



This is the 1st Affidavit sworn in this case by
Flordeliz Mercado, sworn June 26, 2025.

No. VLC-S-S-253697
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

INSTITUTIONAL MORTGAGE CAPITAL CANADA INC., in its
capacity as general partner of IMC LIMITED PARTNERSHIP

PETITIONER

AND:

MORTISE (SCOTT ROAD RESIDENTIAL) HOLDINGS LTD.,
MORTISE (SCOTT ROAD OFFICE) HOLDINGS LTD., MORTISE
(SCOTT ROAD COMMERCIAL) HOLDINGS LTD., 1048799 B.C.
LTD., BALJIT SINGH JOHAL, BANCORP BALANCED
MORTGAGE FUND II LTD., BANCORP GROWTH MORTGAGE
FUND II LTD., BANCORP FINANCIAL SERVICES INC., MANDATE
MANAGEMENT CORPORATION, G4 CONSTRUCTION LTD.,
BULAND CONSTRUCTION LTD., LIFETIME CONSTRUCTION
LTD., BEST CANADIAN HOMES LTD., GILL 22 CONSTRUCTION
LTD., 1370395 B.C. LTD., HARJUS CONSTRUCTION LTD. and
1507718 B.C. LTD.

RESPONDENTS


AFFIDAVIT

I, Flordeliz Mercado, of 1900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H4, MAKE
OATH AND SAY AS FOLLOWS:


1. I am a Paralegal with Koffman Kalef LLP, solicitors for Bancorp Balanced Mortgage Fund II Ltd., Bancorp Growth Mortgage Fund II Ltd., Bancorp Financial Services Inc. and Mandate Management Corporation (collectively, the "**Bancorp Parties**"), respondents in this action, and as such have personal knowledge of the matters herein deposed to except where stated to be on information and belief, in which case I verily believe same to be true.
2. Attached hereto and marked as **Exhibit "A"** to this my Affidavit is a true copy of an unlimited joint and several guarantee and postponement of claim dated October 24, 2024, granted by,

3. Attached hereto and marked as **Exhibit “B”** to this my Affidavit are true copies of the filed and signed copy of the mortgage and assignment of rents granted by the respondents Mortise (Scott Road Commercial) Holdings Ltd., Mortise (Scott Road Residential) Holdings Ltd., Mortise (Scott Road Office) Holdings Ltd. to the Bancorp Parties and registered at the New Westminster Land Title Office on November 4, 2024 under nos. CB1691312 and CB1691313 against the subject property.
4. Attached hereto and marked as **Exhibit “C”** to this my affidavit is a true copy of an email thread between Darren Schmidt, Managing Director of the Petitioner and Mark Silverwood, Vice President of Bancorp Financial Services Inc. from July 10, 2024 to October 10, 2024.

A Commissioner for taking Affidavits in
and for the Province of British Columbia


Flordeliz Mercado

This is **Exhibit "A"** referred to in the
Affidavit of Flordeliz Mercado
sworn before me this 26th day of June, 2025.



A Commissioner for taking Affidavits
In and for the Province of British Columbia

*Shawn A. Poisson
Barrister and Solicitor
Koffman Kalef LLP
19th Floor, 885 West Georgia Street
Vancouver, B.C. V6C 3H4*

GUARANTEE AND POSTPONEMENT OF CLAIM

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged:

1. The Guarantee

MORTISE CONSTRUCTION LTD., MORTISE (SCOTT ROAD COMMERCIAL) HOLDINGS LTD., MORTISE (SCOTT ROAD RESIDENTIAL) HOLDINGS LTD., MORTISE (SCOTT ROAD OFFICE) HOLDINGS LTD., 1048799 B.C. LTD., BALJIT SINGH JOHAL, TIRATH GOSAL-SADHRA, NAVJEET SINGH, JASWINDER KAUR JOHAL and TRAVJIT JOHAL (collectively, the "**Guarantor**") hereby jointly and severally guarantee payment to **BANCORP BALANCED MORTGAGE FUND II LTD., BANCORP GROWTH MORTGAGE FUND II LTD., BANCORP FINANCIAL SERVICES INC. and MANDATE MANAGEMENT CORPORATION** (collectively, the "**Creditor**") of all debts and liabilities (collectively, the "**Liabilities**"), present or future, direct or indirect, absolute or contingent, matured or not at any time owing by 1014669 B.C. Ltd. and 0993006 B.C. Ltd., jointly and severally, (together, the "**Debtor**") to the Creditor, or any of them, or remaining unpaid by the Debtor to the Creditor, or any of them, after default by the Debtor, including, without limiting the generality of the foregoing, the Liabilities, whether:

- 1.1 incurred before or arising after this guarantee;
- 1.2 incurred by or arising from any agreement or dealings:
 - (a) between the Creditor, or any of them, and the Debtor; or
 - (b) with any third party by which the Creditor, or any of them, may be or become in any manner whatsoever a creditor of the Debtor;
- 1.3 the Debtor be bound alone or with another or others; and
- 1.4 as principal or surety,

or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed;

2. Covenants

- 2.1 The Guarantor covenants and agrees with the Creditor as follows:

Rights of Creditor

- 2.1.1 The Creditor may:

- (a) grant time, renewals, extensions, indulgences, releases, and discharges to, take securities (which word as used herein includes other guarantees) from and give any of them and any or all existing securities up to;
- (b) abstain from taking securities from or from perfecting securities of;

(c) cease or refrain from giving credit or making loans or advances to;

(d) accept compositions from and otherwise deal with,

the Debtor and others (including the Guarantor) and with all securities that the Creditor may in its absolute discretion see fit (including the release of one or more of the Guarantor or other sureties):

(a) apply all monies at any time received from the Debtor or others or from securities on that part or parts of the Liabilities that the Creditor in its sole discretion sees fit; and

(b) change any application in whole or in part from time to time as the Creditor may see fit,

the whole without in any way limiting or lessening the liability of the Guarantor under this guarantee and no loss of or in respect of any securities received by the Creditor from the Debtor or others whether occasioned by the fault of the Creditor or otherwise shall in any way limit or lessen the liability of the Guarantor under this guarantee;

Continuing Guarantee

- 2.1.2 This guarantee shall be a continuing guarantee and shall cover all the Liabilities and it shall apply to and secure any ultimate balance due or remaining unpaid to the Creditor, or any of them;

Exhaust Recourse

- 2.1.3 The Creditor shall not be bound to exhaust recourse against the Debtor or others or any securities it may at any time hold before being entitled to payment from the Guarantor of the Liabilities;

Discussion and Division

- 2.1.4 The Guarantor renounces all benefits of discussion and division;

Postponement

- 2.1.5 All indebtedness and liability present and future of the Debtor to the Guarantor is hereby assigned to the Creditor and postponed to the Liabilities and all monies received by the Guarantor in respect thereof shall be received in trust for the Creditor and shall be paid over to the Creditor on demand, the whole without in any limiting or lessening the liability of the Guarantor under this guarantee and this assignment and postponement is independent of the guarantee and shall remain in full effect notwithstanding that the liability of the Guarantor under the guarantee may be extinct;

Continuation of Guarantee

- 2.1.6 This guarantee shall not be affected by:

- (a) any change in the name of the Debtor or in the membership of the Debtor through the death or retirement of one or more officers, directors or partners or the introduction of one or more other officers, directors, partners or otherwise;
- (b) the acquisition of the Debtor's business by another corporation;
- (c) any change whatsoever in the objects, capital structure, or constitution of the Debtor;
- (d) the Debtor's business being amalgamated with a corporation; or
- (e) any defect in, omission from, failure to file or register, or defective filing or registration of any instrument under which the Creditor has taken any security or collateral for payment of any of the Liabilities or performance or observance of any obligation of the Debtor, the Guarantor (whether under this guarantee or otherwise), or of any other person who is or may become liable in respect of the Liability,

but shall, notwithstanding the happening of any of these events, continue to apply to all the Liabilities whether incurred before or arising after this guarantee and in this instrument the word "Debtor" shall include every corporation described, or resulting from the events described, in sections (b), (c) and (d), above;

No Satisfaction Until Payment in Full

- 2.1.7 This guarantee 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 Creditor and all dividends, compositions, proceeds of security valued, and payments received by the Creditor from the Debtor or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the Guarantor to claim in reduction of the Liabilities under this guarantee the benefit of any dividends, compositions, proceeds, or payments or any securities held by the Creditor or proceeds thereof and the Guarantor shall have no right to be subrogated to any rights of the Creditor until the Creditor shall have received payment in full of the Liabilities;

Liabilities

- 2.1.8 All monies, advances, renewals, and credits in fact borrowed or obtained from the Creditor, or any of them, shall be deemed to form part of the Liabilities, notwithstanding:
- (a) any lack or limitation of status or of power, incapacity, or disability of the Debtor or of the directors, partners, or agents thereof;
 - (b) that the Debtor may not be a legal or suable entity; or
 - (c) any irregularity, defect or informality in the borrowing or obtaining of these monies, advances, renewals, or credits, the whole whether known to the Creditor, or any of them, or not;

Additional Guarantee

- 2.1.9 This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Creditor, or any of them, and any present or future obligation to the Creditor, or any of them, incurred or arising otherwise than under a guarantee of the Guarantor or of any other obligant whether bound with or apart from the Debtor excepting any guarantee surrendered for cancellation on delivery of this instrument;

Unsettled Accounts

- 2.1.10 The Guarantor shall be bound by any account settled between the Creditor, or any of them, and the Debtor, and if no account has been so settled immediately before demand of payment under this guarantee any account stated by the Creditor, or any of them, shall be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Debtor to the Creditor, or any of them, or remains unpaid by the Debtor to the Creditor, or any of them;

No Escrow

- 2.1.11 This guarantee shall be operative and binding on every signatory or signatories (whether or not one or more proposed signatory or signatories has not executed it) and possession of this instrument by the Creditor shall be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or under any agreement that it should not be effective until any conditions precedent or subsequent had been complied with unless at the time of receipt of this instrument by the Creditor each signatory thereof obtains from the manager of the branch or agency of the Creditor receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective;

No Suit Until Demand Made

- 2.1.12 No suit based on this guarantee shall be instituted until demand for payment has been made and demand for payment shall be deemed to have been effectually made on the Guarantor (and each of them if more than one) if and when an envelope containing that demand, addressed to the Guarantor at the address last known to the Creditor, is posted, registered postage prepaid, in the post office, or is delivered to the Guarantor;

Place of Payment

- 2.1.13 All payments hereunder shall be made to the Creditor at the branch, agency, or office of the Creditor where the Debtor's account is maintained or managed;

Whole Agreement

- 2.1.14 This guarantee covers all agreements between the parties hereto concerning this guarantee and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not expressly embodied herein;

Governing Laws

- 2.1.15 This guarantee shall be governed by and construed in accordance with the laws of the Province of British Columbia and for the purpose of legal proceeding this guarantee shall be deemed to have been made in that Province and to be performed there and the courts of that Province shall have jurisdiction over all disputes which may arise under this guarantee, but nothing herein contained shall prevent the Creditor from proceedings at its election in the courts of any other jurisdiction and the Guarantor hereby irrevocably submit to each other jurisdiction, acknowledges the competence of each and the convenience and propriety of the venue thereof and agrees to be bound by any judgment thereof and not to seek, and hereby waives, any review of the merits of the judgment by the courts of any other jurisdiction and also hereby waives any and all objects which it may have to each other jurisdiction;

Financial Condition of Debtor

- 2.1.16 So long as any of the Liabilities remain unpaid or outstanding the Guarantor assumes all responsibility for being and keeping itself informed of the financial condition of the Debtor and of all circumstances bearing on the nature, scope, and extent of the risk which the Guarantor assumes and incurs under this guarantee;

Number and Gender

- 2.1.17 All references in this guarantee shall be read with any changes in number and gender that the context hereof or references may require; and

Joint and Several Liability

- 2.1.18 The indebtedness, liabilities and obligations of each of the persons or entities comprising the Guarantor, if more than one, shall be joint as well as several.

