

LONG TERM CARE CONSTRUCTION INVOICING PROCEDURE

I. PURPOSE

The purpose of this document is to outline the procedure for Long Term Care Facility Construction Invoicing for new construction to be administered by the Nova Scotia Housing Development Corporation (NSHDC) and the Nova Scotia Department of Health (NSDoH).

II. SCOPE

This process is applicable to all Long Term Care Facility owners and operators and their agents when planning and constructing new Long Term Care Facilities (LTC) or additions while seeking funding through NSHDC. The LTC Facilities include:

- a. New Stand Alone LTC;
- b. New Attached/ Additions LTC; or
- c. Replacement LTC

III. ACCOUNTABILITY

Nova Scotia Department of Health, Infrastructure Management (NSDoHIM)

NSDoHIM monitors all Long Term beds projects and its function will include, but is not limited to, the following:

- a. attendance at job meetings as required by NSDoH;
- b. monitor the progress of the work to ensure compliance with schedules and Facility Requirements (Space and Design);
- c. review and approve progress claims;
- d. approve all changes impacting budgets;
- e. conduct routine inspections of the project for quality and project verification; and
- f. work with the NSDoH LTC Beds Renewal Program Office.

Nova Scotia Department of Health, Financial Services (NSDoHFS)

NSDoHFS will verify all applications for funds by reviewing invoices for fiscal completeness and accuracy.

Nova Scotia Housing Development Corporation (NSHDC)

NSHDC will provide financing to the LTC Owner subject to NSHDC terms and conditions.

NSHDC will ensure real and personal property security are developed, executed and recorded at the appropriate Province of Nova Scotia Land and Personal Property Registry Offices.

NSHDC will advance funds during the construction phase on NSDoHFS approval and will administer the mortgages upon completion.

Long Term Facility Operator/ Owner/ Group Board (LTC Owner)

The LTC Owner is the owner of the project and its function will include, but not be limited to the following:

- a. ensure the project will be completed in compliance with the NSDoH approved contract plans and specifications and within the time frame as specified in the Development Contract between NSDoH and LTC Owner;
- b. ensure continuous construction inspection;
- c. ensure Quality Control Inspection;
- d. ensure monitoring the progress of the work to ensure compliance with contract plans and LTC Facility Requirements Space and Design;
- e. ensure correct processing of all shop drawings;
- f. ensure DoH is copied on all correspondence to the Contractor regarding changes that may impact approved per diem rate; and
- g. ensure the following documents and any other required correspondence is forwarded to NSDoH:
 - a. Project Contact List (Appendix A);
 - b. Progress Claims/Advance Funding Request (Appendix B);
 - c. Schedule of Invoices (Appendix C);
 - d. Change order (Appendix F)
 - e. Certificate of Substantial Performance (Appendix G); and
 - f. Work Not Yet Performed (Appendix H).

Financing Solicitor

NSHDC's counsel or the LTC Owner's Solicitor who may be retained to act as counsel for NSHDC, in situations in which there is no conflict between the parties, ("Financing Solicitor") prepares documents and ensures that all legal requirements for the execution of necessary agreements (including the Development Agreement, Service Agreement and all financing documentation) and registration as necessary of the documents in accordance with NSHDC's letter of financing instructions are carried out. The Financing Solicitor shall also confirm the required searches and registrations have been carried out in accordance with instruction. Further, the Financing Solicitor shall hold all advances received from NSHDC "in trust" pending the satisfaction of the escrow conditions contained in the instruction letter and within this Construction Invoice Procedure and certify Contract Close-out procedures that shall include release of the holdback funds after 60 days, in accordance with statute requirements including the Builders Lien Act, after the completion of construction as accepted by NSDoH and NSHDC.

LTC Owner's Project / Construction Manager (LTC PM)

The PM function includes, but is not limited to, the following:

- a. advise LTC Owner on all issues for the implementation of the project;
- b. co-ordinate aspects of the project with respect to planning, procuring, controlling and reporting of project deliverables to ensure project success, compliance with approved scope and budget;
- c. be an active member of the projects planning committee and advise the LTC Owner of status and issues;
- d. prepare, review and provide written reports on the project budget including budget estimates and cash flow projections as well as review and ensure accuracy of Schedule of Values, Progress Claims and submit Certificate for Payment to NSDoH. LTC PM to ensure he/she signs all progress claims and they are certified by the Architect;
- e. ensure the following documents and any other required correspondence is forwarded to NSDoH:
 - a. Project Contact List (Appendix A);
 - b. Progress Claims/Advance Funding Request (Appendix B);
 - c. Schedule of Invoices (Appendix C);
 - d. Change order (Appendix F)
 - e. Certificate of Substantial Performance (Appendix G); and
 - f. Work Not Yet Performed (Appendix H).
- f. prepare proposal requests for tenders, consulting and professional services, analysis of responses, negotiations and make recommendations for award for the LTC Owner;
- g. meet with and provide information to LTC Owner, NSDoH or other interested parties as required;
- h. organize project meetings, prepare and distribute minutes for the LTC Owner;
- i. direct project work;
- j. manage and report on project organization, logistics and project schedule;
- k. review designs and specifications, process all shop drawings, ensure all applicable jurisdictional authorities are contacted and approve all aspects of drawings and construction activity;
- l. prepare, administer Contract Close-out including co-ordination of the commissioning, warranty process and action for Work Not Yet Performed and co-ordinate the transition of the project to the LTC Owner's Facility Manager upon project completion;
- m. review and recommend change orders as well as provide information with respect to impact on approved per diem rate;
- n. provide project records management; and
- o. ensure continuous construction inspection and Quality Control Inspection and co-ordinate with all jurisdictional authorities at the place of work.

