Court no later than March 6, 2020;
- (d) the Court has issued the DIP Order, in form and substance satisfactory to the DIP Lender in its sole discretion;
- (e) the Court has issued the Second DIP Order, in form and substance satisfactory to the DIP Lender in its sole discretion;
- (f) no appeal, notice of appeal or application for leave to appeal in respect of the Initial Order or the DIP Order has been made or threatened;
- (g) no motion to amend, vary or stay the Initial Order or the DIP Order has been made or threatened;
- (h) the Borrower has paid or will pay from the proceeds of the Initial Advance all fees and other amounts payable to the DIP Lender hereunder, including, without limitation, the Commitment Fee less the Good Faith Deposit;
- (i) there are no encumbrances on any Collateral ranking in priority to or *pari passu* with the DIP Security other than as permitted by the terms hereof;
- (j) the DIP Lender has received evidence satisfactory to it that the bank account designated by the Borrower in

which the DIP Advance is to be made is not a blocked account or subject to a blocked account agreement;

- (k) the DIP Lender has received title insurance or a title opinion relating to all real property owned by the Borrower, in form and content satisfactory to the DIP Lender in its discretion, and such insurance or opinion remains in full force and effect;
- (l) the DIP Lender has been named as an additional insured and first loss payee on the Borrower's property and casualty insurance policies, including insurance with respect to any real property Collateral (which must include a standard mortgage clause), and such insurance remains in full force and effect;
- (m) the DIP Lender has received copies of all leases of premises within the real property owned by the Borrower, the Guarantor or either of them;
- (n) the DIP Advance (together with all previous DIP Advances) must be no greater than the amount shown on the Cash Flow Budget and in the aggregate must not exceed the Maximum DIP Credit Amount (provided that the Initial Advance must not exceed \$700,000);
- (o) the delivery to the DIP Lender (with a copy to the Monitor) of a Drawdown Request, duly executed by an officer on behalf of the Borrower;
- (p) no Material Adverse Effect has occurred since the date of the Initial Order;
- (q) there is no Default or Event of Default which has occurred and is continuing, nor will any Default or Event of Default occur as a result of the DIP Advance;
- (r) there are no pending appeals, injunctions or other legal impediments relating to the DIP Facility, or pending litigation seeking to restrain or prohibit the DIP Advance or DIP Facility;
- (s) the Cash Flow Budget is satisfactory to the DIP Lender in its sole discretion (it being acknowledged that the Cash Flow Budget attached hereto as Schedule "A" is satisfactory to the DIP Lender); and
- (t) each of the representations and warranties made by the Borrower and/or the Guarantor, as applicable, in this Agreement, the Guarantee and each other Loan Document is true and correct in all material respects as

of the date made or deemed made and as of the date of the DIP Advance.

6. **USE OF PROCEEDS:** DIP Advances may only be used by the Borrower to pay:
- (a) expenditures provided for in the Cash Flow Budget;
 - (b) fees and expenses associated with the DIP Facility; and
 - (c) such other expenditures as the DIP Lender has consented to in writing.

The proceeds of each DIP Advance will be paid into a bank account of the Borrower, designated by it in writing to the DIP Lender prior to the DIP Advance with the prior written approval of the Monitor.

7. **DIP CHARGE AND DIP SECURITY:** To secure the payment and performance by the Borrower of all of its obligations under this Agreement, the other Loan Documents and all ancillary documents related thereto including, without limitation, all of the DIP Obligations, the Borrower will:
- (a) obtain for the DIP Lender a Court-ordered charge and security (the "**DIP Charge**"), and
 - (b) grant to the DIP Lender such security interests, assignments, mortgages and charges as may be required by it pursuant to Loan Documents required in accordance with Section 15 (collectively, with the DIP Charge, the "**DIP Security**"),

in each case on all of the existing and after-acquired real and personal, movable and immovable, tangible and intangible, corporeal and incorporeal, property, assets and undertaking of the Borrower, including, without limitation, all cash, cash equivalents, bank accounts, accounts, rents, other receivables, chattel paper, contract rights, inventory, instruments, documents, securities (whether or not marketable), equipment, fixtures, real property interests, franchise rights, patents, trade names, trademarks, copyrights, intellectual property, intangibles, capital stock, supporting obligations, letter of credit rights, commercial tort claims, causes of action and all substitutions, accessions and proceeds of the foregoing, of whatever nature and wherever located, including insurance or other proceeds thereof (collectively, the "**Collateral**").

The DIP Security will rank in priority to all other creditors, interest holders, lien holders and claimants of any kind whatsoever (including, without limitation, the Court-ordered charges created by the Initial Order), other than a Court-ordered administration charge provided for by the Initial Order to secure payment of the professional fees of the Monitor, the Monitor's counsel and the Borrower's counsel, in a principal amount not to exceed \$500,000 (the "**Administration Charge**").

8. **PERMITTED
ENCUMBRANCES
AND PRIORITY:**

All Collateral will be free and clear of liens, encumbrances and claims other than the DIP Security, except for (a) the Court-ordered charges created by the Initial Order, (b) any existing mortgage, hypothec, lien, security interest, pledge, charge, prior claim or encumbrance of any kind in respect of any Collateral as set forth in Schedule "C", and (c) any other liens or encumbrances which are acceptable to, and consented to in writing by, the DIP Lender, acting reasonably (collectively, the "**Permitted Encumbrances**"). The Permitted Encumbrances will be subordinate to the DIP Security except for the Administration Charge or as otherwise expressly agreed in writing by the DIP Lender in its discretion.

9. **INTEREST:**

The outstanding principal amount of all DIP Advances will bear interest at the rate of nine and one-half percent (9.5%) per annum, calculated daily and payable monthly in arrears on the last day of each calendar month (or the next Business Day of the last day of the month is not a Business Day).

Interest on each DIP Advance will accrue on the basis of a year of three hundred and sixty-five (365) days and will be calculated, payable and compounded monthly on the last day of each month. For the purposes of the *Interest Act* (Canada),

the annual rates of interest or fees to which the rates calculated in accordance with this DIP Facility are equivalent to the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by three hundred and sixty-five (365).

If any provision of this Agreement or any ancillary document in connection with this Agreement would obligate the Borrower to make any payment of interest or other amount payable to the DIP Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the DIP Lender of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)) then, notwithstanding such provision, such amount or rate will be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by the DIP Lender of interest at a criminal rate and any such amounts actually paid by the Borrower in excess of the adjusted amount will be forthwith refunded to the Borrower.

Upon the occurrence of an Event of Default that occurs and is continuing, all amounts owing under or in respect of the DIP Facility will bear interest at the applicable interest rate plus two percent (2.0%) per annum.

10. COMMITMENT FEE:

The Borrower will pay to the DIP Lender a commitment fee in an amount equal to \$210,000 (the "**Commitment Fee**"). The Commitment Fee is fully earned and is non-refundable, and will be paid on the Closing Date from the First Advance. The DIP Lender acknowledges receiving \$30,000 as a good faith deposit (the "**Good Faith Deposit**"), which amount will be credited towards the portion of the Commitment Fee payable on the Closing Date.

11. STANDBY FEE:

The Borrower will pay to the DIP Lender a standby fee of two percent (2.0%) per annum on an amount equal to the difference between (a) the Maximum DIP Credit Amount, and (b) the total aggregate amount outstanding under the DIP Facility (the "**Standby Fee**"), calculated daily commencing on the date of this Agreement and payable monthly in arrears on the last day of each month (or the next Business Day if the last day of the month is not a Business Day).

12. BREAK FEE:

The Borrower agrees to pay to the DIP Lender a break fee in an amount equal to three percent (3.0%) of the Maximum DIP Credit Amount (the "**Break Fee**") in the event the Borrower obtains court approval for financing in lieu of the DIP Facility (the "**Alternate Financing**"). The Break Fee will be payable to the DIP Lender concurrently with the closing of the Alternate Financing.

13. PREPAYMENT OPTION:

The Borrower will not be entitled to prepay the DIP Facility or any portion thereof for the first 120 days after the Closing Date. Thereafter, the Borrower may prepay the outstanding principal amount of the DIP Facility, in whole or in part, together with the following amounts:

- (a) accrued interest and fees relating to such prepayment to the date of the prepayment; and
- (b) the following fees:
 - (i) if the prepayment is made on or within 121-150 days after the Closing Date, an amount equal to 3.0% of the Maximum DIP Credit Amount;
 - (ii) if the prepayment is made on or within 151-180 days after the Closing Date, an amount equal to 2.25% of the Maximum DIP Credit Amount;
 - (iii) if the prepayment is made on or within 181-210 days after the Closing Date, an amount equal to 1.5% of the Maximum DIP Credit Amount; and
 - (iv) if the prepayment is made on or within 211-240 days after the Closing Date, an amount equal to 0.75% of the Maximum DIP Credit Amount.