Enurement

- 2.1.19 This guarantee shall extend to and enure to the benefit of the Creditor and its successors and assigns and shall extend to and be binding on the Guarantor and the administrators, legal representatives, successors, and assigns of the Guarantor.

Copy of Agreement and Financing Statement

- 2.1.20 The Guarantor hereby:
- (a) acknowledges receiving a copy of this guarantee and postponement of claim; and
 - (b) waives all rights to receive from the Creditor a copy of any financing statement, financing change statement or verification statement filed at any time or from time to time in respect of this guarantee and postponement of claim.

Counterparts and Delivery

- 2.1.21 This guarantee may be executed in counterparts and delivered by facsimile, pdf or other means of electronic transmission, which counterparts shall together constitute one and the same document as if originally executed and delivered.

Deemed Deed

- 2.1.22 The undersigned acknowledge and agree that it is the intention of the parties that this guarantee be construed as a deed.

DATED at Surrey, British Columbia, this 24 day of October, 2024.

MORTISE CONSTRUCTION LTD.

Per:

Authorized Signatory

MORTISE (SCOTT ROAD COMMERCIAL) HOLDINGS LTD.

Per:

Authorized Signatory

MORTISE (SCOTT ROAD RESIDENTIAL) HOLDINGS LTD.

Per:

Authorized Signatory

MORTISE (SCOTT ROAD OFFICE) HOLDINGS LTD.

Per:

Authorized Signatory

1048799 B.C. LTD.

Per:

Authorized Signatory

SIGNED AND DELIVERED by BALJIT SINGH JOHAL in the presence of:

Witness Signature

MANDEEP KULAR
Barrister & Solicitor
McQUARRIE HUNTER LLP
Suite 1500, 13450 - 102 Avenue
Surrey, BC V3T 5X3
604.581.7001

Occupation


BALJIT SINGH JOHAL

SIGNED AND DELIVERED by TIRATH GOSAL-SADHRA in the presence of:

Witness Signature

MANDEEP KULAR
Barrister & Solicitor
McQUARRIE HUNTER LLP
Suite 1500, 13450 - 102 Avenue
Surrey, BC V3T 5X3
604.581.7001

Occupation

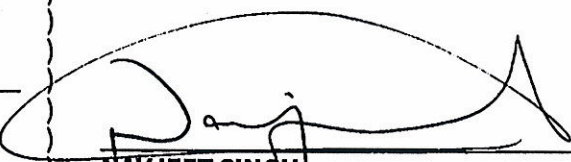

TIRATH GOSAL-SADHRA

SIGNED AND DELIVERED by NAVJEET SINGH in the presence of:

Witness Signature

MANDEEP KULAR
Barrister & Solicitor
McQUARRIE HUNTER LLP
Suite 1500, 13450 - 102 Avenue
Surrey, BC V3T 5X3
604.581.7001

Occupation


NAVJEET SINGH

SIGNED AND DELIVERED by JASWINDER
KAUR JOHAL in the presence of:

Witness Signature

Address

JAGJIT DHALIWAL
Barrister & Solicitor
MERR LAW GROUP
#211 - 15240 56 AVENUE
SURREY, B.C. V8G 5K7
TEL: 604-372-0493 FAX: 604-372-0498

Occupation

Jaswinder Johal
JASWINDER KAUR JOHAL

SIGNED AND DELIVERED by TRAVJIT JOHAL
in the presence of:

Witness Signature

Address

Occupation

TRAVJIT JOHAL

SIGNED AND DELIVERED by JASWINDER
KAUR JOHAL in the presence of:

Witness Signature

Address

Occupation

JASWINDER KAUR JOHAL

SIGNED AND DELIVERED by TRAVJIT JOHAL
in the presence of:

Witness Signature

Address

Occupation

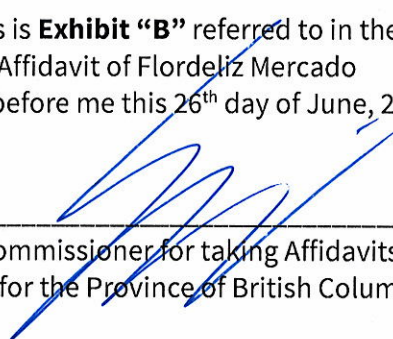
JAGJIT DHALIWAL
Barrister & Solicitor

MERR LAW GROUP
#211 - 15240 56 AVENUE
SURREY, B.C. V3S 5K7

TEL: 604-372-0499 FAX: 604-372-0496

TRAVJIT JOHAL

This is **Exhibit "B"** referred to in the
Affidavit of Flordeliz Mercado
sworn before me this 26th day of June, 2025.



A Commissioner for taking Affidavits
In and for the Province of British Columbia

*Shawn A. Poisson
Barrister and Solicitor
Koffman Kalef LLP
19th Floor, 885 West Georgia Street
Vancouver, B.C. V6C 3H4*



Land Title Act

Mortgage

Part 1 Province of British Columbia

12

NEW WESTMINSTER LAND TITLE OFFICE

NOV 04 2024 09:22:24.003

CB1691312-CB1691313

1. Application

Document Fees: \$162.54

Koffman Kalef LLP
19th Floor, 885 West Georgia Street
Vancouver BC V6C 3H4
604-891-3688Judy Hamade, Applicant's Agent
File No. 53999-123 (8140 - 120th Street)

2. Description of Land

PID/Plan Number Legal Description

015-570-070 LOT A SECTION 30 TOWNSHIP 2 NEW WESTMINSTER DISTRICT PLAN 84061

3. Borrower(s) (Mortgagor(s))

MORTISE (SCOTT ROAD RESIDENTIAL) HOLDINGS LTD. BC1378105
104 - 9450 120 ST
SURREY BC V3V 4B9As to an undivided **55/100** interest**MORTISE (SCOTT ROAD OFFICE) HOLDINGS LTD.** BC1378112
104 - 9450 120 ST
SURREY BC V3V 4B9As to an undivided **39/100** interest**MORTISE (SCOTT ROAD COMMERCIAL) HOLDINGS LTD.** BC1378122
104 - 9450 120 ST
SURREY BC V3V 4B9As to an undivided **6/100** interest

4. Lender(s) (Mortgagee(s))

BANCORP BALANCED MORTGAGE FUND II LTD. BC0856913
#1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7**BANCORP GROWTH MORTGAGE FUND II LTD.** BC0856914
#1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7**BANCORP FINANCIAL SERVICES INC.** BC0712503
#1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7**MANDATE MANAGEMENT CORPORATION** BC0372290
#505 - 1195 WEST BROADWAY
VANCOUVER BC V6H 3X5



5. Payment Provisions

Principal Amount \$9,250,000	Interest Rate See Schedule	Interest Adjustment Date N/A
Interest Calculation Period Monthly, not in advance	Payment Dates N/A	First Payment Date N/A
Amount of each periodic payment N/A	Interest Act (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is N/A % per annum	Last Payment Date ON DEMAND
Assignment of Rents which the applicant wants registered? Yes If yes, page and paragraph number: Pages 20 and 21, Paragraph 10 of MT000017	Place of payment Postal address in item 4	Balance Due Date ON DEMAND

6. Mortgage contains floating charge on land?

Yes

7. Mortgage secures a current or running account?

Yes

8. Interest Mortgaged

Fee Simple

9. Mortgage Terms

Part 2 of this mortgage consists of:

(b) Filed Standard Mortgage Terms

D F Number: **MT000017**

A selection of (a) or (b) includes any additional or modified terms.

10. Additional or Modified Terms

See Schedule

11. Prior Encumbrances Permitted by Lender

Covenant Nos. AC30252 and AC30259

Easement Nos. AD3468 and AD3469

Restrictive Covenant No. BB436632, as modified by CA1949117

Mortgage No. CB313466 and Assignment of Rents No. CB313467 in favour of Institutional Mortgage Capital Canada Inc.

**12. Execution(s)**

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

Witnessing Officer Signature

Execution Date

Borrower / Party Signature(s)

MANDEEP KULAR**Barrister & Solicitor**

McQuarrie Hunter LLP

Suite 1500, 13450 - 102 Avenue

Surrey BC V3T 5X3

604.581.7001

YYYY-MM-DD

2024-10-24**MORTISE (SCOTT ROAD
RESIDENTIAL) HOLDINGS LTD.**

By their Authorized Signatory

Name: Baljit Singh Johal**MORTISE (SCOTT ROAD OFFICE)
HOLDINGS LTD.**

By their Authorized Signatory

Name: Baljit Singh Johal**MORTISE (SCOTT ROAD
COMMERCIAL) HOLDINGS LTD.**

By their Authorized Signatory

Name: Baljit Singh Johal**Officer Certification**

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

Electronic Signature

Your electronic signature is a representation that you are a designate authorized to certify this document under section 168.4 of the *Land Title Act*, RSBC 1996 c.250, that you certify this document under section 168.41(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

**Shawn Achille
Poisson Q9EN13****Digitally signed by
Shawn Achille Poisson
Q9EN13
Date: 2024-11-04
09:00:20 -08:00**

LAND TITLE ACT
FORM E

SCHEDULE

Page 4

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

5. PAYMENT PROVISIONS:**

(b) Interest Rate:

Interest under This Mortgage shall be the greater of 16.75% per annum and the Prime Rate plus 10.05% per annum until July 31, 2025, and thereafter, the greater of 19.75% per annum and the Prime Rate plus 13.05% per annum, and in all cases, shall be calculated and compounded monthly, not in advance.