LTC Owner's Architect

The Architect function includes, but is not limited to, the following:

- a. verify the progress of the work to ensure compliance with contract plans and specifications;
- b. review designs and specifications, process all shop drawings, in conjunction with the PM ensure all applicable jurisdictional authorities are contacted and approve all aspects of drawings and construction activity; this can be contracted to a 3rd party provider approved by NSDoH;
- c. review, verify, and ensure accuracy and certify Schedule of Values, Progress Claims and Certificate for Payment; and
- d. certify Contract Close-out including the commissioning, warranty process and action for Work Not Yet Performed.

General Contractor (GC)

The GC's function is to complete the project in accordance with the plans and specifications and within the time frame as specified by the LTC Owner.

Progress claims will not be processed until all of the following documentation has been received by NSDoHIM;

- a. liability insurance;
- b. fire insurance;
- c. a letter stating that he/she will be responsible for any deductibility that may be noted in his/her insurance policy;
- d. a list of all subcontractors whose contract is over \$100,000.00;
- e. a listing of all major suppliers;
- f. performance and payment bonds for all subcontractors whose contract amount is over \$100,000.00; and
- h. Initial Construction Schedule within 10 business days.

IV. PROCESS/PROCEDURE

IV.I Activities/Operations

Project Start

Upon signing the development contract between NSDoH and the LTC Owner, the LTC PM must submit, within 15 business days, on-site contact information to NSDoHIM using Project Contact List (Appendix A).

Progress Claims

Land Acquisition Process

Based on the LTC Owner's land selection submission, NSDoH will review the submission to ensure compliance with the respected NSDoH Facility Site Requirement. NSDoH will provide feedback to the LTC Owner on this submission and direct any changes. Once approved, NSDoH will forward a letter to NSHDC that the land is approved for purchase. LTC Owner is to submit the Purchase and Sale Agreement or Option to Purchase to NSDoH, which will then be forwarded to NSHDC.

Service and Development agreements must be fully executed and due diligence successfully completed (including a Phase I Environmental Audit) before an Offer of Finance will be made. When the Offer of Finance has been fully executed, the purchase of land, the advancing of funds and the registration of the security documents will proceed concurrently (Refer to Progress Claims - NSHDC's Role - below for specifics).

Development/Soft Costs Process

The intent of the entire process is for the invoicing to occur only when the LTC budget has been approved by NSDoH. It is up to the LTC Owner and PM to provide NSDoH the appropriate information and detail to support their requested budget aimed at meeting the required maximum allowable Per Diem Rate.

Progress Claims - PM Role

Monthly claims based on the Schedule of Values are to be submitted to the PM and certified by the Architect with a recommendation to NSDoHIM using forms in Appendix B and C. These claims should reflect the actual work completed on the project, i.e., labour and material, incorporated to date

The progress claim format should include the name of the subcontractor or supplier; his/her contract amount, percentage complete, the previous amount completed and the amount being claimed and amount of 10% hold back and associated HST. The claim format is somewhat flexible, but it should include the above-noted items.

It is a contractual requirement that Statutory Declarations accompany all progress claims, except for the initial claim, and all subsequent claims will not be processed without them.

The General Contractor is to submit the claim to the PM by the 1st of each month. The PM, with the Architect's certification and recommendation, is to submit the claim to NSDoHIM (to the attention of the DoH Project Representative/ District Engineer) on a regular and monthly basis.

Progress Claims - NSDoH (IM & Fin) Role

Once received by NSDoHIM, NSDoHFS will review the requests for accounting accuracy and completeness. NSDoHIM will review, amend or approve the claim and have it completed within 10 business days of receipt provided there are no errors or omissions based upon the Architect/PM Certificate for Payment. NSDoHFS will forward the approved request to NSHDC which will include Appendix B and Appendix C.