Amounts prepaid may not be re-advanced.

14. MANDATORY REPAYMENTS:

Subject to the Administration Charge, the Borrower is required to pay all proceeds arising from:

- (a) any disposition of assets or other transaction involving the Collateral, including, without limitation, any refinancing or sale and lease back agreement, but excluding any disposition of personal property assets that are obsolete or otherwise of no material value or that are surplus to the business requirements of the Borrower; and

- (b) net insurance proceeds in respect of any of the Collateral,

as repayment of the DIP Obligations and any such repayment will reduce the Maximum DIP Credit Amount.

The Borrower will immediately make any payments required to eliminate any amount by which the principal amount outstanding at any time under the DIP Facility exceeds the Maximum DIP Credit Amount.

Amounts repaid may not be re-advanced.

15. LOAN DOCUMENTS AND ADDITIONAL DOCUMENTATION:

The Borrower and the Guarantor will execute and deliver, or cause to be executed and delivered, the Guarantee, the Guarantee Security and such acknowledgements, certificates, security agreements, mortgages, assignments, acknowledgements, financing statements, registrations, opinions and other documents, security, instruments and information, in form and substance satisfactory to the DIP Lender, as the DIP Lender may reasonably require (collectively, the "**Loan Documents**").

All Loan Documents and other documentation relating to the DIP Facility must be in form and substance satisfactory to the DIP Lender in its discretion.

16. REPRESENTATIONS AND WARRANTIES:

The Borrower represents and warrants (subject to obtaining the DIP Order where applicable) to the DIP Lender, upon which the DIP Lender relies in entering into this Agreement, that:

- (a) the Borrower is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation and is duly qualified, licensed or registered to carry on business under the laws applicable to it in all jurisdictions in which the nature of its assets or business makes such qualification necessary;
- (b) the Borrower has all requisite corporate power and authority to (i) own and operate its properties and assets and to develop, own and operate its business and (ii) to enter into and perform its obligations under this Agreement and the other Loan Documents to which it is a party;
- (c) the execution and delivery by the Borrower of this Agreement and the other Loan Documents to which it is a party and the performance by the Borrower of its respective obligations hereunder and thereunder have been duly authorized by all necessary corporate action

and no authorization under any applicable law, and no registration, qualification, designation, declaration or filing with any Governmental Authority, is or was necessary therefor, other than filings which may be made to register or otherwise record the DIP Security;

- (d) this Agreement and each of the other Loan Documents to which it is a party has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against it in accordance with its terms, subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally and (ii) the discretion that a court may exercise in the granting of equitable remedies;
- (e) the Borrower is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (f) the Collateral (i) is legally and beneficially owned by or leased or licensed to the Borrower and is only located at the locations disclosed in writing to the DIP Lender, (ii) has not been sold, leased or otherwise disposed of, and (iii) is not subject to any rights of any person or entity other than Permitted Encumbrances;
- (g) the execution and delivery by the Borrower of this Agreement and the other Loan Documents to which it is a party and the performance by the Borrower of its obligations hereunder and thereunder and compliance with the terms, conditions and provisions hereof and thereof, will not conflict with or result in a breach of (i) its constituting documents or by-laws; (ii) the material contracts to which it is party or (iii) any applicable law;
- (h) all statements (whether financial or otherwise), information, reports, budgets, forecasts and projections made available by the Borrower or anyone on its behalf to the DIP Lender are true, complete and accurate in all material respects and do not omit any information necessary to make them true, complete and accurate in all material respects;
- (i) the business operations of the Borrower have been and will continue to be conducted in compliance with all laws of each jurisdiction in which business has been or is being carried on;

- (j) the Borrower has obtained all licenses and permits required for the operation of its business and the Construction, which licenses and permits remain in full force and effect. No proceedings have been commenced or, to the knowledge of the Borrower, threatened to revoke or amend any of such licenses or permits;
- (k) the Borrower is not aware of any person with a secured claim against the Borrower or the Collateral except for the Permitted Encumbrances and the Borrower is not aware of any unpaid deductions at source or other amounts owing to the relevant tax authorities that have not been remitted or paid when due;
- (l) all representations and warranties made by the Borrower in this Agreement and each of the other Loan Documents to which it is a party are true and correct in all material respects as of the date such representations and warranties are made or deemed to be made;
- (m) the Borrower has filed or caused to be filed all tax returns and reports which are required to have been filed and has paid or caused to be paid all taxes required to have been paid by it, except taxes that are being contested in good faith by appropriate proceedings and for which adequate cash reserves are being maintained;
- (n) other than the CCAA Proceedings, there are no material actions, suits or proceedings (including any tax-related matter and excluding any environmental-related matters which are dealt with in paragraph (n) below) by or before any arbitrator or Governmental Authority or by any other person pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower;
- (o) (i) the Borrower is and has been in material compliance with all applicable environmental laws, including obtaining, maintaining and complying with all permits required by any applicable environmental law, (ii) the Borrower is not party to, and no real property currently or previously owned, leased or otherwise occupied by or for the Borrower is subject to or the subject of, any contractual obligation or any pending or, to the knowledge of the Borrower, threatened order, action, investigation, suit,

proceeding, audit, claim, demand, dispute or notice of violation or of potential liability or similar notice under or pursuant to any environmental law which could reasonably be expected to result in a remedial obligation having a Material Adverse Effect, (iii) no encumbrance in favour of any Governmental Authority securing, in whole or in part, environmental liabilities has attached to any property of the Borrower and no facts, circumstances or conditions exist that could reasonably be expected to result in any such encumbrance attaching to any such property, (iv) the Borrower has not caused or suffered to occur a release of any hazardous substances or conditions creating any potential for such a release at, to or from any real property other than in compliance with environmental laws and except when failure to do so could not reasonably be expected to have a Material Adverse Effect, (v) the Borrower has not engaged in operations that, and no facts, circumstances or conditions exist that, in the aggregate, would have a reasonable likelihood of resulting in material environmental liabilities, and (vi) the Borrower has made available to the DIP Lender copies of all existing environmental reports, reviews and audits and all documents pertaining to actual or potential environmental liabilities, in each case to the extent such reports, reviews, audits and documents are in its possession, custody or control;

- (p) the Borrower maintains insurance policies and coverage which (i) is sufficient for compliance with law and all material agreements to which the Borrower is a party and (ii) provide adequate insurance coverage in at least such amounts and against at least such risks as are usually insured against in the same general area by persons engaged in the same or similar business to the assets and operations of the Borrower; and
- (q) all factual information provided by or on behalf of the Borrower to the DIP Lender for the purposes of or in connection with this Agreement, the other Loan Documents or any transaction contemplated herein is true and accurate in all material respects on the date as of which such information is dated or certified and remains true as of the date provided and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the

circumstances under which such information was provided.