10. ADDITIONAL OR MODIFIED TERMS:

A. The Standard Mortgage Terms MT000017 shall be amended as follows:

1. The following shall be added as a new Paragraph 1.1.1.A:

"1.1.1.A **"Borrower"** means either or both of 1014669 B.C. Ltd. and 0993006 B.C. Ltd., jointly and severally, and their respective successors and assigns."

2. Paragraph 1.1.2. shall be deleted in its entirety and replaced with the following:

"1.1.2. **"Indebtedness"** means all present and future debts and liabilities, matured or not, direct or indirect, absolute or contingent, now or at any time and from time to time hereafter due or owing to the Mortgagee from or by any of the Mortgagor or the Borrower, whether as principal or surety, and whether incurred by the Mortgagor or the Borrower alone or jointly with any other person or otherwise howsoever, including, without limitation:

- a) outstanding direct advances to the Mortgagor or the Borrower or any Obligor;
- b) the face amount of all outstanding letters of guarantee or letters of credit issued by the Mortgagee on the application of the Mortgagor or the Borrower or any Obligor and all payments made by the Mortgagee under such letters of credit or letters of guarantee;
- c) the face amounts of all outstanding bills of exchange drawn by the Mortgagor or the Borrower or any Obligor and all payments made by the Mortgagee of such bills of exchange; and
- d) the amount payable by the Mortgagor and the Borrower to the Mortgagee under any guarantee of the indebtedness of any Person or under any other instrument or agreement in favour of the Mortgagee granted by the Mortgagor and the Borrower, alone or with any other Person;

3. In Paragraph 3.1.1, the words "payment by the Mortgagor to the Mortgagee" shall be deleted and replaced with the words "payment to the Mortgagee".



Land Title Act

Mortgage

Part 1 Province of British Columbia

1. Application

Koffman Kalef LLP
19th Floor, 885 West Georgia Street
Vancouver BC V6C 3H4
604-891-3688

Judy Hamade, Applicant's Agent
 File No. 53999-123 (8140 - 120th Street)

2. Description of Land

PID/Plan Number Legal Description

015-570-070 LOT A SECTION 30 TOWNSHIP 2 NEW WESTMINSTER DISTRICT PLAN 84061

3. Borrower(s) (Mortgagor(s))

MORTISE (SCOTT ROAD RESIDENTIAL) HOLDINGS LTD. BC1378105
 104 - 9450 120 ST
 SURREY BC V3V 4B9

As to an undivided **55/100** interest

MORTISE (SCOTT ROAD OFFICE) HOLDINGS LTD. BC1378112
 104 - 9450 120 ST
 SURREY BC V3V 4B9

As to an undivided **39/100** interest

MORTISE (SCOTT ROAD COMMERCIAL) HOLDINGS LTD. BC1378122
 104 - 9450 120 ST
 SURREY BC V3V 4B9

As to an undivided **6/100** interest

4. Lender(s) (Mortgagee(s))

BANCORP BALANCED MORTGAGE FUND II LTD. BC0856913
 #1420 - 1090 WEST GEORGIA STREET
 VANCOUVER BC V6E 3V7

BANCORP GROWTH MORTGAGE FUND II LTD. BC0856914
 #1420 - 1090 WEST GEORGIA STREET
 VANCOUVER BC V6E 3V7

BANCORP FINANCIAL SERVICES INC. BC0712503
 #1420 - 1090 WEST GEORGIA STREET
 VANCOUVER BC V6E 3V7

MANDATE MANAGEMENT CORPORATION BC0372290
 #505 - 1195 WEST BROADWAY
 VANCOUVER BC V6H 3X5



Land Title Act

Mortgage

Part 1 Province of British Columbia

5. Payment Provisions

Principal Amount \$9,250,000	Interest Rate See Schedule	Interest Adjustment Date N/A
Interest Calculation Period Monthly, not in advance	Payment Dates N/A	First Payment Date N/A
Amount of each periodic payment N/A	Interest Act (Canada) Statement. The equivalent rate of interest calculated half yearly not in advance is N/A % per annum	Last Payment Date ON DEMAND
Assignment of Rents which the applicant wants registered? Yes If yes, page and paragraph number: Pages 20 and 21, Paragraph 10 of MT000017	Place of payment Postal address in Item 4	Balance Due Date ON DEMAND

6. Mortgage contains floating charge on land?**Yes****7. Mortgage secures a current or running account?****Yes****8. Interest Mortgaged****Fee Simple****9. Mortgage Terms**

Part 2 of this mortgage consists of:

(b) Filed Standard Mortgage Terms**D F Number: MT000017**

A selection of (a) or (b) includes any additional or modified terms.

10. Additional or Modified Terms**See Schedule****11. Prior Encumbrances Permitted by Lender****Covenant Nos. AC30252 and AC30259****Easement Nos. AD3468 and AD3469****Restrictive Covenant No. BB436632, as modified by CA1949117****Mortgage No. CB313466 and Assignment of Rents No. CB313467 in favour of Institutional Mortgage Capital Canada Inc.**



Land Title Act

Mortgage

Part 1 Province of British Columbia

12. Execution(s)

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

Witnessing Officer Signature

MANDEEP KULAR
Barrister & Solicitor
McQUARRIE HUNTER LLP
Suite 1500, 13450 - 102 Avenue
Surrey, BC V3T 5X3
604.581.7001

Execution Date

YYYY-MM-DD

2024-10-24

Borrower / Party Signature(s)

**MORTISE (SCOTT ROAD
RESIDENTIAL) HOLDINGS LTD.**

By their Authorized Signatory

Name: Baljit Singh Johal

**MORTISE (SCOTT ROAD OFFICE)
HOLDINGS LTD.**

By their Authorized Signatory

Name: Baljit Singh Johal

**MORTISE (SCOTT ROAD
COMMERCIAL) HOLDINGS LTD.**

By their Authorized Signatory

Name: Baljit Singh Johal

Officer Certification

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

Electronic Signature

Your electronic signature is a representation that you are a designate authorized to certify this document under section 168.4 of the *Land Title Act*, RSBC 1996 c.250, that you certify this document under section 168.41(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

LAND TITLE ACT
FORM E

SCHEDULE

Page 4

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

5. PAYMENT PROVISIONS:**

(b) Interest Rate:

Interest under This Mortgage shall be the greater of 16.75% per annum and the Prime Rate plus 10.05% per annum until July 31, 2025, and thereafter, the greater of 19.75% per annum and the Prime Rate plus 13.05% per annum, and in all cases, shall be calculated and compounded monthly, not in advance.

10. ADDITIONAL OR MODIFIED TERMS:

A. The Standard Mortgage Terms MT000017 shall be amended as follows:

1. The following shall be added as a new Paragraph 1.1.1.A:

"1.1.1.A **"Borrower"** means either or both of 1014669 B.C. Ltd. and 0993006 B.C. Ltd., jointly and severally, and their respective successors and assigns."

2. Paragraph 1.1.2. shall be deleted in its entirety and replaced with the following:

"1.1.2. **"Indebtedness"** means all present and future debts and liabilities, matured or not, direct or indirect, absolute or contingent, now or at any time and from time to time hereafter due or owing to the Mortgagee from or by any of the Mortgagor or the Borrower, whether as principal or surety, and whether incurred by the Mortgagor or the Borrower alone or jointly with any other person or otherwise howsoever, including, without limitation:

- a) outstanding direct advances to the Mortgagor or the Borrower or any Obligor;
- b) the face amount of all outstanding letters of guarantee or letters of credit issued by the Mortgagee on the application of the Mortgagor or the Borrower or any Obligor and all payments made by the Mortgagee under such letters of credit or letters of guarantee;
- c) the face amounts of all outstanding bills of exchange drawn by the Mortgagor or the Borrower or any Obligor and all payments made by the Mortgagee of such bills of exchange; and
- d) the amount payable by the Mortgagor and the Borrower to the Mortgagee under any guarantee of the indebtedness of any Person or under any other instrument or agreement in favour of the Mortgagee granted by the Mortgagor and the Borrower, alone or with any other Person;

3. In Paragraph 3.1.1, the words "payment by the Mortgagor to the Mortgagee" shall be deleted and replaced with the words "payment to the Mortgagee".

20
00 AUG -9 14

MT0000017

DUPLICATE COPY

STANDARD MORTGAGE TERMS

FILED BY:

KOFFMAN KALEF

ALL INDEBTEDNESS FORM

These mortgage terms shall be deemed to be included and form part of every mortgage where so indicated in the Mortgage Form (as defined below) pursuant to Section 225(5)(b) of the Land Title Act R.S.B.C. 1996 c. 250 and amendments thereto.

1. Interpretation

Definitions

1.1 Where used herein or in any amendment hereto, unless the context otherwise requires, each of the underlined words and phrases set out below shall have the following meanings ascribed thereto:

1.1.1 "Act" means, for the purposes of Part 7 of this Mortgage, the Strata Property Act, SBC 1998, c. 43 and any amendments thereto;

1.1.2 "Indebtedness" means all present and future debts and liabilities, matured or not, direct or indirect, absolute or contingent, now or at any time and from time to time hereafter due or owing to the Mortgagee from or by the Mortgagor whether as principal or surety, and whether incurred by the Mortgagor alone or jointly with any other person or otherwise howsoever, including, without limitation:

- (a) outstanding direct advances to the Mortgagor or any Obligor;
- (b) the face amount of all outstanding letters of guarantee or letters of credit issued by the Mortgagee on the application of the Mortgagor or any Obligor and all payments made by the Mortgagee under such letters of credit or letters of guarantee;
- (c) the face amounts of all outstanding bills of exchange drawn by the Mortgagor or any Obligor and all payments made by the Mortgagee of such bills of exchange; and
- (d) the amount payable by the Mortgagor to the Mortgagee under any guarantee of the indebtedness of any Person or under any other instrument or agreement in favour of the Mortgagee granted by the Mortgagor, alone or with any other Person;

1.1.3 "Lands" means the entire right, title and interest of the Mortgagor in and to the lands and premises described as the "Parcel Identifier(s) and Legal Description(s) of the

Mortgaged Land" in item 2 of the Mortgage Form together with all buildings and improvements thereon and all appurtenances thereto;