In the event there are issues with the claim or more detail is required, NSDoH will authorize and forward the portion of the claim where there is not issue to NSHDC and return the portion of the claim that has the issue to the PM in order to resolve. Once the issue is resolved, the PM is to forward the claim to NSDoH who will then verify the reply and if acceptable, forward to NSHDC. To expedite claims, emails may be used in exceptional circumstances as deemed by NSDoH.

Progress Claims - NSHDC Role

Prior to issuing an Offer of Finance, NSHDC **must have** the following documentation in its possession:

- a. confirmation of the lot approval from NSDoH;
- b. a copy of the project approval letter from NSDoH to the LTC Facility;
- c. confirmation of signed Development and Service Agreements with NSDoH; and
- d. a request for financing from the LTC Owner.

Prior to making the first advance, NSHDC and the NSHDC/NSDoH solicitor **must have** the following documentation in its possession:

- a. a fully executed and original Offer of Finance (Appendix J);
- b. a fully executed and recorded Mortgage (Appendix K);
- c. a fully executed and recorded General Security Agreement (Appendix L); and
- d. an original executed Assignment of Material Documents (Appendix M) all between NSHDC and the LTC Facility;
- e. proof of registration in the Personal Property Registry and Land Registry of the foregoing;
- f. and such other documentation that may be required in the circumstance to ensure NSHDC first charge and priority.

NSHDC recognizes that in circumstances where the first draw is to purchase approved land, the conveyance of the land, the advancing of funds and the recording of the mortgage will happen concurrently, coordinated through NSHDC's solicitor and the LTC Facility Solicitor.

Once the conveyance is complete, subsequent draw requests will follow the process outlined below:

Upon receipt of the approved request from NSDoHIM, NSHDC will request funds in the name of NSHDC's Solicitor to be held "In Trust" with the escrow condition concerning liens and other potential charges or encumbrances as set out below. The funds will be sent to NSHDC's Solicitor via cheque or electronic transfer within 5 business days of NSHDC's receipt of the

approved request from NSDoHIM.

Prior to releasing these funds to the LTC Owner, the Solicitor will be instructed to ensure there have been no new encumbrances, charges or liens placed against the property since the last progress claim was paid. If any such charge has been placed, the funds will be held by the Solicitor until it has been satisfied. Subsequent advances will not be processed by NSHDC until the matter has been satisfied.

For invoices subject to a 10% construction hold back, the hold back will be held by the Province of Nova Scotia and will only be advanced when the contractors are entitled to receive the hold back, 60 days after substantial completion of construction as accepted by the NSDoHIM, and have made the request through NSDoHIM. The LTC Owner will be required to provide a Certificate of Substantial Completion or a Certificate of Substantial Performance signed by the appropriate parties as well as a list of deficiencies, if applicable. Further details can be found in the Contract Close-Out Documentation section.

Change Orders (CO)

If a change arises on the project, the Contractor will supply a detailed breakdown of his/her quotation to the PM. The breakdown of the quotation is to include all materials, equipment and labour utilizing the pre-approved labour rates for this project. The General Contractor and all subcontractors are to submit copies of all costing estimate sheets to substantiate the total extra/credit quotation. The PM, upon review of the quotation, in consultation and certification by the Architect and the LTC Owner will forward the recommendation on the CO form (Appendix F) to NSDoHIM.

Note: The PM is to ensure the information concerning Affect on Capital Per Diem is explained and ensure the appropriate “Yes” or “No” box is checked or circled. NSDoHIM requires tracking of all Change Orders even if there is no impact on the budget.

If answered “No”, Appendix F is to be completed with the required information and forwarded to NSDoHIM for information only. The Change order in this case can proceed without NSDoH approval.

If the answer is “Yes”, the PM and LTC owner will discuss the change with NSDoH Project Representative/ District Engineer as it will affect the agreed upon budget. This will require further approval from NSDoH as it may have legal and financial implications on the project. Upon tentative approval from NSDoHIM, the PM will detail the change on CO forms (Appendix F). This CO, along with the PM letter explaining the reason for the contemplated change and an estimate of the costs involved, will be forwarded to NSDoH for formal approval. At the same time, the PM is to forward a copy of the CO to the contractor to expedite pricing.

No change that will affect the agreed upon Per Diem rate is to proceed on this project without the approval of DOH.

Schedule

The construction schedule is to be prepared by the LTC PM and submitted to NSDoHIM and PM within ten (10) business days commencing on site work/construction.



Superintendent - General Contractor's Representative

The General Contractor is to confirm the name of his/her full-time site superintendent.

NSDoH Representative

NSDoHIM will confirm the Project Representative/ District Engineer for this project.