**17. AFFIRMATIVE
COVENANTS:**

The Borrower covenants and agrees, from the date of execution of this Agreement and while any DIP Obligations remain outstanding, to:

- (a) submit to the Court the proposed form of the DIP Order and the Second DIP Order and, to the extent they may affect the DIP Lender, the DIP Obligations, the DIP Security, the Collateral or any SISP, any other Court orders which are being sought by the Borrower in a form confirmed in advance to be satisfactory to the DIP Lender in its sole discretion subject to any amendments that are required by the Court that are acceptable to the DIP Lender, in its sole discretion;
- (b) subject to the terms of the Initial Order and the DIP Order, comply with all laws, rules, regulations and orders applicable to it or its property, including, without limitation, environmental laws and regulations and including payment on a timely basis of all municipal taxes, utility charges or other amounts in relation to the Collateral where the non-payment of same could give rise to a lien, charge or other encumbrance ranking prior to or *pari passu* with the DIP Security and immediately notify the DIP Lender of any action, claim, lawsuit, demand, investigation or proceeding pending, or to the knowledge of the Borrower, threatened, against the Borrower, before any court, Governmental Authority, regulatory authority, arbitrator or tribunal;
- (c) maintain in good standing at all times all insurance coverage as is customarily carried by companies which are engaged in the same or similar business to the business of the Borrower or as otherwise may be required by the DIP Lender, including, without limitation, builder's risk, wrap up liability or other insurance as appropriate during the period of Construction;
- (d) consult in advance with the DIP Lender in connection with any plan of compromise or arrangement and any such plan must be satisfactory to and subject to the approval of the DIP Lender, acting reasonably;
- (e) consult in advance with the DIP Lender in connection with any sale of any Collateral and any such sale will be subject to the approval of the DIP Lender;

- (f) except where a stay of proceedings applies and subject to the terms of the Initial Order and the DIP Order, pay when due all statutory liens, trust and other Crown claims including employee source deductions, HST and workplace safety and insurance premiums but only with respect to those priority payments, if any, which rank ahead of the DIP Security or with respect to the Borrower's post-CCAA filing obligations in all cases in accordance with the Cash Flow Budget;
- (g) comply with the provisions of the court orders made in connection with the CCAA Proceedings;
- (h) pay when due, all principal, prepayment obligations, interest, fees and other amounts payable by the Borrower under this Agreement and under any other Loan Document;
- (i) preserve, renew and keep in full force its respective corporate existences and its respective material licenses, permits and approvals required in respect of its business, properties, assets or any activities or operations carried out therein;
- (j) conduct all activities in accordance with the Cash Flow Budget, as reviewed by the Monitor from time to time, and the credit limits established under the DIP Facility as set out hereunder;
- (k) forthwith notify the DIP Lender and the Monitor of the occurrence of any Default, Event of Default or Material Adverse Effect;
- (l) forthwith notify the DIP Lender and the Monitor of the commencement of any action, suit, investigation, litigation or proceeding before any court or Governmental Authority;
- (m) provide to the DIP Lender at least two (2) Business Days in advance of the earlier of service or filing, copies or drafts of all petitions, pleadings, motions, affidavits, reports, applications, judicial information, financial information and other documents to be filed by or on behalf of the Borrower with the Court which may affect the DIP Lender, the DIP Obligations, the DIP Security, the Collateral or any SISF, provided if it is not practicable to provide such documents at least two (2) Business Days prior to the earlier of service or filing then as promptly as possible after such documents are available prior to their service or filing;

- (n) permit the DIP Lender, its representatives and agents, to have access, at any reasonable time and upon prior written notice, to the books, records, property and premises of the Borrower and cause management thereof to fully co-operate with any directors, officers, employees, agents, advisors and representatives of the DIP Lender;
- (o) provide prompt notice to (including copies thereof) the DIP Lender of:
 - (i) any update or modifications to any SISP or other such document relating to the marketing and solicitation of offers for a sale or investment transaction with the Borrower;
 - (ii) any information memorandum, form of letter of intent, form of bid offer, form of agreement of purchase and sale or other similar document used by the Borrower or the Monitor;
 - (iii) any qualifying bid, letter of intent, qualifying bidder, purchaser, sale or agreement of purchase and sale; and
 - (iv) any information circular, plan of compromise or arrangement, proposal to creditors, or other document pertaining to a proposed compromise or arrangement of any of the material obligations of the Borrower;
- (p) obtain the prior written approval of the DIP Lender, acting reasonably, prior to (i) seeking approval of any process order relating to a SISP or accepting any binding offer, or entering into any agreement of purchase and sale, for any of the Collateral (and the Borrower agrees that it will be reasonable for the DIP Lender to refuse its approval for any such offer or agreement if it does not provide for the repayment of the entire amount of the DIP Obligations in cash at closing and on or prior to the Maturity Date); and (ii) seeking approval of any meeting order or preparing, filing or implementing any plan of compromise or arrangement, proposal to creditors, or other form of compromise or arrangement of any of the material obligations of the Borrower (and the Borrower agrees that they will be reasonable for the DIP Lender to refuse its approval for any such plan, proposal or other form of compromise or arrangement if it does not provide for the repayment of the entire amount of the

DIP Obligations in cash upon implementation and on or prior to the Maturity Date); and

- (q) cause the Construction to be carried out and completed in a good and workmanlike manner and no later than the date set out in Section 20(1), in accordance with prudent industry practice and all applicable laws, including, without limitation, all requirements (including the retention of holdbacks) of the *Construction Act* (Ontario).

**18. REPORTING
COVENANTS:**

The Borrower will deliver to the DIP Lender:

- (a) on a weekly basis, and prior to and as a requirement for the making of any DIP Advance, an updated Cash Flow Budget in form and substance satisfactory to and approved by the DIP Lender together with (i) a comparison prepared by the Borrower with the assistance of the Monitor of the previous week's forecast to actual results and (ii) an explanation of the differences;
- (b) on a weekly basis, progress reports with respect to any SISF that is commenced, and otherwise with respect to any negotiations for an investment in or sale of the Borrower's business or sponsorship of a plan of compromise or arrangement;
- (c) such further reports and information as the DIP Lender may request from time to time.

**19. NEGATIVE
COVENANTS:**

The Borrower covenants and agrees, and covenants and agrees to cause its subsidiaries and its other affiliates, not to do the following from the date of execution of this Agreement and while any DIP Obligations remain outstanding, other than in each case with the prior written consent of the DIP Lender:

- (a) except as permitted by the Initial Order or further order of the Court, make any payment of principal or interest in respect of any indebtedness outstanding as of the Filing Date;
- (b) permit any new liens to exist on any of its properties or assets, other than Permitted Encumbrances and the liens and charges in favour of the DIP Lender, as contemplated by this Agreement;
- (c) disclaim, resiliate or terminate any material contract;
- (d) enter into, amend, terminate or accept the surrender of any lease without the consent of the DIP Lender;

- (e) merge, amalgamate, consolidate, reorganize, or sell any assets outside of the ordinary course of business other than sales of redundant or non-material assets permitted pursuant to the Initial Order and the DIP Order;
- (f) make any acquisitions, investments or loans to any party or guarantee the obligations of any party;
- (g) incur or enter into any debts, liabilities or obligations, including, without limitation, guarantees and contingent obligations, except in the ordinary course of business;
- (h) make or permit any dividends or distributions (whether by reduction of capital or otherwise) with respect to its shares or directly or indirectly purchase, redeem or otherwise acquire or retire any of its shares;
- (i) conduct any business or engage in any transaction with an affiliate or non-arm's length person unless such business or transaction is on terms which would apply to an arm's length transaction;
- (j) (i) make an assignment in bankruptcy under the BIA, (ii) consent to the issuance of a bankruptcy order in respect of the Borrower pursuant to the BIA, (iii) file a proposal or Notice of Intention to make a proposal under the BIA, (iv) consent to the appointment of a receiver or receiver and manager by any court of competent jurisdiction in respect of the Borrower or any of its assets, undertakings or properties;
- (k) amend, or waive any term of, the Construction Contract;
- (l) enter into any agreement, initiate any process or put forward or participate in any plan or arrangement that contemplates any amendment or waiver of the DIP Lender's rights under this Agreement or any other Loan Document; or
- (m) become a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

20. **EVENTS OF
DEFAULT:**

The occurrence of any one or more of the following events, without the prior written consent of the DIP Lender, will constitute an event of default ("**Event of Default**") under this Agreement:

- (a) failure by the Borrower to pay any principal, interest, fees, prepayment obligations or any other amounts, in each case when due and owing hereunder;
- (b) any payment is made by the Borrower that is not contemplated by or in compliance with the Cash Flow Budget;
- (c) any representation or warranty made or deemed to be made by the Borrower or the Guarantor herein or in any other document in connection with this Agreement proves to have been false in any material respect at the time made or deemed made;
- (d) the Borrower or the Guarantor defaults in the observance or performance of any other covenant or obligation hereunder or any other Loan Document which, if curable, is not cured within ten (10) days after written notice from the DIP Lender;
- (e) failure by the Borrower to obtain the Second DIP Order on or before March 6, 2020;
- (f) if a new Monitor is appointed in the CCAA Proceedings without the DIP Lender's prior written consent;
- (g) the issuance of an order terminating the CCAA Proceedings or lifting the stay in the CCAA Proceedings to permit the enforcement of any security against the Borrower or the Guarantor, or the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against the Borrower or the Guarantor;
- (h) the issuance of an order granting a lien which is senior to or *pari passu* with the DIP Security, other than the Administration Charge;
- (i) the issuance of an order staying, reversing, vacating or otherwise modifying the DIP Charge or, any order in the CCAA Proceedings in a manner which adversely impacts the rights and interests of the DIP Lender, provided, however, that any such order which provides for payment in full of all of the DIP Obligations and

any other obligations of the Borrower in respect of the DIP Facility will not constitute an Event of Default;