- 1.1.4 "Maximum Amount" means the amount described as the "Principal Amount" in Item 5(a) of the Mortgage Form;
- 1.1.5 "Mortgage" means the Mortgage Form and these mortgage terms, read together;
- 1.1.6 "Mortgagee" means the party described as Lender(s) Mortgagee(s) in item 4 of the Mortgage Form;
- 1.1.7 "Mortgage Form" means the document prescribed by Regulation under the Land Title Act (British Columbia) as Form B Part 1 which makes reference to these mortgage terms and is signed by the Mortgagor, and includes all schedules to such document;
- 1.1.8 "Mortgage Rate" means the interest rate per annum payable to the Mortgagee in respect of the Indebtedness or any part thereof, both before and after maturity and default. If such rate is based on the Prime Rate, the Mortgage Rate shall vary as at the date of each change in the Prime Rate. If there is more than one rate payable under the obligations comprised by the Indebtedness, the Mortgage Rate shall be equal to the rate applicable to such obligation and subject to any limitation imposed by applicable law, the Mortgage Rate with respect to all other amounts payable by virtue of this Mortgage shall be the highest of such rates;
- 1.1.9 "Mortgagor" means the person or persons who have signed the Mortgage Form as Mortgagor(s) as described in item 3 of the Mortgage Form;
- 1.1.10 "Obligor" means any Person other than the Mortgagor who is liable to the Mortgagee with respect to the Indebtedness or any part thereof;
- 1.1.11 "Permitted Encumbrances" means the encumbrances, if any, described in item 11 of the Mortgage Form;
- 1.1.12 "Person" includes any individual, a partnership, a corporation, a joint stock company, a trust, an unincorporated association, a joint venture or other entity;
- 1.1.13 "Prime Rate" means, the Mortgagee's floating annual rate of interest established and recorded as such from time to time as a reference rate for determining rates of interest it will charge on loans denominated in Canadian dollars in Canada;
- 1.1.14 "Receiver" means a receiver, receiver-manager or receiver and manager of the Lands appointed under Section 4.1.29 of this Mortgage;
- 1.1.15 "Strata Corporation" means the corporation formed as a result of the filing of the strata plan, if any, described in item 2 of the Mortgage Form;
- 1.1.16 "Taxes" means all taxes, rates, duties and assessments levied on the Lands and all penalties and interest payable in connection therewith; and

- 1.1.17 "Trust Instrument" means any bond, debenture, debenture stock or other evidence of indebtedness of the Mortgagor issued under a trust deed or other instrument granted in favour of a trustee.

Included Words

- 1.2 Wherever the singular, masculine or body politic or corporate are used herein, the plural, feminine, masculine or the body politic or corporate shall be deemed to be included where the context so requires.

Headings

- 1.3 The headings to the parts and sections of these mortgage terms are inserted for convenience only and shall not affect the construction hereof.

References

- 1.4 Unless otherwise stated, a reference herein to a numbered or lettered part or section refers to the part or section having that part or section number or letter in these mortgage terms or the Mortgage Form, and a reference to these mortgage terms or herein means these mortgage terms including any schedules or amendments hereto.

2. Property Charged

To secure the repayment and performance of the Indebtedness, interest thereon and other monies owing hereunder, the Mortgagor does hereby grant and mortgage unto the Mortgagee, its successors and assigns ALL AND SINGULAR the Lands, to have and to hold the Lands unto and to the use of the Mortgagee, forever, subject to the redemption provision contained in Part 3 hereof.

3. Redemption Provision

- 3.1 PROVIDED this Mortgage shall be void upon:

- 3.1.1 payment by the Mortgagor to the Mortgagee, on demand, of:

- (a) the Indebtedness at the date of demand hereunder, up to the Maximum Amount;
- (b) interest on the Indebtedness (up to the Maximum Amount), computed from the date of demand hereunder at the applicable Mortgage Rate and calculated and compounded in the manner applicable to such Indebtedness or portion thereof;
- (c) all other sums to which the Mortgagee may be entitled by virtue of this Mortgage, as and when such sums shall become due and payable together with interest thereon at the applicable Mortgage Rate, calculated as set out herein;

3.1.2 observance and performance of all covenants, provisions and conditions with respect to the Indebtedness whether contained in this Mortgage or otherwise;

and the Mortgagor releases to the Mortgagee all of the Mortgagor's claim upon the Lands, subject to the foregoing redemption provision.

3.2 If the Mortgagor fails to pay when due the monies hereby secured or any part thereof those monies shall bear compound interest at the applicable Mortgage Rate both before and after default to be computed on the last day of each month.

3.3 All payments to the Mortgagee shall be made at the office of the Mortgagee set out in the Mortgage Form or such other place that the Mortgagee may designate.

4. General Covenants

4.1 The Mortgagor covenants with the Mortgagee that:

4.1.1 The Mortgagor has the right to mortgage and charge the Lands in favour of the Mortgagee on the covenants, agreements, conditions and provisions contained in this Mortgage, and the Mortgagor shall observe these covenants, agreements, conditions and provisions;

4.1.2 Neither the preparation, execution or registration of this Mortgage nor the advance of any monies to the Mortgagor or any other person shall bind the Mortgagee to advance further monies, it being understood that the advance of any monies from time to time shall be in such manner and in such amounts as the Mortgagee in its sole discretion may determine;

4.1.3 The charge created by this Mortgage shall take effect immediately upon the execution of this Mortgage;

4.1.4 The Mortgagor has good title to the Lands subject only to the Permitted Encumbrances;

4.1.5 On default hereunder, the Mortgagee shall have quiet possession of the Lands free from all encumbrances, other than the Permitted Encumbrances, provided that until default hereunder the Mortgagor shall have quiet possession of the Lands;

4.1.6 The Mortgagor has done no act nor been guilty of any omission or laches whereby the rights of the Mortgagor in the Lands have become in any way impaired or invalid;

4.1.7 The Mortgagor shall promptly comply with all restrictive covenants and all federal, provincial, state or local statutes, regulations, by-laws and ordinances affecting the Lands, now or hereafter in effect;

4.1.8 The Mortgagor shall execute such further assurances of the Lands that may be required by the Mortgagee;

4.1.9 The Mortgagor shall immediately upon:

- (a) the sale of the Lands;
- (b) the initiation of legal proceedings against the Lands by any party whatsoever; or
- (c) demand by the Mortgagee at any time and from time to time,

pay to the Mortgagee the outstanding amounts set out in Sections 3.1.1(a), (b) and (c);

4.1.10 The Mortgagor shall immediately pay and discharge or cause to be paid and discharged:

- (a) all Taxes when due, and shall furnish the Mortgagee with receipts for those payments;
- (b) all liens, charges, and encumbrances which rank or could in any event rank in priority to this Mortgage, other than the Permitted Encumbrances;
- (c) all amounts falling due under any Permitted Encumbrances;
- (d) all costs, charges, expenses, and legal fees (between solicitor and his own client) which may be incurred by the Mortgagee in:
 - (i) inspecting the Lands;
 - (ii) negotiating this Mortgage;
 - (iii) investigating title;
 - (iv) appraising the value of the Lands;
 - (v) preparing and registering this Mortgage and other necessary instruments;
 - (vi) taking, recovering, and keeping possession of the Lands;
 - (vii) preparing a discharge of this Mortgage;
 - (viii) preparing mortgage statements as requested by the Mortgagor; and
 - (ix) all proceedings taken in connection with or to realize the monies hereby secured;

4.1.11 If the Mortgagor fails to make any payments under the preceding section the Mortgagee may, but shall not be obligated to, make those payments and the amounts thereof:

- (a) shall be a charge on the Lands in favour of the Mortgagee in priority to all claims arising subsequent to this Mortgage;
- (b) shall be payable by the Mortgagor immediately with interest at the Mortgage Rate until paid; and

- (c) shall with interest at the Mortgage Rate be added to the monies hereby secured;

4.1.12 If the Mortgagee pays and satisfies, on behalf of the Mortgagor, the whole or any part of any Taxes, rates, duties, assessments, liens, charges, or encumbrances now or hereafter existing or claimed in respect of the Lands, the Mortgagee shall be entitled to all the equities and securities of the person or persons so paid and is hereby authorized to retain any discharge thereof without registration for so long as it may see fit to do so;

4.1.13 The Mortgagor shall:

- (a) insure and keep insured against loss or damage by fire and any other insurable risks and perils that the Mortgagee may see fit the improvements now and hereafter on the Lands for an amount not less than their full insurable value. This covenant shall also include boiler, plate glass, rental, business interruption and public liability insurance in an amount satisfactory to the Mortgagee;
- (b) place the required insurance with an insurer and on such terms as may be approved by the Mortgagee with loss payable to the Mortgagee in priority to every person except the holder of any Permitted Encumbrance;
- (c) upon execution of this Mortgage, immediately deliver to the Mortgagee a copy of the policy or policies evidencing the insurance and of receipts for the premiums thereon and at least fifteen (15) days prior to the expiry of a policy or at least five (5) days prior to the date fixed for cancellation of a policy, should notice of cancellation be given, the Mortgagor shall deliver to the Mortgagee evidence of renewal or replacement of the policy; and
- (d) obtain such new insurance as the Mortgagee may require if the insurer or the insurance ceases to have the approval of the Mortgagee;

4.1.14 If the Mortgagor fails to properly insure, the Mortgagee may, but shall not be obligated to, effect such insurance as it sees fit which may be solely for the benefit of the Mortgagee, with no duty to account for the proceeds thereof, and the costs of that insurance:

- (a) shall be a charge on the Lands in favour of the Mortgagee in priority to all claims arising subsequent to this Mortgage;
- (b) shall be payable by the Mortgagor immediately with interest at the Mortgage Rate until paid; and
- (c) shall with interest at the Mortgage Rate be added to the monies hereby secured as if those costs, charges and expenses had originally formed part of the Indebtedness;