NSHDC Representative

Written request for financing should be made to:

Mr. George Hudson, CA
Chief Financial Officer
Nova Scotia Housing Development Corporation
4th Floor Nelson Place
5675 Spring Garden Road
PO Box 696
Halifax, NS B3J 2T7

NSDoHIM Approval of Draw Requests should be sent to:

Ms. Karen Morse, CMA
Manager, Mortgage and Loan Administration
NSHDC, Department of Community Services
4th Floor Nelson Place
5675 Spring Garden Road
PO Box 696
Halifax, NS B3J 2T7

COPIED to:

Mr. David McCarron
Financial Services Officer
NSHDC, Department of Community Services
4th Floor Nelson Place
5675 Spring Garden Road
PO Box 696
Halifax, NS B3J 2T7

General Inquiries about financing can be directed to Karen Morse at 424-4260.

Quality of Workmanship

NSDoH makes specific reference to the quality of workmanship expected on this project. The General Contractor and the Architect/PM are again advised that we expect top quality workmanship from all trades and this requirement will be closely monitored and controlled in accordance with the specified Quality Control Program and the LTC Facility Requirement Space

and Design.

Accountability

The LTC Owner is reminded that his/her contract is with NSDoH and all authorization related to the interpretation of contract documents, changes to the work, etc. is to come from NSDoH. Any requests from other sources are to be directed to NSDoHIM for review prior to any action being taken.

NSDoH reserves the right to inspect the site as documented in the Development Agreement.

Contract Close-out Documentation

All specified Contract Close-out Documentation is to be submitted by the General Contractor to the PM/Architect on the date on which the General Contractor submits his application for a Substantial Performance Certificate (Appendix H). This will permit the PM/Architect to review/revise, and submit all Contract Close-out Documentation within the specified lien period and facilitate early release of holdback payments. It is expected that all contract deficiencies, except seasonal deficiencies, will be corrected/re-inspected/approved prior to the expiry of the specified lien period.

Repayment of Mortgage

Liability for repayment will commence on the 1st day of licensing. Repayment schedule shall be determined on the 1st of the month following the date of licensing with the first payment becoming due on the 1st of the following month, ie, if date of licensing is April 25th, the Interest Adjustment Date will be May 1st with the first payment due June 1st.

IV.II Procedure Map

The Procedure Map can be found in Appendix I.

V. MONITORING

NSDoHIM in collaboration with NSHDC will monitor the implementation, performance, and effectiveness of this process/procedure.

VI. PROCESS/PROCEDURE REVIEW

This process/procedure will be reviewed and updated as required to ensure the intent of the document is meeting the requirements of all stakeholders subject to this process and procedure.

Please note: Appendix C (Schedule of Claims) must be submitted electronically as part of each Progress Claim submission. Appendix B (Progress Claim/Advance Funding Request) must be submitted with an original signature.

VII. INQUIRY

Questions can be forwarded to NSDoHIM, Manager, Infrastructure Management 902 424 8806.

VIII. APPENDICES

1. APPENDIX A PROJECT CONTACT LIST
2. APPENDIX B PROGRESS CLAIM/ ADVANCE FUNDING REQUEST
3. APPENDIX C SCHEDULE OF INVOICES
4. APPENDIX F CHANGE ORDER (SAMPLE)
5. APPENDIX G CERTIFICATE OF SUBSTANTIAL PERFORMANCE
6. APPENDIX H WORK NOT YET PERFORMED
7. APPENDIX I PROCEDURE MAP
9. APPENDIX J OFFER OF FINANCE
10. APPENDIX K MORTGAGE
11. APPENDIX L SECURITY AGREEMENT
12. APPENDIX M ASSIGNMENT OF MATERIAL DOCUMENTS

APPENDIX C – SCHEDULE OF INVOICES (SAMPLE)

LTC Facility - _____

Draw Request (DR) # - _____

Health Approval	Contractor	Invoice Number	Invoice Date	Gross Invoice Amount	Total HST	Holdback on Invoice	Holdback HST	Invoice Less Holdback	Total HST Less Holdback HST	Net Invoice Request Pre-HST Rebate	Total Eligible HST Rebate 50.00%	HST Rebate On Holdback	Net HST Rebate Amount	Net Invoice Request Post-HST Rebate
_____	T&D Const.	12345	#####	\$15,000.00	\$1,950.00	\$1,500.00	\$195.00	\$13,500.00	\$1,755.00	\$15,255.00	\$975.00	\$97.50	\$877.50	\$14,377.50
_____	T&D Const.	12345	#####	\$50,000.00	\$6,500.00	\$5,000.00	\$650.00	\$45,000.00	\$5,850.00	\$47,925.00	\$3,250.00	\$325.00	\$2,925.00	\$47,925.00
_____	T&D Const.	12345	#####	\$20,000.00	\$2,600.00	\$2,000.00	\$260.00	\$18,000.00	\$2,340.00	\$19,170.00	\$1,300.00	\$130.00	\$1,170.00	\$19,170.00
				\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total				\$85,000.00	\$11,050.00	\$8,500.00	\$1,105.00	\$76,500.00	\$9,945.00	\$82,350.00	\$5,525.00	\$552.50	\$4,972.50	\$81,472.50