- (j) if (i) the Initial Order or the DIP Order is varied without the consent of the DIP Lender in a manner adverse to the DIP Lender in the DIP Lender's sole opinion, or (ii) the stay of proceedings contained in the Initial Order is terminated or is lifted to allow an action adverse to the DIP Lender;
- (k) a Court order is made, a liability arises or an event occurs, including any change in the business, assets, or conditions, financial or otherwise, of the Borrower, that causes or will cause a Material Adverse Effect;
- (l) the Construction has not been completed in all material respects on or before August 31, 2020;
- (m) if any default or event of default occurs under the Construction Contract or any other material agreement to which the Borrower or the Guarantor is a party which is not cured within 5 days after written notice thereof, provided that, this paragraph (m) will not apply to defaults existing as of the Filing Date or caused by the issuance of the Initial Order, to the extent that (and for so long as) such defaults are stayed by the Initial Order and, to the extent material to the business or property of the Borrower or the Guarantor, the counterparty continues to perform its obligation thereunder;
- (n) any breach by the Borrower of any of the Initial Order, the DIP Order or any other order of the Court made in the CCAA Proceedings;
- (o) the DIP Lender in good faith and on commercially reasonable grounds believes the prospect of payment of the DIP Obligations or the performance of the Borrower's other obligations hereunder is impaired or that any of the assets, properties or undertaking of the Borrower or the Guarantor is or is about to be placed in jeopardy; or
- (p) in the DIP Lender's sole opinion there has been a Material Adverse Effect.

21. REMEDIES:

After the occurrence of an Event of Default which is continuing, any right of the Borrower to receive any DIP Advance or other accommodation of credit from the DIP Lender will be suspended without the requirement of any notice to the Borrower and any further advances made, if any,

thereafter will be in the sole discretion of the DIP Lender. The DIP Lender will be entitled, in addition to all other remedies at law and under any of the DIP Security or other agreement but subject to the DIP Order, to exercise its rights to notify and direct account debtors of the Borrower to pay accounts receivable directly to the DIP Lender.

In addition to the foregoing, after the occurrence of an Event of Default that is continuing, and subject to the DIP Order, the DIP Lender may take any or all of the following steps:

- (a) declare the DIP Obligations to be immediately due and payable and terminate the DIP Facility;
- (b) apply to a court for the appointment of a receiver, an interim receiver or a receiver and manager of the undertaking, property and assets of the Borrower, or for the appointment of a trustee in bankruptcy of the Borrower;
- (c) apply to the court for an order, on terms satisfactory to the Monitor and the DIP Lender, providing the Monitor with the power, in the name of and on behalf of the Borrower, to take all necessary steps in the CCAA Proceedings;
- (d) exercise its rights and remedies under the DIP Security and the powers and rights of a secured party under the *Personal Property Security Act* (Ontario) and any legislation of similar effect; and
- (e) exercise all such other rights and remedies under the Loan Documents, the DIP Order and applicable law.

For greater certainty, nothing will prevent the DIP Lender from applying to the Court or any court in any relevant foreign jurisdiction on five (5) days' notice, or such shorter notice as the Court may permit, for such relief as the DIP Lender may determine is necessary or appropriate at any time.

For the avoidance of doubt, no failure or delay by the DIP Lender in exercising any of its rights hereunder, under any other Loan Document or at law will be deemed a waiver of any kind, and the DIP Lender will be entitled to exercise such rights in accordance with this Agreement at any time.

The DIP Order will provide that the DIP Lender is not prevented by the stay of proceedings in the Initial Order or any other order of the Court, as applicable, from exercising any or all of the rights, remedies and entitlements available to it hereunder, under the DIP Security and under any Loan Document, and that the DIP Obligations will not be

compromised or otherwise affected in any plan filed by or on behalf of the Borrower.

22. LEGAL AND OTHER EXPENSES:

The Borrower will pay all of the DIP Lender's reasonable costs and expenses, including, without limitation, those incurred for due diligence, transportation, computers, copying, appraisals, inspections, audits, insurance, consultants, searches, filing and recording fees, collateral auditing fees and all other out-of-pocket costs and expenses incurred by the DIP Lender (including the reasonable fees and expenses of its legal counsel). The Borrower will also pay the reasonable costs and expenses of the DIP Lender in connection with this Agreement, the other Loan Documents, the transactions contemplated herein and the CCAA Proceedings, as well as any enforcement of the terms of this Agreement, the DIP Security or the other Loan Documents or otherwise incurred in connection with the DIP Facility. All such fees and expenses will be paid by the Borrower on demand and, until paid, will be secured by the DIP Security.

23. INDEMNITY AND RELEASE:

The Borrower agrees to indemnify and hold harmless the DIP Lender, its affiliates and their officers, directors, employees, agents and advisors (each, an "**Indemnified Person**") from and against any and all suits, actions, proceedings, orders, claims, damages, losses, liabilities and expenses (including reasonable legal fees and disbursements and other costs of investigation or defence, including those incurred upon any appeal) that may be instituted or asserted against or incurred by any such Indemnified Person as a result of or in connection with credit having been extended, suspended or terminated under or in relation to the DIP Facility or the use of the proceeds thereof and the administration of such credit, and in connection with or arising out of the transactions contemplated hereunder and any actions or failure to act in connection therewith including the taking of any enforcement actions by the DIP Lender and including any and all environmental liabilities and reasonable legal costs and expenses arising out of or incurred in connection with disputes between or among the Parties; provided that such indemnity will not, as to any Indemnified Person, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross or intentional fault of such Indemnified Person. All such indemnified amounts, if not immediately paid by the Borrower upon demand, will be secured by the DIP Charge.

The indemnities granted under this Agreement will survive any termination or repayment of the DIP Facility.

24. DIP LENDER APPROVALS:

Any consent, approval, instruction or other expression of the DIP Lender to be delivered in writing may be delivered by any written instrument, including by way of electronic mail, by the DIP Lender pursuant to the terms hereof.

25. TAXES:

All payments under or in connection with the DIP Facility will be made free and clear of any present or future taxes, withholdings or other deductions whatsoever (other than income and franchise taxes in the jurisdiction the DIP Lender's lending office). The DIP Lender will use reasonable efforts (consistent with their respective internal policy and legal and regulatory restrictions and so long as such efforts would not otherwise be disadvantageous to them) to minimize to the extent possible any applicable taxes, and the Borrower will indemnify the DIP Lender for such taxes and penalties paid by the DIP Lender. All such indemnified amounts, if not immediately paid by the Borrower upon demand, will be secured by the DIP Security.

26. NOTICES:

Any notice, request or other communication hereunder to any of the Parties must be in writing and be sufficiently given if delivered personally or sent by fax or electronic mail to the attention of the person as set forth below:

- (a) in the case of the Borrower and/or the Guarantor:

2607380 Ontario Inc. and Nuvo Network Inc.
1295 North Service Road
Burlington, ON L7P 3A7

Attention: Shawn Saulnier

Fax: 416-625-1769

Email: shawn@nuvonetwork.com

with a copy to the Monitor (however this does not constitute notice):

Richter
181 Bay Street, Suite 3510
Toronto, ON M5J 2T3

Attention: Paul van Eyk

Fax: 416-485-4592

Email: pvanevk@richter.ca

with a copy to the counsel to the Monitor:

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4
Attention: Raj S. Sahnir
Fax: 416-863-1716
Email: sahnir@bennettjones.com

(b) in the case of the DIP Lender:

Maynbridge Capital Inc.
388 - 1111 West Hastings Street
Vancouver, British Columbia V6E 2J3
Attention: Stephen Davies
Fax: (866) 684-7726
Email: stephen@kbcapital.ca

with a copy to the counsel to the DIP Lender:

McCarthy Tétrault LLP
Suite 5300, TD Bank Tower
Box 48, 66 Wellington St. West
Toronto, ON M5K 1E6
Canada

Attention: James Gage
Trevor Courtis
Fax: (416) 868-0673
Email: jgage@mccarthy.ca
tcourtis@mccarthy.ca

Any such notice must be deemed to be given and received, when received, unless received after 5:00 p.m. EST or on a day other than a Business Day, in which case the notice will be deemed to be received the next Business Day. Either party may request notices be sent to additional recipients so long as, in the case of notices to the DIP Lender, such recipient is subject to confidentiality obligations.