- 4.1.15 If the whole or any part of the improvements now and hereafter on the Lands are damaged or destroyed the Mortgagor shall immediately notify the Mortgagee in writing, and shall furnish at its own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance proceeds. Any insurance proceeds received may, at the option of the Mortgagee, be applied wholly or in part in reduction of the monies hereby secured and interest and other sums then remaining unpaid, notwithstanding that no amount at such time may be due and payable under the terms of this Mortgage, and/or may be applied in rebuilding, reinstating or repairing the aforesaid premises and improvements. No damage may be repaired nor any reconstruction effected by the Mortgagor without the prior written approval of the Mortgagee;
- 4.1.16 All improvements now and hereafter on the Lands including, but not limiting the generality of the foregoing, all buildings, fences, heating, plumbing, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, floor coverings, storm windows and storm doors, window screens and screen doors, and all apparatus and equipment appurtenant thereto, are and shall, in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the Lands as between the parties hereto and shall be a portion of the security for the monies hereby secured, but the Mortgagor shall not make or permit to be made any alterations or additions to the Lands or any building or improvement thereon without the consent of the Mortgagee and will not use the Lands or permit them to be used, without the consent of the Mortgagee, for a purpose other than that disclosed to the Mortgagee prior to the granting of this Mortgage;
- 4.1.17 The Mortgagor shall not permit the Lands to remain unoccupied or unused and shall not permit any building being erected on the Lands to remain unfinished or without any work being done on it for a period exceeding 30 days;
- 4.1.18 The Mortgagor shall not permit waste to be committed or suffered on the Lands and shall maintain or cause to be maintained the improvements now and hereafter on the Lands in good order and repair to the satisfaction of the Mortgagee;
- 4.1.19 The Mortgagee may, at any time that the Mortgagee may deem necessary and without the concurrence of any other person, make arrangements for the repairing, finishing, and putting in order of any improvements now and hereafter on the Lands, and for the inspecting, maintaining, leasing, collecting of rents of, and managing generally the Lands as the Mortgagee may deem expedient, without thereby becoming liable as a mortgagee in possession, and all reasonable costs, charges, and expenses and legal fees (between a solicitor and his own client) incurred in connection therewith including allowance for the time and services of any authorized employee of the Mortgagee or other persons appointed for the above purpose:
- (a) shall be a charge on the Lands in favour of the Mortgagee in priority to all claims subsequent to this Mortgage;
 - (b) shall be payable by the Mortgagor immediately with interest at the Mortgage Rate until paid; and

- (c) shall with interest at the Mortgage Rate be added to the monies hereby secured as if those costs, charges and expenses had originally formed part of the Indebtedness;

4.1.20 If the Lands are commercial or revenue producing in nature and the Mortgagee so requires, the Mortgagor shall deliver to the Mortgagee within ninety (90) days following the end of each fiscal year adopted by the Mortgagor for operation of the Lands, annual financial and operating statements covering the Lands only, prepared by a chartered accountant in good standing and including a balance sheet and an income and expense statement;

4.1.21 the Mortgagor shall not without the prior written approval of the Mortgagee:

- (a) sell, grant an option to purchase, lease, convey or transfer title to the Lands or, if the Mortgagor is a corporation, transfer a majority of the voting shares in the capital of the Mortgagor or otherwise change the effective control of the Mortgagor;
- (b) permit any legal proceedings to continue which in any way affect the title to the Lands;
- (c) grant any further mortgage, charge or other encumbrance on the Lands; or
- (d) commit any breach or default of any Permitted Encumbrances;

4.1.22 Upon:

- (a) default of payment, on demand, of the Indebtedness, up to the Maximum Amount, or so much thereon as remains unpaid and interest thereon as set out above;
- (b) default of payment of any other monies owing under this Mortgage when payable;
- (c) it being discovered that any statement in this Mortgage or in the application by the Mortgagor or any Obligor for credit to the Mortgagor or Obligor is untrue;
- (d) the Mortgagor or any Obligor becoming insolvent or there being instituted against the Mortgagor or any Obligor any type of insolvency proceeding under the Bankruptcy and Insolvency Act (Canada) or otherwise;
- (e) the Mortgagor or any Obligor making an assignment for the benefit of creditors, or making a proposal under or otherwise taking advantage of the Bankruptcy and Insolvency Act (Canada) or the Companies Creditors' Arrangement Act (Canada) or similar legislation in any jurisdiction, or having a bankruptcy petition presented against the Mortgagor or any Obligor;

- (f) a receiver or trustee being appointed for the Mortgagor or any Obligor or for any of the assets of the Mortgagor or any Obligor;
- (g) if either the Mortgagor or any Obligor is a corporation, an order being made or an effective resolution being passed for the winding up of the Mortgagor or any Obligor;
- (h) the Mortgagor or any Obligor committing or threatening to commit any act of bankruptcy under the Bankruptcy and Insolvency Act (Canada);
- (i) the Mortgagor or any Obligor ceasing or threatening to cease to carry on a major part of the respective businesses carried on by them at the date of this Mortgage;
- (j) the Lands or any part thereof being expropriated under the provisions of any law of Canada or any province thereof;
- (k) any act or thing being done by which the value of the Lands, in the opinion of the Mortgagee, diminishes;
- (l) the occurrence of a default set out in Section 7.1.2 hereof;
- (m) any breach of Section 4.1.21; or
- (n) a breach of any other covenant, agreement, condition or proviso contained in this Mortgage or in any other agreement between the Mortgagor and/or any Obligor and the Mortgagee which breach is not rectified within ten (10) days of notice of the breach being given to the Mortgagor or any Obligor, as the case may be,

then at the sole discretion of the Mortgagee and notwithstanding the other provisions of this Mortgage, all monies hereby secured shall immediately become due and be paid, and the Mortgagee may, without notice, take possession of the Lands and sell the Lands or any part thereof by public auction or private sale for the price that can reasonably be obtained therefor, and on terms as to credit and otherwise and with the conditions of sale and stipulations as to title or evidence of title or otherwise that the Mortgagee in its sole discretion deems fit, and in the event of a sale under this Section 4.1.22, Sections 4.1.23 to 4.1.28, inclusive, shall apply;

- 4.1.23 In the event of any sale on credit or for part cash and part credit, the Mortgagee shall not be accountable for or charged with any monies until actually received;
- 4.1.24 The Mortgagee may rescind or vary any contract of sale and may buy and re-sell the Lands or any part thereof without being answerable for any loss occasioned thereby;
- 4.1.25 No purchaser shall be bound to inquire into the legality, regularity or propriety of any sale or be affected by notice of any irregularity or impropriety;

- 4.1.26 No lack or default or want of notice or other requirement or any irregularity or impropriety of any kind shall invalidate any sale;
- 4.1.27 The Mortgagee may take sale proceedings hereunder, notwithstanding that other proceedings, have been taken or are then pending;
- 4.1.28 The proceeds of any sale hereunder shall be applied:
- (a) FIRSTLY, in payment to the Mortgagee on account of any costs, charges, and expenses (on a solicitor and client basis) attending that sale or incurred in taking, recovering, or keeping possession of the Lands or by reason of non-payment or procuring of the monies hereby secured;
 - (b) SECONDLY, in payment to the Mortgagee on account of the Indebtedness up to the Maximum Amount plus interest thereon as set out above;
 - (c) THIRDLY, in payment to the Mortgagee on account of any other monies secured hereby or owing under this Mortgage; and
 - (d) FOURTHLY, in payment to the Mortgagor of any surplus, provided that if any party claims a charge against all or a portion of the surplus, the Mortgagee shall make such disposition of all or a portion of the surplus as the Mortgagee sees fit in the circumstances;
- 4.1.29 Upon the occurrence of any one or more of the events set out in any of Sections 4.1.22, the Mortgagee may from time to time appoint by writing a Receiver of the Lands, with or without bond, and may from time to time remove the Receiver and appoint another in its stead;
- 4.1.30 Any Receiver appointed hereunder shall by virtue of that appointment be the agent of the Mortgagor and shall have the following powers:
- (a) to take possession of the Lands and for that purpose to enter into and upon any buildings and premises wheresoever and whatsoever and for that purpose to do any and take any proceedings in the name of the Mortgagor or otherwise as the Receiver may see fit;
 - (b) to carry on or concur in carrying on the business of the Mortgagor on the Lands, including the development thereof, and to employ and discharge agents, workmen, accountants, and others upon the terms and for the salaries, wages, or remuneration that the Receiver shall think proper and to repair and keep in repair the Lands and to do all necessary acts and things for the carrying on of the business of the Mortgagor on the Lands and the protection of the Lands;
 - (c) to cease carrying on the business of the Mortgagor on the Lands and to sell or lease or concur in selling or leasing any or all of the Lands, or any part thereof, and to carry any sale or lease into effect by conveying in the name of or on behalf of the Mortgagor or otherwise, and any sale may be made

from time to time as to the whole or any part or parts of the Lands. To this end, the Receiver may:

- (i) make any stipulations as to title or conveyance or commencement of title or otherwise which the Receiver shall see fit;
- (ii) buy in or rescind or vary any contracts for the sale of any part of the Lands and may re-sell any of the Lands; and
- (iii) sell any of the Lands on terms of credit or part cash and part credit or otherwise that shall appear to be most advantageous and at the prices that can reasonably be obtained,

and in the event of a sale on credit, neither the Receiver nor the Mortgagee shall be accountable for or charged with any monies until actually received;

- (d) to make any arrangement or compromise which the Receiver may think expedient in the interest of the Mortgagee and to consent to any modification or change in or omission from the provisions of this Mortgage;
- (e) to exchange any part or parts of the Lands for any other property which the Receiver determines to be suitable for the purposes of the Mortgagor and upon the terms that the Receiver shall see fit and either with or without payment or exchange of money or regard to the equality of the exchange or otherwise;
- (f) to borrow money to carry on the business, if any, of the Mortgagor on the Lands, including the development thereof, or to maintain the whole or any part of the Lands in the amounts that the Receiver may from time to time see fit and in so doing the Receiver may issue certificates that may be payable when the Receiver thinks expedient and shall bear interest as stated therein and the amounts from time to time payable under those certificates shall be a charge on the Lands in priority to this Mortgage;
- (g) to execute and prosecute all suits, proceedings, and actions which the Receiver in his sole discretion may see fit for the proper protection of the Lands, to defend all suits, proceedings, and actions against the Mortgagor or the Receiver, to appear in and conduct the prosecution and defence of any suit, proceeding, or action then pending or thereafter instituted and to appeal any suit, proceeding, or action;
- (h) to execute and deliver to the purchaser of any part or parts of the Lands, good and sufficient deeds, the Receiver hereby being constituted the irrevocable attorney of the Mortgagor for the purpose of making a sale and executing a deed, and any disposition made as set out in Section 4.1.30(c) or (e) shall be a perpetual bar both in law and equity against the

Mortgagor, and all other persons claiming the Lands or any part or parts thereof by, from, through, or under the Mortgagor and the proceeds of any sale shall be distributed in the manner set out in Section 4.1.31,

and it is agreed that no purchaser at any sale purporting to be made under these powers shall be bound or concerned to see or inquire whether any default has been made or continued, or whether any notice required hereunder has been given, or as to the necessity or expediency of the stipulations subject to which any sale shall have been made, or otherwise as to the propriety of any sale or regularity of its proceedings, or be affected by notice that no default has been made or continues, or notice given, or that the sale is otherwise unnecessary, improper, or irregular; and notwithstanding any impropriety or irregularity or notice thereof to that purchaser, the sale as regards that purchaser shall be deemed to be within these powers and be valid accordingly and the remedy (if any) of the Mortgagor, or of any party claiming by or under it, in respect of any impropriety or irregularity whatsoever in any sale, shall be in damages only;

4.1.31 The net profits of the business of the Mortgagor on the Lands and the net proceeds of any sale of the Lands or part thereof shall be applied by the Receiver subject to the claims of any creditors ranking in priority to this Mortgage:

- (a) **FIRSTLY**, in payment to the Receiver on account of all costs, charges, and expenses of and incidental to the appointment of the Receiver and the exercise by the Receiver of all or any of the powers set out in the previous section including the reasonable remuneration of the Receiver and all amounts properly payable by it;
- (b) **SECONDLY**, in payment to the Receiver and the Mortgagee, as the case may be, on account of all costs, charges, and expenses payable hereunder, including the legal fees of the Receiver and of the Mortgagee on a solicitor and client basis;
- (c) **THIRDLY**, in payment to the Mortgagee on account of the Indebtedness up to the Maximum Amount plus interest thereon as set out above;
- (d) **FOURTHLY**, in payment to the Mortgagee on account of any other monies remaining unpaid hereunder; and
- (e) **FIFTHLY**, in payment to the Mortgagor of any surplus, provided that if any party claims a charge against all or a portion of the surplus, the Receiver shall make such disposition of all or a portion of the surplus as the Receiver sees fit in the circumstances;

4.1.32 The appointment of any Receiver hereunder shall not render the Mortgagee a mortgagee in possession;

4.1.33 The Mortgagee shall not be liable to the Receiver for its remuneration, costs, charges, or expenses and the Receiver shall not be liable for any loss, howsoever arising, unless that loss shall be caused by the gross negligence or wilful default of

the Receiver and the Mortgagor shall be solely responsible for the acts, defaults, and remuneration of the Receiver;

- 4.1.34 The taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of those covenants or affect the Mortgagee's right to interest at the Mortgage Rate and at the times herein provided and any judgment may provide that interest thereon be computed at the Mortgage Rate until that judgment shall have been fully paid and satisfied;
- 4.1.35 All remedies stipulated for the Mortgagee herein shall be in addition to and not restrictive of the remedies of a mortgagee at law and in equity;
- 4.1.36 Each remedy of the Mortgagee may be enforced in priority to or concurrently with or subsequent to any other remedy or remedies of the Mortgagee;
- 4.1.37 The Mortgagee may realize upon various securities and the parts thereof in any order that the Mortgagee may determine and any realization upon any security or securities shall not bar realization upon any other security or securities;
- 4.1.38 Any demand, notice, or court process may be effectively given to or served upon the Mortgagor by the Mortgagee:
 - (a) by leaving the demand, notice, or court process with an adult person on the Lands, if occupied, or placing it on some portion thereof, if unoccupied;
 - (b) by mailing that demand, notice, or court process by prepaid post to the Mortgagor at the Mortgagor's address set out in the Mortgage Form or at any other address that may be given in writing by the Mortgagor to the Mortgagee;
 - (c) if the Mortgagor is a corporation, by mailing any demand, notice, or court process to the Mortgagor at its registered office; or
 - (d) by publishing the demand, notice, or court process twice in a newspaper published or circulating in the county or district in which the Lands are situate,

and to the Mortgagee by the Mortgagor by mailing any notice by prepaid registered mail to the Mortgagee at the Mortgagee's address set out in the Mortgage Form or to any other address that may be given by the Mortgagee to the Mortgagor;

- 4.1.39 Every part into which the Lands are or may hereafter be divided does and shall stand charged with the whole of the monies hereby secured and no person shall have any right to require the monies hereby secured to be apportioned on or in respect of these parts, but the Mortgagee may release any part or parts of the Lands, with or without sufficient consideration, without thereby releasing the Mortgagor from this Mortgage;

- 4.1.40 No sale or other dealing by the Mortgagor with the equity of redemption in the Lands shall in any way change the liability of the Mortgagor or any Obligor or in any way alter the rights of the Mortgagee as against the Mortgagor or any Obligor or any other person liable for payment of the monies secured by this Mortgage;
- 4.1.41 The Mortgagee may make advances and re-advances to the Mortgagor or any Obligor in one or more sums at any future date or dates and this Mortgage shall be deemed to be taken as security for the ultimate balance of the Indebtedness and interest thereon at the Mortgage Rate including, without limitation, any part of the Indebtedness arising from current and running accounts between the Mortgagor or any Obligor and the Mortgagee represented by advances and re-advances by the Mortgagee to the Mortgagor or any Obligor, at the time of demand hereunder, together with interest thereon at the Mortgage Rate and other monies hereby secured;
- 4.1.42 If this Mortgage is redeemed by the Mortgagor, it shall be cancelled and shall not be re-issued but:
- (a) any partial payment made by any Obligor or by the Mortgagor to the Mortgagee; or
 - (b) any ceasing by any Obligor or the Mortgagor to be indebted to the Mortgagee;
- shall be deemed not to be a redemption or cancellation pro tanto or otherwise and this Mortgage shall remain valid security for any subsequent Indebtedness until the Mortgagee has delivered a registrable discharge of this Mortgage to the Mortgagor;
- 4.1.43 Any and all payments made by any Obligor, the Mortgagor or others in respect of the Indebtedness or the other monies hereby secured, and any monies or other proceeds realized from any securities held as security for the Indebtedness (including this Mortgage) may be applied, and re-applied, notwithstanding any previous application, on the part or parts of the Indebtedness or the other monies hereby secured as the Mortgagee may see fit;
- 4.1.44 No apparent change in the state of the account of any Obligor or the Mortgagor with the Mortgagee, by reason of monies deposited or bills of exchange, promissory notes, or other commercial paper discounted or given in renewal, substitution, or alteration of the bills, notes, and paper from time to time held by the Mortgagee or otherwise, shall be deemed to be repayment on account of the Indebtedness or interest or the other monies secured by this Mortgage or any part thereof or call for or require the application of any cash deposits or proceeds as payments on account of the Indebtedness or the other monies secured by this Mortgage or any part thereof, or in any way affect the security of this Mortgage, unless an authorized employee of the Mortgagee shall give a receipt to the Mortgagor to that effect;
- 4.1.45 Every certificate signed by an authorized employee of the Mortgagee purporting to show, at any particular time, the amount of the Indebtedness or any other amount

- due and payable under this Mortgage or the Prime Rate shall be prima facie evidence as against the Mortgagor of such amount or rate;
- 4.1.46 Any discretion, option, decision or opinion hereunder on the part of the Mortgagee shall be sufficiently exercised or formed if exercised or formed by, or subsequently ratified, by the manager, acting manager or assistant manager of any branch office of the Mortgagee or an executive officer of the Mortgagee or any officer or agent appointed by the Mortgagee for such purpose;
- 4.1.47 This Mortgage shall not nor shall anything contained in this Mortgage operate so as to create any merger, rebate, or discharge of any debt owing to the Mortgagee or of any lien, bond, promissory note, bill of exchange, or other security held by or which may hereafter be held by the Mortgagee from any Obligor or the Mortgagor or from any other person or persons whomsoever, and this Mortgage shall not in any way prejudicially affect any security held or which may hereafter be held by the Mortgagee for the Indebtedness or the other monies hereby secured or any part or parts thereof or the liability of any endorser or any other person upon any lien, bond, promissory note, bill of exchange, or other security or any contract or any renewal or renewals thereof held by the Mortgagee for or on account of the Indebtedness or the other monies hereby secured or any part or parts thereof, nor shall the remedies of the Mortgagee in respect thereof be merged, prejudiced or delayed in any manner whatsoever by the taking of this Mortgage;
- 4.1.48 The Mortgagee may grant time, renewals, extensions, indulgences, releases, and discharges to, may take securities from, and give them and any and 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 any Obligor and the Mortgagor and all other persons and securities that the Mortgagee may see fit without prejudicing the rights of the Mortgagee under this Mortgage;
- 4.1.49 If the provisions of any section of this Mortgage shall be held to be unenforceable or otherwise invalid, that holding shall not in any way affect the enforceability or validity of the remaining sections of this Mortgage;
- 4.1.50 All amounts payable to the Mortgagee hereunder shall be made without deduction, compensation, set-off, or counterclaim;
- 4.1.51 Any rights, claims, or causes of action which the Mortgagor now has or in the future may have against any vendor, contractor, materialman, or other party with respect to the Lands or any buildings or improvements thereon are hereby assigned to the Mortgagee as further security for the amounts secured by this Mortgage;
- 4.1.52 If this Mortgage is executed by two or more parties comprising the Mortgagor, all covenants and liabilities entered into or imposed upon the Mortgagor shall be deemed to be joint and several obligations of each of such parties;
- 4.1.53 All covenants and liabilities entered into or imposed hereunder upon the Mortgagor shall enure to the benefit of and be binding upon the Mortgagor and the heirs, executors, administrators, and assigns of the Mortgagor (and if the Mortgagor is a

corporation, its successors and assigns). All rights, advantages, privileges, immunities, powers, and things hereby secured to the Mortgagee, shall be equally secured to and exercisable by its successors and assigns;

- 4.1.54 The common law right of consolidation is retained and preserved, and the Mortgagee may, in its sole discretion, invoke the right to consolidate at any applicable time, and for the purposes hereof, Section 31 of the Property Law Act (British Columbia) and any other statutory provision abolishing, or purporting to abolish the right of consolidation, is hereby expressly excluded;
- 4.1.55 Time shall be of the essence hereof;
- 4.1.56 To the best of the Mortgagor's knowledge after due and diligent inquiry, no regulated, hazardous or toxic substances are being stored on the Lands or any adjacent property nor have any such substances been stored or used on the Lands or any adjacent property prior to the Mortgagor's ownership, possession or control of the Lands. The Mortgagor agrees to provide written notice to the Mortgagee immediately upon the Mortgagor becoming aware that the Lands or any adjacent property is being or has been contaminated with regulated, hazardous or toxic substances. The Mortgagor will not permit any activities on the Lands which directly or indirectly could result in the Lands or any other property being contaminated with regulated, hazardous or toxic substances. For the purposes of this Mortgage, 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 hereafter in effect, or any substance or materials, the use or disposition of which is regulated by any such statute, regulation or ordinance; and
- 4.1.57 The Mortgagor 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 Lands 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 Lands, or incorporated in any improvements thereon. The Mortgagee may, but shall not be obligated to, enter upon the Lands and take such actions and incur such costs and expenses to effect such compliance as it deems advisable and the Mortgagor shall reimburse the Mortgagee on demand for the full amount of all costs and expenses incurred by the Mortgagee in connection with such compliance activities and such costs and expenses:
- (a) shall be a charge on the Lands in favour of the Mortgagee in priority to all claims subsequent to this Mortgage;
 - (b) shall be payable by the Mortgagor immediately with interest at the Mortgage Rate until paid;

- (c) shall with interest at the Mortgage Rate be added to the monies hereby secured;

4.1.58 The Mortgagor is not and will not become a company to which the Companies' Creditors Arrangement Act (Canada) as amended, or any statute enacted in replacement thereof, applies;

4.1.59 The Mortgagor has not issued and will not issue any Trust Instruments;

4.1.60 In addition to the other remedies of the Mortgagee under this Mortgage, in the event that the Mortgagor is in breach of Section 4.1.59, the Mortgagee shall be the agent of the Mortgagor for the purpose of paying any indebtedness secured or evidenced by any Trust Instrument, should the Mortgagee in its sole discretion choose to make such payment, and the payment by the Mortgagee of any such indebtedness shall validly discharge that indebtedness;

4.1.61 Any amount paid by the Mortgagee under Section 4.1.60:

- (a) shall be a charge on the Lands in favour of the Mortgagee in priority to all claims subsequent to this Mortgage;
- (b) shall be payable by the Mortgagor immediately with interest at the Mortgage Rate until paid;
- (c) shall with interest at the Mortgage Rate be added to the monies hereby secured;

4.1.62 Before commencing any application to court seeking an order for the reorganization of the Mortgagor's financial affairs (whether or not such order is sought pursuant to the provisions of the Companies' Creditors Arrangement Act) in any manner which could limit or restrict the Mortgagee's rights and remedies under this Mortgage, the Mortgagor will give not less than 10 days notice of such application to the Mortgagee.