Prepared by: _____

Date: _____

Total Advance amount approved by Department of Health: _____

Total Amount Withheld: _____

Approved by: _____

Date: _____

APPENDIX F – CHANGE ORDER (SAMPLE)

CHANGE ORDER #

Date:
Tender #:
File #

TO:

PROJECT:

IN ACCORDANCE WITH GENERAL CONDITIONS GC1-17 OF THE CONTRACT DOCUMENTS, YOU ARE DIRECTED TO PROCEED PROMPTLY WITH THE CHANGES TO THE WORK AS DETAILED BELOW. ADJUSTMENT TO THE CONTRACT PRICE WILL BE IN ACCORDANCE WITH SECTION 01025 - CASH ALLOWANCE GC232 - CHANGES IN WORK AND GC24 - VALUATION OF CHANGES.

ITEM	DESCRIPTION	PRICE

Attachments:

APPROVALS & DISTRIBUTION:

Project

Project Manager

Date

Architect

Date

LTC Owner/ Assigned Representative

Date

Department of Health, Infrastructure Management Approval

Manager

Date

Director

Date

APPENDIX H – APPENDIX 1 – DESCRIPTION OF WORK NOT YET PERFORMED

LTC Facility - _____

Work Not Performed Item Number	Description Of Work Not Performed	Reasoning for Work Not Yet Performed	Description on Rectification and Expected Rectification Date	Gross Invoice Amount	Total HST	Holdback on Invoice	Holdback HST	Invoice Less Holdback	Total HST Less Holdback HST	Net Invoice Request Pre-HST Rebate	Total Eligible HST Rebate 50.00%	HST Rebate On Holdback	Net HST Rebate Amount	Net Invoice Request Post-HST Rebate
				\$15,000.00	\$1,950.00	\$1,500.00	\$195.00	\$13,500.00	\$1,755.00	\$15,255.00	\$975.00	\$97.50	\$877.50	\$14,377.50
				\$50,000.00	\$6,500.00	\$5,000.00	\$650.00	\$45,000.00	\$5,850.00	\$47,925.00	\$3,250.00	\$325.00	\$2,925.00	\$47,925.00
				\$20,000.00	\$2,600.00	\$2,000.00	\$260.00	\$18,000.00	\$2,340.00	\$19,170.00	\$1,300.00	\$130.00	\$1,170.00	\$19,170.00
				\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total				\$85,000.00	\$11,050.00	\$8,500.00	\$1,105.00	\$76,500.00	\$9,945.00	\$82,350.00	\$5,525.00	\$552.50	\$4,972.50	\$81,472.50