**27. GOVERNING LAW
AND
JURISDICTION:**

This Agreement will be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Borrower irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

**28. AMENDMENTS,
WAIVERS, ETC.:**

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing, and then the

amendment, modification, waiver or consent will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given.

**29. FURTHER
ASSURANCES:**

The Borrower will from time to time promptly, upon the request of the DIP Lender, take or cause to take such action, and execute and deliver such further documents as may be reasonably necessary or appropriate to give effect to the provisions and intent of this Agreement.

30. LANGUAGE:

It is the express wish of the Parties that this Agreement and any related documents be drawn up and executed in English.
Les Parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

**31. ENTIRE
AGREEMENT;
CONFLICT:**

This Agreement, including the schedules hereto constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all prior agreements and understandings relating thereto.

32. ASSIGNMENT:

The DIP Lender may assign this Agreement and its rights and obligations hereunder, in whole or in part, to any party acceptable to the DIP Lender in its sole and absolute discretion (subject to providing the Monitor with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of the DIP Lender hereunder and, if necessary, approval of the Court). Neither this Agreement nor any right and obligation hereunder may be assigned by the Borrower without the prior written approval of the DIP Lender.

33. SEVERABILITY:

Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

**34. NO THIRD PARTY
BENEFICIARY:**

No person, other than the Borrower, the Guarantor and the DIP Lender are entitled to rely upon this Agreement and the Parties expressly agree that this Agreement does not confer rights upon any party not a signatory hereto.

35. CURRENCY:

Unless otherwise stated, all monetary denominations (including CDN\$) will be in lawful currency of Canada.

**36. COUNTERPARTS
AND FACSIMILE
SIGNATURES:**

This Agreement may be executed in any number of counterparts and by facsimile or other electronic transmission, each of which when executed and delivered will be deemed to be an original, and all of which when taken together will constitute one and the same instrument. Any party may execute this Agreement by signing any counterpart of it.

37. **DEFINITIONS:**

Capitalized terms not otherwise defined herein will have the following meanings:

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in Toronto, Ontario are authorized or required by applicable law to remain closed.

"Cash Flow Budget" means the detailed thirteen (13) week rolling cash flow budget of receipts and disbursements prepared by the Borrower with the assistance of the Monitor which is attached as Schedule "A" (*Cash Flow Budget*) to this Agreement, together with any subsequent detailed cash flow budget prepared by the Borrower with the assistance of the Monitor, submitted by the Borrower to the DIP Lender and approved in writing by the DIP Lender pursuant to Section 18(a).

"Construction" means the renovation and other construction work in respect of the Borrower's property municipally known as 1295 North Service Road, Burlington, ON being conducted pursuant to the Construction Contract and any related agreements.

"Construction Contract" means the construction contract between 2607380 Ontario Inc. and Maple Reindeers Constructors Ltd. dated November 1, 2017, as amended to the date hereof.

"Default" means an event which, but for the requirement for the giving of notice, lapse of time, or both, would constitute an "Event of Default".

"DIP Order" means an order of the Court, among other things, approving this Agreement and the DIP Facility and authorizing the Borrower to execute and carry out the terms of this Agreement and all agreements contemplated herein, granting the DIP Charge and establishing the priority of the DIP Security relative to other claims and encumbrances, which DIP Order must be (a) obtained after due notification of all secured creditors of the Borrower and other parties identified by the DIP Lender and (b) in form and content satisfactory to the DIP Lender in its sole discretion. For greater certainty, the DIP Order may form part of the Initial Order.

"Filing Date" means February 25, 2020.

"Initial Order" means the order of the Court made on the Filing Date, as amended and extended from time to time (provided that, every such amendment and extension is in form and content satisfactory to the DIP Lender in its sole discretion).

"Guarantee" means a guarantee to be executed and delivered by the Guarantor in favour of the DIP Lender guaranteeing all of the obligations and indebtedness of the Borrower hereunder in form and substance satisfactory to the DIP Lender in its sole discretion.

"Guarantee Security" means (i) a general security agreement to be entered into between the Guarantor and the DIP Lender granting the DIP Lender a first-ranking security interest in all present and after-acquired property of the Guarantor, and (ii) an assignment of rents and leases to be given by the Guarantor to the DIP Lender, each in form and substance satisfactory to the DIP Lender in its sole discretion.

"Governmental Authority" means any domestic or foreign (a) federal, provincial, state, municipal, local or other government, (b) any governmental or quasi-governmental authority of any nature, including any governmental ministry, agency, branch, department, court, commission, board, tribunal, bureau or instrumentality, or (c) any body exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority or power of any nature.

"Material Adverse Effect" means: (a) any effect (other than the CCAA Proceedings) which is, or could reasonably be expected to be, adverse on the: (i) status or conditions (financial or otherwise), properties, assets, ownership, capital, liabilities, obligations (whether absolute, accrued, conditional or otherwise), business operations or results of operations of the Borrower or the Guarantor that, in the DIP Lender's sole opinion, is material; or (ii) ability of the Borrower to perform or discharge its obligations under this Agreement, the Loan Documents or any of the other documents relating hereto or thereto which, in the DIP Lender's sole opinion, is material or (b) any event which would constitute an Event of Default.

"Monitor" means Richter Advisory Group Inc. in its capacity as monitor appointed under the Initial Order.

"SISP" means any sale and investor solicitation process or similar process undertaken in respect of an investment in, sponsorship of, or sale of the Borrower or any of the Borrower's assets.

"Second DIP Order" means an order of the Court amending the DIP Order to increase the maximum amount of the DIP Charge to the Maximum DIP Credit Amount, which Second DIP Order must be (a) obtained after due notification of all secured creditors of the Borrower and other parties identified by the DIP Lender and (b) in form and content satisfactory to

the DIP Lender in its sole discretion, and, once obtained, shall become the "DIP Order" for the purposes of this Agreement.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

DIP Lender

MAYNBRIDGE CAPITAL INC.

By: 

Name: Stephen Davies

Title: SVP and Chief Risk Officer

Borrower

2607380 ONTARIO INC.

By: _____

Name:

Title:

Guarantor

NUVO NETWORK INC.

By: _____

Name:

Title:

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.


DIP Lender

MAYNBRIDGE CAPITAL INC.

By: _____
Name:
Title:


Borrower

2607380 ONTARIO INC.

By: 
Name: Shawn Sanlunira
Title: Pres CEO

Guarantor

NUVO NETWORK INC.

By: 
Name: Shawn Sanlunira
Title: Pres CEO

A-1

SCHEDULE "A"
CASH FLOW BUDGET

See attached.

SCHEDULE "B"
FORM OF DRAWDOWN REQUEST

DRAWDOWN REQUEST

TO: MAYNBRIDGE CAPITAL INC. (the "DIP Lender")

FROM: 2607380 ONTARIO INC. (the "Borrower")

DATE: •, 20•

Pursuant to the DIP credit facility agreement dated as of February 24, 2020 (as amended, restated and otherwise modified from time to time, the "Credit Agreement") between the DIP Lender, the Borrower and the Guarantor, the Borrower is required as a condition precedent to each DIP Advance to deliver this Drawdown Request to the DIP Lender. Unless otherwise defined herein, all capitalized terms used in this Drawdown Request will have the meanings given to such terms in the Credit Agreement.

The Borrower hereby certifies that:

- (a) the requested drawdown complies with the Cash Flow Budget;
- (b) the Borrower is in compliance with the Initial Order, the DIP Order and every other order granted by the Court in the CCAA Proceedings;
- (c) the representations and warranties set forth in Section 16 of the Credit Agreement are, and will be as of the date of the DIP Advance, true and accurate in all material respects and the Borrower is in compliance with the covenants set forth in Section 17, Section 18 and Section 19 therein;
- (d) no Default or Event of Default has occurred and is continuing nor will the making of the requested DIP Advance result in the occurrence of any such event; and
- (e) all conditions precedent to the requested DIP Advance pursuant to the Credit Agreement have been satisfied or waived and all supporting evidence required by the DIP Lender is attached hereto.