5. Mortgagor's Best Interest

5.1 The Mortgagor, if a corporation, certifies that it is not insolvent and that there are reasonable grounds for believing that, or the directors of the Mortgagor are of the opinion that, the giving of the financial assistance, if any, to an Obligor by granting this Mortgage is in the best interests of the Mortgagor and the directors of the Mortgagor have passed a resolution authorizing the granting of this Mortgage.

6. Notice of Priority

6.1 In respect to the priority to be given this Mortgage:

6.1.1 the Mortgagor shall not be at liberty to, and the Mortgagor hereby covenants to not create or suffer to be created, any mortgage, charge, lien, or encumbrance upon the

Lands ranking or capable of ranking in priority to or pari passu with this Mortgage;
and

6.1.2 this provision being a term of this Mortgage, shall be notice within the meaning of section 27(1)(b) of the Land Title Act (British Columbia) to every person dealing with the Lands that any mortgage, charge, lien, or encumbrance upon the Lands which is registered subsequently to this Mortgage shall be subject to and rank in priority after the right, title, and interest of the Mortgagee under this Mortgage in all respects as if:

- (a) this Mortgage had been executed, delivered, and registered;
- (b) all monies hereby secured had been advanced; and
- (c) demand had been made for repayment of the Indebtedness,

before the execution, delivery, or registration of any subsequently registered mortgage, charge, lien, or encumbrance or the advance of any part of the monies thereby secured and any mortgage, charge, lien, or encumbrance upon the Lands shall so provide but the omission of that provision shall not prejudice the priority of this Mortgage.

7. Strata Property Act

7.1 If the Lands comprise a strata lot and interest in common property created under the Act and any amendments thereto, or any similar prior legislation:

7.1.1 The Mortgagor shall, on or before the due dates thereof, pay each and every assessment, contribution, or levy made against the strata lot and interest in the common property hereby charged by the owners of the Strata Corporation;

7.1.2 If the Mortgagor fails to pay any one or more of those assessments, contributions, or levies on or before their due dates including, but not limiting the generality of the foregoing, a default by the Mortgagor in payment of the Mortgagor's share of the common expenses, whereby the Strata Corporation may register a certificate in Form G of the Strata Property Regulation, BC Reg. 43/2000 (the "Strata Property Regulation") that failure shall constitute default under this Mortgage and all monies hereby secured under this Mortgage shall, at the sole discretion of the Mortgagee, immediately become due and be paid;

7.1.3 Upon the Mortgagor's failure to pay any assessment, contribution, or levy, the Mortgagee may make that payment but shall not be obligated to do so, and any amount so paid by the Mortgagee shall be added to and form part of the monies owing hereunder and bear interest at the Mortgage Rate until paid by the Mortgagor, and shall be paid to the Mortgagee together with interest thereon immediately without demand;

7.1.4 The Mortgagor shall observe and carry out all the duties and requirements of the by-laws of the Strata Corporation;

- 7.1.5 Subject to the provisions of the Act, the Mortgagor hereby authorizes and empowers the Mortgagee to exercise all powers of voting conferred on the Mortgagor by or under the Act, provided that the Mortgagee shall not be responsible in any way to the Mortgagor for the consequences of the exercise of or the failure to exercise that vote;
- 7.1.6 The Mortgagor hereby authorizes in writing any authorized employee of the Mortgagee to apply at any time and from time to time during the term hereof to the Strata Corporation to have the by-laws for the time being in force governing the strata lot and interest in the common property hereby mortgaged made available for inspection by that authorized employee of the Mortgagee;
- 7.1.7 The Mortgagor hereby provides authority under the Act to any authorized employee of the Mortgagee to apply at any time and from time to time to the Strata Corporation for certification to the Mortgagee of:
- (a) the amount of any contribution determined as a contribution of the Mortgagor;
 - (b) the manner in which the contribution is payable;
 - (c) the extent to which the contribution has been paid by the Mortgagor; and
 - (d) the amount of any money expended on behalf of the Mortgagor under the Act and not recovered by the Strata Corporation;
- 7.1.8 The Mortgagor irrevocably appoints the Mortgagee as the agent of the Mortgagor for the purpose of obtaining any information relating to the strata lot and in particular, information relating to levies and assessments applicable to that strata lot, provided that the Mortgagee shall not be responsible to the Mortgagor in any way for any act or omission under this appointment;
- 7.1.9 The Mortgagor shall, upon execution of this Mortgage or immediately upon demand of the Mortgagee at any time thereafter, execute an instrument in the form that the Mortgagee may present irrevocably appointing the Mortgagee or any other person that the Mortgagee may designate as the proxy of the Mortgagor to exercise the vote of the Mortgagor at all meetings of the owners of the Strata Corporation;
- 7.1.10 The Mortgagor hereby authorizes any authorized employee of the Mortgagee to apply at any time and from time to time to the Strata Corporation on behalf of the Mortgagor for a certificate in Form F of the Strata Property Regulation that no monies are owing to the Strata Corporation;
- 7.1.11 Upon request of the Mortgagee, the Mortgagor shall deliver to the Mortgagee copies of all notices of meetings, minutes, financial statements, and documents of a similar nature of the Strata Corporation and delivered by the Strata Corporation to the Mortgagor;

- 7.1.12 Subject to the provisions of the Act, the Mortgagor hereby assigns to the Mortgagee all the Mortgagor's rights under the Act, the by-laws of the Strata Corporation and any rules and regulations thereunder;
- 7.1.13 Nothing herein contained shall render the Mortgagee a mortgagee in possession; and
- 7.1.14 The Mortgagor shall not give up possession of the strata lot and interest in the common property hereby mortgaged to a person on the basis of an agreement providing for the purchase of the strata lot by the occupier or on the basis of a lease, sublease, or assignment of lease for a term of three (3) years or more if by so doing the Mortgagor is deemed under the Act to have assigned to the occupier all the Mortgagor's rights, powers, duties, and obligations under the Act or the by-laws created under the Act.

8. Leasehold Mortgage

- 8.1 If the Lands comprise the interest of the Mortgagor in and to a lease, agreement to lease, tenancy, right of use or occupation or licence of the Lands (all of which are collectively referred to as the "Lease"):
 - 8.1.1 the charge created by this Mortgage shall include the unexpired term of the Lease and any renewal thereof from the date of this Mortgage excepting only the last day thereof and the mortgage and charge created hereby shall be by way of sub-demise;
 - 8.1.2 the Mortgagor will stand possessed of the Lease for the last day of the term, or any renewal term granted by the Lease in trust for the Mortgagee and will sell and assign the last day of the term, or any renewal term, as the Mortgagee may direct, but subject to the same right of redemption and other rights as are hereby given to the Mortgagor with respect to the derivative term hereby granted. In the event of any sale or assignment by the Mortgagee as contemplated herein, the Mortgagor will hold the said last day in trust for the purchaser and the purchaser's heirs, executors, administrators, successors and assigns. Nothing done by the Mortgagor under this section will make the Mortgagee a mortgagee in possession;
 - 8.1.3 the charge created by this Mortgage shall not become effective until, but shall become effective immediately when, all consents necessary for the validity and effectiveness of this Mortgage have been obtained or have become unnecessary;
 - 8.1.4 the Mortgagor releases to the Mortgagee all its claim upon the Lease and assigns to the Mortgagee the full benefit of all covenants, rights, powers and conditions contained in the Lease, subject to the redemption provision contained in Part 3 hereof;
 - 8.1.5 the Mortgagor represents, warrants, covenants and agrees that:
 - (a) the Mortgagor shall pay the rent reserved by the Lease and shall observe and comply with each and every covenant, agreement, condition and proviso contained in the Lease and shall not be guilty of any acts or default which may cause the Lease to be forfeited or determined and the

Mortgagor hereby agrees to keep the Mortgagee indemnified against all actions, claims and demands whatsoever in respect of the said rent and covenants or anything related thereto;

- (b) the Lease is a valid and subsisting lease and the Mortgagor has done no act nor been guilty of any omission or laches whereby the Lease has become in any way impaired or invalid;
- (c) the Mortgagor has a good and valid right to assign and sublet the Lease to the Mortgagee and has obtained the consent of the lessor to this Mortgage to the extent required under the Lease;
- (d) it shall execute any further assurances of its interest in the Lands and the Lease as may be required;
- (e) any officer of the Mortgagee designated by it shall be the Mortgagor's attorney during the continuance of this Mortgage so as to permit the Mortgagee to execute any document or do any act or thing which the Mortgagee is permitted or the Mortgagor is required to execute or do under the provisions of the Lease;
- (f) the Mortgagor shall not, during the continuance of this Mortgage, surrender or terminate the Lease, permit any amendment of the terms of the Lease or otherwise deal with or assign the Lease or the immediate reversion thereof other than under this Mortgage;
- (g) the Mortgagor shall not allow any options (to renew, or otherwise) or any rights of first refusal under the Lease to lapse;
- (h) any default under the Lease shall be deemed to be a default under this Mortgage; and

8.1.6 Any reference in this Mortgage to any charges payable in respect of the Lands shall include all taxes, assessments, rates, costs or charges of whatever kind payable by the Mortgagor under the Lease.