Prepared by: _____

Date: _____

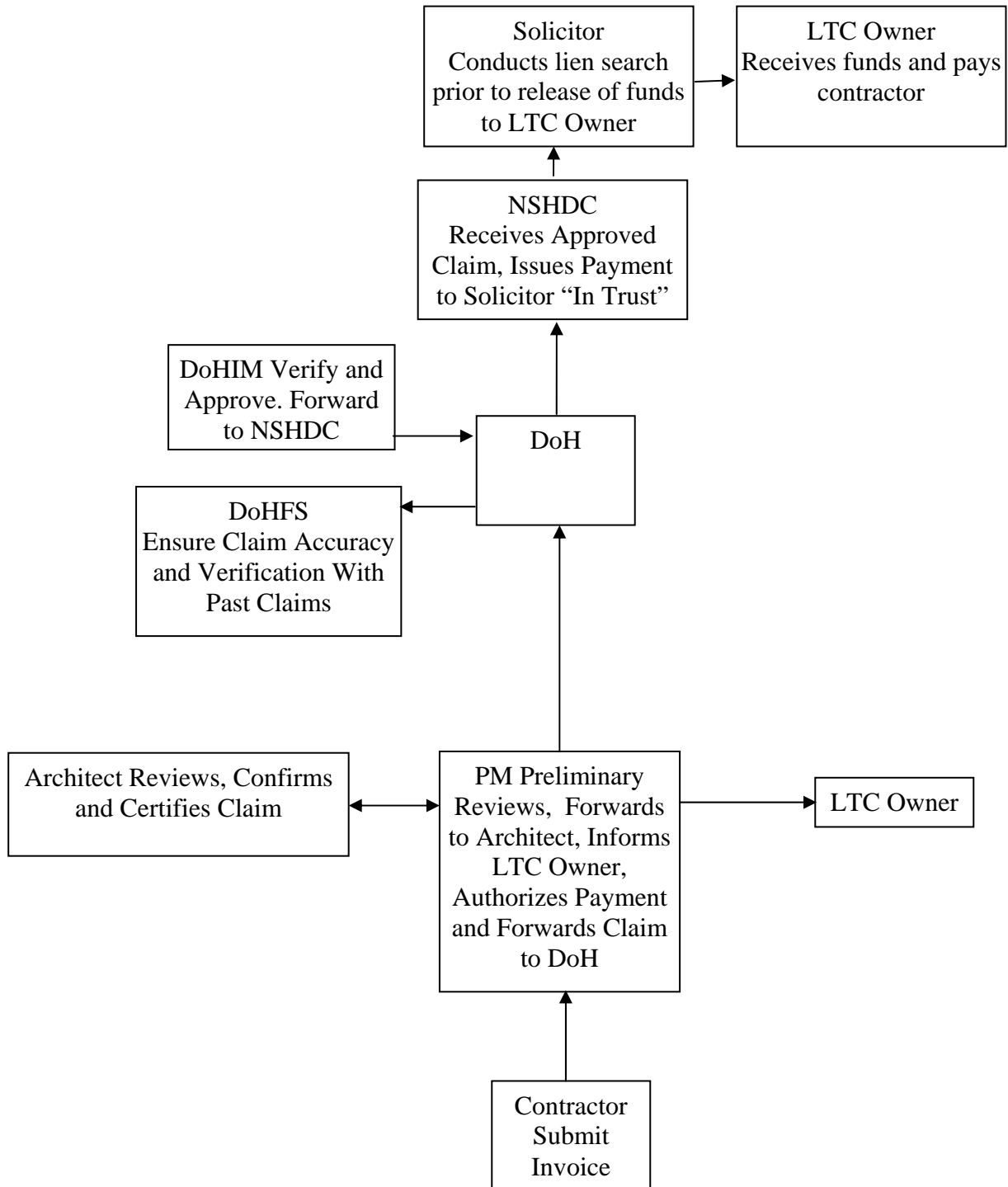
Total Advance amount approved by Department of Health: _____

Total Amount Withheld: _____

Approved by: _____

Date: _____

APPENDIX J –PROCEDURE MAP



TEMPLATE - SUBJECT TO CHANGE

OFFER OF FINANCE

Date

**LTC Facility
ADDRESS**

Attention: Administrator

Dear Administrator,

RE: **Borrower: Legal Name**
Business Name: LTC Operator
Property Address: Property Address
PID No.:

The Nova Scotia Housing Development Corporation ("NSHDC") is pleased to offer _____ (legal name, hereafter the "Borrower") a loan for the Project on the following terms and conditions (the "Offer of Finance"):

1. **Loan Amount:**

\$ _____

NSHDC's legal fees will be added to these loan amounts. Note that these figures are subject to change based upon events occurring between the date of acceptance of this Offer of Finance and the Interest Adjustment Date (IAD), determined to be the Department of Health Licensing Date in respect of the license issued under the *Homes for Special Care Act* for the Project, which is currently estimated to be the __ day of _____,200_

2. **Loan Purpose:**

It is understood and agreed that this financing is intended to fund the construction of a new/addition to an existing long-term care facility in _____(city), Nova Scotia as approved by the Department Of Health (the "Project").

3. **Availability:**

The Loan Amount will be disbursed to Borrower by way of progress advances (individually a "Borrowing" and collectively the "Borrowings") no more frequently than monthly and will be subject to the following:

- (a) Notwithstanding anything to the contrary in this Offer of Finance, if the initial Borrowing under this Offer of Finance does not occur before ●, ●, 200●, then the components of this Offer of Finance shall immediately terminate, the right of the Borrower to request any Borrowing shall immediately cease, and NSHDC shall have no obligation to advance any funds to the Borrower;

- (b) Borrowings shall only be used to pay Project cost items provided for in the Project Budget. All remittances for potential prior-ranking claims (as determined by NSHDC) must be maintained current and NSHDC will be under no obligation to advance further Borrowings if at any time the condition outlined herein is not met.

4. **Loan Conditions:**

Conditions related to NSHDC's loan include but are not limited to:

- (a) Compliance with NSHDC and the Nova Scotia Department of Health's ("NSDOH") Long Term Care Construction Invoicing Procedure.
- (b) All conditions and terms of the Development Agreement, dated _____, 200_, between NSDOH and the Borrower, which is incorporated by reference herein;
- (c) All conditions and terms of the Service Agreement, dated _____, 200_, between NSDOH and the Borrower, which is incorporated by reference herein;
- (d) Borrower to comply with the holdback provisions and other conditions of the *Builders Lien Act*.
- (e) No further advances if construction liens or any other prior ranking claims are registered against the Project. Borrower undertakes to have all liens or prior ranking claims discharged immediately.
- (f) Such other terms and conditions which NSHDC and its solicitors deem advisable, acting reasonably.