The Borrower hereby requests a DIP Advance as follows:

Date of DIP Advance [•]

Amount of DIP Advance: CDNS[•]

Bank Account to which the
DIP Advance is to be
made: [•]

IN WITNESS WHEREOF the undersigned has executed this Drawdown Request on the date first above written.

2607380 ONTARIO INC.

By: _____
Name:
Title:

Acknowledged and Confirmed

Richter Advisory Group Inc., in its capacity
as Monitor of the Borrower and not in its
personal capacity

By: _____
Name:
Title:

SCHEDULE "C"
EXISTING PERMITTED ENCUMBRANCES

2607380 ONTARIO INC.

A. PERSONAL PROPERTY

Personal Property Security Act (Ontario)

CG means Consumer Goods, **I** means Inventory, **E** means Equipment, **A** means Accounts, **O** means Other, **MV** means Motor Vehicle Included

The order of registration set out below is not necessarily indicative of the priority of registration
The first eight digits of the Registration Number denote the year, month and day of registration

Current to February 18, 2020

File No.	Secured Party	Reg. No.	Collateral Class.							Debtor(s)	Comments
			CG	I	E	A	O	MV			
1. 735244317 PPSA	MERIDIAN CREDIT UNION LIMITED 75 CORPORATE PARK DRIVE, ST. CATHARINES, ON, L2S 3W3	20171228 0941 1295 8875 Reg. 5 year(s) Expires 28DEC 2022		X	X	X	X	X		2607380 ONTARIO INC. 2380 MOHAWK TRAIL, CAMPBELLVILLE, ON, L0P 1B0	
General Collateral Description:											
NOTICE - SECURITY AGREEMENT CONTAINS COVENANT BY DEBTOR NOT TO GRANT SECURITY INTERESTS IN OR TRANSFER TO THIRD PARTIES THE COLLATERAL WITHOUT THE CONSENT OF THE SECURED PARTY											
File No.	Secured Party	Reg. No.	Collateral Class.							Debtor(s)	Comments
			CG	I	E	A	O	MV			
2. 735244632 PPSA	MERIDIAN CREDIT UNION LIMITED 75 CORPORATE PARK DRIVE, ST. CATHARINES, ON, L2S 3W3	20171228 0947 1295 8876 Reg. 5 year(s) Expires 28DEC 2022					X	X		2607380 ONTARIO INC. 2380 MOHAWK TRAIL, CAMPBELLVILLE, ON, L0P 1B0	
General Collateral Description:											
GENERAL ASSIGNMENT OF RENTS AND LEASES RELATING TO 1295 NORTH SERVICE ROAD, BURLINGTON, ONTARIO ONLY, PLUS PROCEEDS											
File No.	Secured Party	Reg. No.	Collateral Class.							Debtor(s)	Comments
			CG	I	E	A	O	MV			
3. 737412957 PPSA	BRIDGING FINANCE INC. AS AGENT 77 KING ST. WEST, SUITE 2925 TORONTO, ON, M5K 1K7	20180320 1415 1590 Reg. 5 year(s) Expires 20MAR 2023		X	X	X	X	X		2607380 ONTARIO INC. 2380 MOHAWK TRAIL, CAMPBELLVILLE, ON, L0P 1B0	

General Collateral Description: None										
File No.	Secured Party	Reg. No.	Collateral Class.						Debtor(s)	Comments
			CG	I	E	A	O	MV		
4. 737412966 PPSA	BRIDGING FINANCE INC. AS AGENT 77 KING ST. WEST, SUITE 2925 TORONTO, ON, M5K 1K7	20180320 1415 1590 5684 Reg. 5 year(s) Expires 20MAR 2023						X X	2607380 ONTARIO INC. 2380 MOHAWK TRAIL, CAMPBELLVILLE, ON, L0P 1B0	
General Collateral Description: None										
File No.	Secured Party	Reg. No.	Collateral Class.						Debtor(s)	Comments
			CG	I	E	A	O	MV		
5. 753455574 PPSA	CANADIAN EQUIPMENT FINANCE & LEASING INC. 250 WOOLWICH ST S, UNIT 5, BRESLAU, ON N0B 1M0	20190717 1629 9224 0550 Reg. 8 year(s) Expires 17JUL 2027						X X	NUVO NETWORK INC. 1295 NORTH SERVICE ROAD, OAKVILLE, ON L7P 3A7 2607380 ONTARIO INC. 2380 MOHAWK TRAIL, CAMPBELLVILLE, ON, L0P 1B0	
General Collateral Description: ONE (1) USED 2007 PREVOST COUNTRY COACH BUS, VIN 2PCW3349951028757										

B. REAL PROPERTY

Existing Ontario Registrations on PIN 17127-0265 (LT)

(as of February 19, 2020 at 10:22 a.m.)

No.	Instrument No.	Date of Registration	Instrument Type	Amount	Party From	Party To
1.	119980	1961/01/25	Bylaw	N/A	N/A	N/A
2.	609501	1984/11/07	Agreement	N/A	N/A	The Corporation of the City of Burlington
3.	612717	1985/01/15	Agreement	N/A	N/A	The Corporation of the City of Burlington

No.	Instrument No.	Date of Registration	Instrument Type	Amount	Party From	Party To
4.	613383	1985/01/30	Agreement	N/A	N/A	The Corporation of the City of Burlington
5.	20R6963	1985/03/22	Plan Reference	N/A	N/A	N/A
6.	616715	1985/04/03	Agreement	N/A	N/A	The Corporation of the City of Burlington
7.	20R10695	1992/04/22	Plan Reference	N/A	N/A	N/A
8.	HR1212979	2014/09/12	Notice of Lease	\$2	Crossroads Christian Communications Inc.	Solar Power Network 001 Inc. SPN LP 3 (added 2016/03/03)
9.	HR1531249	2018/03/19	No Charge Lease	\$337,500,000	Solar Power Network 001 Inc. SPN LP 3	Deutsche Bank Trust Company Americas
10.	HR1532634	2018/03/26	Charge	\$23,000,000	2607380 Ontario Inc.	Meridian Credit Union Limited
11.	HR1532635	2018/03/26	No Assgn Rent Gen	N/A	2607380 Ontario Inc.	Meridian Credit Union Limited
12.	HR1532636	2018/03/26	Notice of Lease	\$1	2607380 Ontario Inc.	Crossroads Christian Communications Incorporated
13.	HR1532637	2018/03/26	Charge	\$4,500,000	2607380 Ontario Inc.	Crossroads Christian Communications Incorporated
14.	HR1532639	2018/03/26	Charge	\$3,250,000	2607380 Ontario Inc.	Bridging Finance Inc.
15.	HR1532640	2018/03/26	No Assgn Rent Gen	N/A	2607380 Ontario Inc.	Bridging Finance Inc.
16.	HR1667791	2019/11/25	Construction Lien	\$1,867,943	Maple Reinders Constructors Ltd.	N/A
17.	HR1672639	2019/12/16	Construction Lien	\$89,543	Barrie Glass & Mirror Ltd.	N/A
18.	HR1674574	2019/12/23	Certificate	N/A	Maple Reinders Constructors Ltd.	N/A
19.	HR1683750	2020/02/12	Certificate	N/A	Barrie Glass & Mirror Ltd.	N/A

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2607380 ONTARIO INC.

Court File No.: _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

AFFIDAVIT OF SHAWN SAULNIER
SWORN FEBRUARY 24, 2020

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: epillon@stikeman.com

Sanja Sopic LSO#: 66487P
Tel: (416) 869-6825
Email: ssopic@stikeman.com

Nicholas Avis LSO#: 76781Q
Tel: (416) 869-5504
Email: navis@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicant

TAB 3

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE ●

)

TUESDAY, THE 25th

JUSTICE ●

)

DAY OF FEBRUARY, 2020

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 2607380 ONTARIO INC. (the "Applicant")

INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Shawn Saulnier sworn ● (the "Saulnier Affidavit") and the Exhibits thereto, the pre-filing report of Richter Advisory Group Inc., in its capacity as proposed monitor (the "Monitor") to the Applicant, dated ●, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant and counsel for the Monitor, the DIP Lender and those other parties listed on the counsel slip, no one appearing for any other party although duly served as appears from the affidavit of service of ● sworn ● and on reading the consent of Richter Advisory Group Inc. to act as the Monitor,

SERVICE

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

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

3. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to use the central cash management system currently in place as described in the Saulnier Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management

System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that the Applicant shall advise and obtain the Monitor's consent in respect of any proposed disbursements to be made where (i) the amount of the disbursement is in excess of \$1,000 for a singular disbursement or (ii) the aggregate daily disbursements will exceed \$5,000.