9. Mortgage of Mortgage

9.1 If the Lands comprise the interest of the Mortgagor in and to a mortgage of the lands and premises described as the "Parcel Identifier(s) and Legal Description(s) of the Mortgaged Land" in item 2 of the Mortgage Form (the "Charged Mortgage"):

9.1.1 the Mortgagor releases to the Mortgagee all its claim upon the Charged Mortgage and assigns to the Mortgagee all monies now and hereafter owing under the Charged Mortgage and the full benefit of all covenants, rights, powers and conditions contained in the Charged Mortgage subject to the redemption provision contained in paragraph 3.1 hereof;

9.1.2 the Mortgagor represents, warrants, covenants and agrees that:

- (a) the Mortgagor has not done nor permitted any act, matter or thing whereby the Charged Mortgage has been released or discharged either partly or in full;
- (b) the Charged Mortgage is good and valid security and the Mortgagor shall execute such further assurances of the Mortgagor's interest in and to the Charged Mortgage as the Mortgagee shall deem necessary;
- (c) any default under the Charged Mortgage shall be deemed to be a default under this Mortgage; and
- (d) the Mortgagor shall not accept any prepayment of any of the monies owing under the Charged Mortgage unless provided for in the terms thereof; provided that if the Mortgagor is obligated, pursuant to the terms of the Charged Mortgage, to accept a prepayment, the amount of such prepayment shall unless waived by the Mortgagee be forthwith paid to the Mortgagee on account of the monies secured by this Mortgage;
- (e) the Mortgagor shall indemnify and save harmless the Mortgagee in respect of any claim of whatsoever nature in respect of the Charged Mortgage made against the Mortgagee by the mortgagor under the Charged Mortgage.

10. Assignment of Rents

- 10.1 The Mortgagor does hereby assign and transfer unto the Mortgagee, ALL AND SINGULAR the rents and leases, verbal or written, made with respect to the Lands, now or at any time in the future, together with all the benefits and advantages to be derived from the said rents or leases and each of them and all the rights therein, TO HAVE AND TO HOLD and to receive the same unto the Mortgagee its successors and assigns, until all amounts set out in Section 3.1.1 have been fully paid and satisfied.
- 10.2 Nothing contained herein shall be deemed to have the effect of making the Mortgagee responsible for the collection of the said rents or any part or parts thereof or for the observance or performance of any of the covenants, terms or conditions, either by the lessor or the lessee under the said lease or leases, to be observed or performed.
- 10.3 The Mortgagee shall be liable to account only for such monies as may actually come into its hands by virtue of these presents, less proper collection charges, and that such monies when so received by it shall, at the discretion of the Mortgagee, be applied on account of the monies secured by this Mortgage.
- 10.4 In the event of default by the Mortgagor under this Mortgage, proceedings may, at the option of the Mortgagee, be taken under this assignment of rents either independently or in conjunction with the other rights and remedies of the Mortgagee under this Mortgage.
- 10.5 The Mortgagor shall not, without the prior written consent of the Mortgagee, accept prepayment of any rent due or to accrue due in respect of the said leases or any of them, but shall accept

payment thereof only in the amounts and on the days and at the times and in the manner stipulated in the said leases.

- 10.6 This assignment of rents shall be deemed to apply to and have effect in respect of any further or other lease, agreement for lease or right of occupancy of the Lands or any part or parts thereof situate on the Lands, which may exist during the currency of this Mortgage, whether in substitution for or in addition to those leases which are currently in effect.
- 10.7 Should the Mortgagee, in its absolute discretion, deem it advisable to take proceedings either judicial or extra-judicial by way of distress or otherwise for the enforcement of the payment of the rents assigned herein, the Mortgagor will join with the Mortgagee in such proceedings and does hereby grant to the Mortgagee irrevocable authority to join the Mortgagor in such proceedings.
- 10.8 Any monies received by the Mortgagor from the tenants of the Lands shall, unless otherwise permitted in writing by the Mortgagee, be held by the Mortgagor in trust for the Mortgagee, and shall be paid to the Mortgagee on demand.

11. Power of Attorney

- 11.1 The Mortgagor hereby irrevocably constitutes and appoints the Mortgagee (with full power of substitution) and any manager, acting manager or account manager of the Mortgagee for the time being as its true and lawful attorney to (in the name of the Mortgagor, or otherwise) exercise, do, or perform any act, right, power, duty or obligation whatsoever that the Mortgagor now has or may have in connection with, arising out of, or relating to this Mortgage, and without limiting any of the foregoing, if the Mortgagor is a non-resident person for the purpose of the Income Tax Act (Canada) (the "Tax Act"), upon an actual or proposed disposition of the Lands, to send to the Minister of National Revenue, within the time limits set out in the Tax Act for such purposes, a notice in accordance with s.116(1) or (3) (or any replacement or similar section) of the Tax Act, as applicable, setting forth:

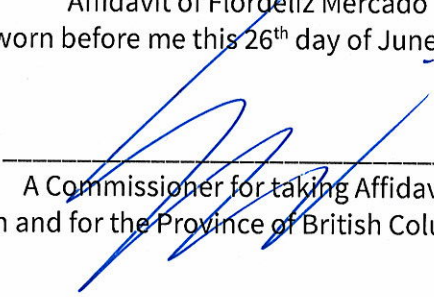
- 11.1.1 the name and address of the person to whom the Lands have been disposed or proposed to be disposed;
- 11.1.2 a description of the Lands sufficient to identify them;
- 11.1.3 the estimated or actual amount of the proceeds of disposition to be received or actually received for the Lands; and
- 11.1.4 the amount of the adjusted cost base to the Mortgagor of the Lands at the time of the sending of the notice.

- 11.2 The power of attorney conferred by this Section shall continue notwithstanding any mental infirmity of the Mortgagor.
- 11.3 The Mortgagor will provide the Mortgagee with the adjusted cost base and such other information for the Lands as and when requested by the Mortgagee.

- 11.4 The Mortgagee will not under any circumstances be liable to the Mortgagor or any other person with respect to any act done or any filings made by the Mortgagee pursuant to this Section.

END OF SET

This is **Exhibit "C"** referred to in the
Affidavit of Flordeliz Mercado
sworn before me this 26th day of June, 2025.



A Commissioner for taking Affidavits
In and for the Province of British Columbia

Shawn A. Poisson
Barrister and Solicitor
Koffman Kalef LLP
19th Floor, 885 West Georgia Street
Vancouver, B.C. V6C 3H4

Flordeliz Mercado

From: Shawn Poisson
Sent: June 26, 2025 8:41 AM
To: Flordeliz Mercado
Subject: FW: larger second mortgage being placed behind IMC

Shawn A. Poisson

Partner, Koffman Kalef LLP
 604.891.3610 | 604.891.3788 (fax) | sap@kkbl.com
www.kkbl.com

Koffman Kalef LLP is a BC limited liability partnership of law corporations.

THIS EMAIL MESSAGE IS PRIVILEGED AND CONFIDENTIAL.

From: Mark Silverwood <mark@bancorpfinancial.com>
Sent: June 25, 2025 11:22 AM
To: Shawn Poisson <sap@kkbl.com>
Subject: FW: larger second mortgage being placed behind IMC

Another email see below

Mark Silverwood

Vice-President
Bancorp Financial Services Inc.
604-609-7120 Tel
604-609-7107 Fax
email: mark@bancorpfinancial.com
web: bancorpfinancial.com

This email and any attachments are intended solely for the addressee(s) and may contain confidential and privileged information. If you are not the intended recipient or this message has been addressed to you in error, please notify the sender immediately by return email, delete this email and destroy any copies. Any dissemination, copying, storage or use of this information by a person other than the intended recipient is unauthorized and strictly prohibited.

From: Mark Silverwood
Sent: Thursday, October 10, 2024 5:45 AM
To: Darren Schmidt <darren.schmidt@imcapital.com>
Subject: Re: larger second mortgage being placed behind IMC

Yes... we are aiming at funding our loan over the next week or so... I'm heading back east this morning
 Sent from my iPhone

On Oct 10, 2024, at 5:40 AM, Darren Schmidt <darren.schmidt@imcapital.com> wrote:

Hi Mark – are you still working on this file?

Darren Schmidt

Managing Director

Institutional Mortgage Capital

Commerce Court West
199 Bay Street, Suite 1900
P.O. Box 271
Toronto, ON M5L 1E9

Direct: +1.416.814.2592

Cell : +1.416.617.2735

E-mail: Darren.Schmidt@imcapital.com

FSRA License #11975

www.imcapital.com

This e-mail is confidential and may contain privileged information. If you are not an intended recipient, please delete this e-mail and notify us immediately. Any unauthorized use or disclosure is prohibited.

You may unsubscribe from e-communications at any time by clicking [here](#).

From: Mark Silverwood <mark@bancorpfinancial.com>

Sent: Wednesday, September 11, 2024 4:28 PM

To: Darren Schmidt <darren.schmidt@imcapital.com>

Subject: RE: larger second mortgage being placed behind IMC

CAUTION:External

Hi Darren. We have committed to the deal this morning and the client has sold the property and is scheduled to close in November. The Borrower should send you the contract.

Mark Silverwood

Vice-President

Bancorp Financial Services Inc.

604-609-7120 Tel

604-609-7107 Fax

email: mark@bancorpfinancial.com

web: bancorpfinancial.com

<image001.png>

From: Darren Schmidt <darren.schmidt@imcapital.com>

Sent: September 11, 2024 1:25 PM

To: Mark Silverwood <mark@bancorpfinancial.com>

Subject: RE: larger second mortgage being placed behind IMC

Hey mark – you still working on this file? I think you mentioned in July that you thought the sponsor has sold this asset?

Darren Schmidt

Managing Director

Institutional Mortgage Capital

Commerce Court West
199 Bay Street, Suite 1900
P.O. Box 271
Toronto, ON M5L 1E9

Direct: +1.416.814.2592

Cell : +1.416.617.2735

E-mail: Darren.Schmidt@imcapital.com

FSRA License #11975

www.imcapital.com

This e-mail is confidential and may contain privileged information. If you are not an intended recipient, please delete this e-mail and notify us immediately. Any unauthorized use or disclosure is prohibited.

You may unsubscribe from e-communications at any time by clicking [here](#).

From: Mark Silverwood <mark@bancorpfinancial.com>

Sent: Wednesday, July 10, 2024 2:24 PM

To: Darren Schmidt <darren.schmidt@imcapital.com>

Subject: larger second mortgage being placed behind IMC

CAUTION:External

Hi Darren. We may be placing a second mortgage behind IMC on Scott Road. Would this potentially be allowed ? Yes/No Maybe. It is part of a larger refinance. Here is the signed CL. Happy to discuss.

THX

Mark Silverwood

Vice-President

Bancorp Financial Services Inc.

604-609-7120 Tel

604-609-7107 Fax

email: mark@bancorpfinancial.com

web: bancorpfinancial.com

<image001.png>