5. **Interest Rate and Prepayment Privileges:**

The mortgage will have a variable and fixed interest rate component. The interest rate to the Interest Adjustment Date shall be the Provincial Cost of Funds in effect on the first day of each month calculated as simple interest and computed from the date the Principal Amount or part thereof is advanced. Thereafter, the interest rate for the Term will be fixed at the Provincial Costs of Funds in effect on the Interest Adjustment Date, calculated half yearly, not in advance. There shall be no prepayment privileges.

6. **Borrower:**

7. **Term:**

25years

8. **Amortization:**

25 years

9. **Renewal:**

There are no rights of renewal in respect of this financing.

10. **Repayment:**

Commencing one month after the Interest Adjustment Date, and on the first day of each and every month thereafter, Borrower agrees to make equal monthly blended payments on account of principal and interest. The final such installment will fall due on the maturity date which would be 25 years from the Interest Adjustment Date.

11. **Security:**

It is understood and agreed that the NSHDC will have a valid first charge upon the Property and personal property as detailed in the security documents.

12. **Solicitor for Borrower:**

Name
Address
Address
Postal Code
Phone
Fax
E-mail

Solicitor for NSHDC:

Diane Rowe- Senior Solicitor
Department of Justice
1690 Hollis Street
Halifax, NS
B3J 2R8
Phone: 424-3585
Fax: 424-0719
E-mail: rowedp@gov.ns.ca

13. **Security Documentation:**

Mortgage – A **first** ranking mortgage on the Borrower’s fee simple interest/all interests in the Property including without limitation, the land and buildings and improvements comprising the Project and constructed on the Property. No ● financing, liens, security

interests, or encumbrances will be permitted unless otherwise permitted by NSHDC and the entire balance of the loan will be due on sale of the Property.

General Security Agreement – A fully perfected **first** priority and sole security interest in all of Borrower's personal property ("Personal Property"), including without limitation, all leases, rents, room rental payments, receivables, security deposits, equipment and goods located at, or used in connection with the maintenance and/or operation of the Property and the Project and all improvements, additions, replacements and substitutions to the Personal Property, and all proceeds thereof (including without limitation, any and all insurance proceeds). No ● financing, liens, security interests or encumbrances will be permitted, unless otherwise permitted by NSHDC.

Assignments of Material Documents – An assignment of all licenses, agreements, contracts and like matters or agreements in connection with the Project.

Such other documents which NSHDC and its solicitors deem advisable, acting reasonably.

14. **Insurance:**

All risks insurance is required in an amount equal to the full replacement cost of the Project and in no event shall such insurance be for an amount less than \$_____. In addition to standard risks, this policy shall also include damage from hurricane, lightning, floods, and vandalism.

NSHDC shall appear on the fire and any boiler policies as first mortgagee and payee. NSHDC shall receive thirty (30) days notice of cancellation or for any material change to these policies. Each policy must include a standard mortgage clause as approved by the Insurance Bureau of Canada ("IBC").

The Borrower shall provide to NSHDC on the anniversary date of each year during the term of the Mortgage, satisfactory evidence of commercial general liability or public liability insurance for bodily injury, personal injury and property damage.

Prior to registration of the Security Documentation outlined above, Borrower shall provide NSHDC with acceptable Certificates of Insurance and/or original policies with an appropriate mortgage clause attached, where necessary.

To the extent any prior secured party is indicated as loss payee on any of Borrower's policies of insurance, Borrower shall cause them to limit their rights to "as their interests appear".

The Borrower represents and warrants that it is in compliance with all terms and conditions of insurance policies issued in respect of this Project.

15. **Expenses**

Borrower will also pay all reasonable documented transaction expenses incurred by NSHDC, including, but not limited to, expenses of counsel, due diligence, appraisals, environmental audits (e.g. “Phase 1” or “Phase 2” audits), Project Monitor, consulting engineers’ fees, the fees of an insurance consultant, field audit, lien searches, security filings, transfer fees and taxes, survey costs and other third party costs incurred in conjunction with preparing the loan documents or in respect of the transactions contemplated herein, regardless of whether or not the transaction is completed and funded.

16. **Environmental**

Borrower will be required to provide a Phase 1 Environmental audit report with a reliance letter, in a form and prepared by a consultant fully acceptable to NSHDC.

17. **Legal Documentation**

The loan will be documented in NSHDC’s form and in accordance with all Canadian laws. Counsel of NSHDC’s selection will be used for the drafting of documents and other attorney’s services relating to the transaction.

All legal matters shall be subject to approval by NSHDC. All fees and expenses of NSHDC’s counsel shall be paid by Borrower regardless of whether or not the loan actually closes.