6. **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers' insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

8. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to continue negotiations with stakeholders in an effort to

pursue restructuring options for the Applicant including without limitation all avenues of refinancing of their Business or Property, in whole or in part, subject to prior approval of this Court being obtained before any material refinancing.

NO PROCEEDINGS AGAINST THE APPLICANT, NUVO NETWORK INC. OR THE SAULNIERS

11. **THIS COURT ORDERS** that until and including March 6, 2020, or such later date as this Court may subsequently order (the "**Stay Period**"), no proceeding or enforcement process in or out of any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

12. **THIS COURT ORDERS** that during the Stay Period, except with the written consent of the Applicant and the Monitor, or with leave of this Court, no Proceeding shall be commenced or continued against or in respect of the non-applicant Nuvo Network Inc. or affecting any of its current and future assets, businesses, undertakings and properties of every nature and kind whatsoever and wherever situate including all proceeds thereof (the "**Nuvo Property**"), and any and all Proceedings currently under way against or in respect of the Nuvo Network Inc. or affecting the Nuvo Property are hereby stayed and suspended pending further order of this Court.

13. **THIS COURT ORDERS** that during the Stay Period, except with the written consent of the Applicant and the Monitor, or with leave of this Court, no Proceeding shall be commenced or continued against or in respect of Shawn Saulnier or Bridget Saulnier (the "**Saulniers**") or any of their current and future assets, businesses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the "**Saulnier Property**"), arising upon or as a result of any default under the terms of any document entered into in connection with any of the Saulniers' guarantees of any of the commitments or loans of the Applicant (collectively, the "**Saulnier Default Events**"). Without limitation, the operation of any provision of a contract or agreement between the Saulniers and

any other Person (as hereinafter defined) that purports to effect or cause a termination or cessation of any rights of the Saulniers, or to accelerate, terminate, discontinue, alter, interfere with, repudiate, cancel, suspend, amend or modify such contract or agreement, in each case as a result of one or more Saulnier Default Events, is hereby stayed and restrained during the Stay Period.

NO EXERCISE OF RIGHTS OR REMEDIES

14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

15. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any Person against or in respect of Nuvo Network Inc. (or affecting the Nuvo Property) or the Saulniers (or affecting the Saulnier Property) as a result of a Saulnier Default Event are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower Nuvo Network Inc. or the Saulniers to carry on any business which Nuvo Network Inc. or the Saulniers are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

16. **THIS COURT ORDERS** that during the Stay Period, except with the written consent of the Applicant and the Monitor, or leave of this Court, no Person shall discontinue, fail to

honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by (i) the Applicant, (ii) Nuvo Network Inc. or (iii) any other party as a result of a Saulnier Default Event.

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any

obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$50,000 as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 39 and 41 herein.

22. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. **THIS COURT ORDERS** that Richter Advisory Group Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide

the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant or the DIP Lender, in its dissemination of financial and other information to the DIP Lender and its counsel as may reasonably be requested by the DIP Lender;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis as agreed to by the DIP Lender;
- (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (g) perform such other duties as are required by this Order or by this Court from time to time.

25. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the

Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

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

27. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of any of the Applicant and the DIP Lender with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

28. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor and counsel to the Applicant.

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

31. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$500,000, as security for their professional fees and disbursements incurred at their standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 39 and 41 hereof.

DIP FINANCING

32. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from Maynbridge Capital Inc. (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$700,000, pending the return of the 10 day hearing on March 6, 2020 or unless permitted by further Order of this Court.

33. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the DIP Credit Facility Agreement between the Applicant and the DIP Lender dated as of February 24, 2020 (the "DIP Agreement"), filed.

34. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the DIP Agreement or as may be reasonably required by

the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

35. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property including, without limiting the foregoing, the real property identified in Schedule "A" hereto (the "**Real Property**") which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 39 and 41 hereof.

36. **THIS COURT ORDERS** that upon the registration in the Land Titles Division of the Real Property of the DIP Lender's Charge in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to register the DIP Lender's Charge on title of the Real Property.

37. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon five days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the DIP Agreement, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the DIP Agreement, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a

bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

38. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

39. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000);

Second – DIP Lender's Charge; and

Third – Directors' Charge (to the maximum amount of \$50,000).

40. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

41. **THIS COURT ORDERS** that each of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

42. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

43. **THIS COURT ORDERS** that the Directors' Charge, the Administration Charge, the DIP Agreement, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Agreement or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the DIP Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the DIP Agreement or the Definitive Documents, and the granting of the Charges, do not and will not

constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

44. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

45. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in Globe & Mail (national edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

46. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<@>'.

47. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their

respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

48. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

49. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their respective powers and duties hereunder.

50. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

51. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

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

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

54. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

SCHEDULE "A"
Real Property

1. 1295 North Service Road, Burlington, Ontario (PIN 07127-0265 (LT)) Legal Description:
PT LT 10 , RCP PL 99 , PART 3 & 7 , 20R6963 , S/T IN 619045; BURLINGTON

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2607380 ONTARIO INC.

Court File No.: _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

INITIAL ORDER

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

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Lawyers for the Applicant

TAB 4

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE E. J.) WEEKDAY TUESDAY, THE # 25th
JUSTICE —)
DAY OF MONTH FEBRUARY, 20th YR 2020

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF [APPLICANT'S NAME]—2607380
ONTARIO INC. (the "Applicant")

INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of [NAME]—Shawn Saulnier sworn [DATE]— (the "Saulnier Affidavit") and the Exhibits thereto, the pre-filing report of Richter Advisory Group Inc., in its capacity as proposed monitor (the "Monitor") to the Applicant, dated —, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for [NAMES] the Applicant and counsel for the Monitor, the DIP Lender and those other parties listed on the counsel slip, no one appearing for [NAME]¹ any other party although duly served as appears

¹Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 22(1), 22(3), 33(2) and 36(2).

from the affidavit of service of [NAME] ~~●~~ sworn [DATE] ~~●~~ and on reading the consent of [MONITOR'S NAME] Richter Advisory Group Inc. to act as the Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated² so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

~~3. **THIS COURT ORDERS** that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").~~

POSSESSION OF PROPERTY AND OPERATIONS

3. ~~4.~~ **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

² If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.

4. ~~5.~~ **THIS COURT ORDERS** that the Applicant shall be entitled to continue to ~~utilize~~ use the central cash management system⁸ currently in place as described in the Saulnier Affidavit of [NAME] sworn [DATE] or replace it with another substantially similar central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.]

5. THIS COURT ORDERS that the Applicant shall advise and obtain the Monitor's consent in respect of any proposed disbursements to be made where (i) the amount of the disbursement is in excess of \$1,000 for a singular disbursement or (ii) the aggregate daily disbursements will exceed \$5,000.

6. **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee ~~and pension~~ benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

⁸ ~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers' insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

8. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

~~9. THIS COURT ORDERS that until a real property lease is disclaimed (or resiliated)¹ in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.~~

2. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

~~10. 11.~~ **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to continue negotiations with stakeholders in an effort to pursue restructuring options for the Applicant including without limitation all avenues of refinancing of their Business or Property, in whole or in part, subject to prior approval of this Court being obtained before any material refinancing.

¹The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.

- (a) ~~permanently or temporarily cease, downsize or shut down any of its business or operations, [and to dispose of redundant or non-material assets not exceeding \$* in any one transaction or \$* in the aggregate]⁵~~
- (b) ~~[terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate]; and~~
- (c) ~~pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,~~

~~all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring");~~

~~12. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims [or resiliates] the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and~~

⁵ Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.

~~the disclaimer [or resiliation] of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.~~

~~13. THIS COURT ORDERS that if a notice of disclaimer [or resiliation] is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer [or resiliation], the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer [or resiliation], the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.~~

NO PROCEEDINGS AGAINST THE APPLICANT, NUVO NETWORK INC. OR THE PROPERTY SAULNIERS

~~11. 14~~ **THIS COURT ORDERS** that until and including [DATE — MAX. 30 DAYS] March 6, 2020, or such later date as this Court may subsequently order (the "Stay Period"), no proceeding or enforcement process in or out of any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

12. THIS COURT ORDERS that during the Stay Period, except with the written consent of the Applicant and the Monitor, or with leave of this Court, no Proceeding shall be commenced or continued against or in respect of the non-applicant Nuvo Network Inc. or affecting any of its current and future assets, businesses, undertakings and properties of every nature and kind whatsoever and wherever situate including all proceeds thereof (the "Nuvo Property"), and any and all Proceedings currently under way against or in respect of the Nuvo Network Inc. or

affecting the Nuvo Property are hereby stayed and suspended pending further order of this Court.

13. THIS COURT ORDERS that during the Stay Period, except with the written consent of the Applicant and the Monitor, or with leave of this Court, no Proceeding shall be commenced or continued against or in respect of Shawn Saulnier or Bridget Saulnier (the "Saulniers") or any of their current and future assets, businesses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the "Saulnier Property"), arising upon or as a result of any default under the terms of any document entered into in connection with any of the Saulniers' guarantees of any of the commitments or loans of the Applicant (collectively, the "Saulnier Default Events"). Without limitation, the operation of any provision of a contract or agreement between the Saulniers and any other Person (as hereinafter defined) that purports to effect or cause a termination or cessation of any rights of the Saulniers, or to accelerate, terminate, discontinue, alter, interfere with, repudiate, cancel, suspend, amend or modify such contract or agreement, in each case as a result of one or more Saulnier Default Events, is hereby stayed and restrained during the Stay Period.

NO EXERCISE OF RIGHTS OR REMEDIES

14. 15: THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

15. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any Person against or in respect of Nuvo Network Inc. (or affecting the Nuvo Property) or the Saulniers (or affecting the Saulnier Property) as a result of a Saulnier Default Event are hereby

stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower Nuvo Network Inc. or the Saulniers to carry on any business which Nuvo Network Inc. or the Saulniers are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

16. **THIS COURT ORDERS** that during the Stay Period, except with the written consent of the Applicant and the Monitor, or leave of this Court, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by (i) the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court (ii) Nuvo Network Inc. or (iii) any other party as a result of a Saulnier Default Event.

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.*

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings,[†] except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

*This non-derogation provision has acquired more significance due to the recent amendments to the CCAA since a number of actions or steps cannot be stayed or the stay is subject to certain limits and restrictions – see, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).

†The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.

21. **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge")⁸ on the Property, which charge shall not exceed an aggregate amount of \$~~50,000~~ as security for the indemnity provided in paragraph ~~[20]~~ 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~[28]~~ 39 and ~~[40]~~ 41 herein.

22. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~[20]~~ 20 of this Order.

APPOINTMENT OF MONITOR

23. **THIS COURT ORDERS** that ~~[MONITOR'S NAME]~~ Richter Advisory Group Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;

⁸Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.

- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant or the DIP Lender, in its dissemination, ~~to the DIP Lender and its counsel on a [TIME INTERVAL] basis~~ of financial and other information ~~as agreed to between the Applicant and to the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with and its counsel as may reasonably be requested by the DIP Lender~~;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, ~~but not less than [TIME INTERVAL], or as otherwise as agreed to by the DIP Lender~~;
- ~~(e) advise the Applicant in its development of the Plan and any amendments to the Plan;~~
- ~~(f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~
- (e) ~~(g)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (f) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (g) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

25. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

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

27. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of any of the Applicant and the DIP Lender with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

28. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save

and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel ~~for to the Monitor and counsel for the Applicant on a [TIME INTERVAL] basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$~~0~~ [, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time to the Applicant.~~

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

31. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any,~~ and counsel to the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$~~500,000~~, as security for their professional fees and disbursements incurred at ~~the~~ their standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~[38]-39~~ and ~~[40]-41~~ hereof.

DIP FINANCING

32. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from ~~[DIP LENDER'S NAME]~~ Maynbridge Capital Inc. (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$~~700,000~~, pending the return of the 10 day hearing on March 6, 2020 or unless permitted by further Order of this Court.

33. **THIS COURT ORDERS** ~~THAT~~ that such credit facility shall be on the terms and subject to the conditions set forth in the ~~commitment letter~~ DIP Credit Facility Agreement between the Applicant and the DIP Lender dated as of [DATE] February 24, 2020 (the "~~Commitment Letter~~ DIP Agreement"), filed.

34. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the ~~Commitment Letter~~ DIP Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the ~~Commitment Letter~~ DIP Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

35. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property including, without limiting the foregoing, the real property identified in Schedule "A" herefo (the "**Real Property**") which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs [38]-39 and [40]-41 hereof.

36. **THIS COURT ORDERS** that upon the registration in the Land Titles Division of the Real Property of the DIP Lender's Charge in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act, the Land Registrar is hereby directed to register the DIP Lender's Charge on title of the Real Property.

37. ~~36.~~ **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;

- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ~~five~~ days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the ~~Commitment Letter~~ DIP Agreement, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the ~~Commitment Letter~~ DIP Agreement, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

~~38.~~ **37. THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

~~39.~~ **38. THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows*:

*The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings above), where appropriate.

First - Administration Charge (to the maximum amount of \$~~500,000~~);

Second - DIP Lender's Charge; and

Third - Directors' Charge (to the maximum amount of \$~~50,000~~).

~~40.~~ ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

~~41.~~ ~~40.~~ **THIS COURT ORDERS** that each of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

~~42.~~ ~~41.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

~~43.~~ ~~42.~~ **THIS COURT ORDERS** that the Directors' Charge, the Administration Charge, the ~~Commitment Letter~~ DIP Agreement, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant

to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the ~~Commitment Letter~~ DIP Agreement or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the ~~Commitment Letter~~ DIP Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the ~~Commitment Letter~~ DIP Agreement or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

~~44.~~ ~~2.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

~~45.~~ ~~4.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~ Globe & Mail (national edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$100,000, and (C) prepare a list showing the names and

addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

~~46.~~ **45. THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<@>'.

~~47.~~ **46. THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

~~48.~~ **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within

the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

~~49.~~ ~~47.~~ **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of ~~its~~ their respective powers and duties hereunder.

~~50.~~ ~~48.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

~~51.~~ ~~49.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

~~52.~~ ~~50.~~ **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

~~53.~~ ~~51.~~ **THIS COURT ORDERS** that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

~~54~~ ~~52~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

SCHEDULE "A"

Real Property

1. 1295 North Service Road, Burlington, Ontario (PIN 07127-0265 (LT)) Legal Description:
PT LT 10, RCP PL 99, PART 3 & 7, 20R6963, S/T IN 619045; BURLINGTON

SUPER
(C
Proceed

Stikeman
Barristers
5300 Con
199 Bay S
Toronto,

Elizabeth
Tel: (416)
Email: ep

Sanja So
Tel: (416)
Email: ss

Nicholas
Tel: (416)
Email: na
Fax: (416)

Lawyers

Summary Report	
Title	compareDocs Comparison Results
Date & Time	2/24/2020 4:23:07 PM
Comparison Time	3.66 seconds
compareDocs version	v4.3.601.3

Sources	
Original Document	initial-order-CCAA-EN (6).doc
Modified Document	[#111492918] [v4] Nuvo - Skinny Initial CCAA Order.doc

Comparison Statistics	
Insertions	40
Deletions	25
Changes	82
Moves	6
Font Changes	0
Paragraph Style Changes	0
Character Style Changes	0
TOTAL CHANGES	153

Word Rendering Set Markup Options	
Name	Standard
Insertions	
Deletions	
Moves / Moves	
Font Changes	
Paragraph Style Changes	
Character Style Changes	
Inserted cells	
Deleted cells	
Merged cells	
Changed lines	Mark left border.
Comments color	By Author.
Balloons	False

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after saving	General	Always
Report Type	Word	Formatting
Character Level	Word	False
Include Headers / Footers	Word	True
Include Footnotes / Endnotes	Word	True
Include List Numbers	Word	True
Include Tables	Word	True
Include Field Codes	Word	True
Include Moves	Word	True
Flatten Field Codes	Word	False
Show Track Changes Toolbar	Word	True
Show Reviewing Pane	Word	True
Update Automatic Links at Open	Word	[Yes / No]
Summary Report	Word	End
Detail Report	Word	Separate (View Only)
Document View	Word	Print
Remove Personal Information	Word	False

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED

Court File No., _____

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2607380 ONTARIO
INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

APPLICATION RECORD
(RETURNABLE FEBRUARY 25, 2020)

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