18. **Survey**

Current survey prepared by a licensed land surveyor for the Province of Nova Scotia showing the Property and, at the footings stage, a location certificate showing the buildings constituting the Project.

19. **Zoning**

The Borrower represents and warrants to NSHDC that the Property and the project is in compliance with the relevant municipality’s zoning By-law and the *Municipal Government Act*.

20. **Taxes:**

Borrower shall be responsible for all property taxes, business occupancy charges, local improvement charges, and other taxes levied on the Property. NSHDC reserves the right to consider any failure to pay taxes by Borrower to be a default under the mortgage or other security provided under this Offer of Finance. All municipal taxes must be up to date as of the date of funding.

21. **Advance:**

The Borrowings are to be released when approved by DOH. The Borrowings shall be released subject to favorable title from NSHDC's solicitor's; completion and registration of the necessary security documentation; and once all relevant conditions contained have been fulfilled to NSHDC's satisfaction.

22. **Access to Records:**

Borrower agrees to provide all relevant financial records and other documentation throughout the life of the Mortgage as reasonable requested by NSHDC.

23. **Default:**

Should Borrower not comply with the terms and conditions of this Offer of Finance or the Security Documents, NSHDC may require immediate repayment of all funds advanced and all interest and other amounts owing. Furthermore, NSHDC shall have, upon any default under this Offer of Finance or any Security Document provided for hereunder, the right to appoint a receiver manager of the Borrower and its Operator's assets, including without limitation the Property and the Project. This right shall be subject to the rights of those holding security in priority to NSHDC.

Borrower shall maintain at all times the first charge mortgage granted to NSHDC under this Offer of Finance in good standing and comply with all the terms of this document and the Mortgage. In addition, any default under this Offer of Finance and the Mortgage or any other security document executed pursuant to this Offer of Finance shall constitute a default under all the agreements.

24. **Non-merger:**

The parties to this Offer of Finance agree that the registration of any Mortgage or other security documentation shall not cause NSHDC's or Borrower's obligations and rights to merge but rather all rights under this Offer of Finance or any other related agreement shall survive and remain binding after all advances have been made.

25. **Assignment:**

NSHDC reserves the right to assign, in whole or in part, its rights and obligations under this Offer of Finance prior to completing all advances required hereunder without the prior consent of Borrower.

26. **Time:**

Time shall be of the essence in this Offer of Finance and under all agreements entered into hereunder.

27. **Cancellation:**

If, at any time prior to the advance under this Offer of Finance, NSHDC becomes aware of a material change in Borrower's circumstances which might have reasonably affected its original decision to extend this Offer of Finance and which is not rectified to NSHDC's and DOH's satisfaction then NSHDC may, at its sole option, decline to advance funds and/or declare the full principal of the loan immediately due and payable together with all interest, compound interest and other amounts owing in connection with this Offer of Finance.

If NSHDC becomes aware of any misrepresentation by _____ (Borrower) or of any inaccuracy in any materials applied by _____ (Borrower) then it may, at NSHDC's sole option, decline to advance further funds and/or declare the full principal of the loan immediately due and payable together with all interest, compound interest and other amounts owing in connection with this Offer of Finance.

28. **Change in Control:**

Borrower hereby covenants and agrees with NSHDC that in the event _____ (Borrower) assigns, sells, transfers or enters into an agreement of purchase and sale wherein the controlling interest of _____ (Borrower) is to be acquired by a person and/or company not previously approved of in writing by Nova Scotia Department of Health and then NSHDC, which approval shall not be unreasonably withheld, all amounts owing under this Offer of Finance shall forthwith become due and payable at NSHDC's sole option.

29. **Response to Offer**

This commitment is open for acceptance by _____ (Borrower) until the mutually agreed time of 4:00 P.M. on the ___ day of _____ 200● by which time a duly executed copy of this Offer of Finance shall be returned to this office, failing which, this offer shall be retracted.

30. **General**

Borrower acknowledges that this Offer of Finance contains the entire loan proposal superseding all previous representations and agreements, either written or oral, and that there are no promises, agreements, or understandings outside of this Offer of Finance.

The Borrower hereby acknowledges and agrees that this Offer of Finance does not contain all of the terms and conditions of its proposed loan from NSHDC, that NSHDC's loan documentation as well as the Development Agreement as referenced in 4(b) herein will contain additional and more detailed terms and conditions, and that NSHDC shall not be required to advance any funds to the Borrower unless and until this Offer of Finance, the Property mortgage and all loan and security documentation which NSHDC deem necessary have been fully executed and delivered and all terms therein have been fully

complied with.

This Offer of Finance is being provided to you on the further condition that its existence and contents will be kept confidential and will not be disclosed without our prior written consent except to those individuals of Borrower, (Guarantors) and (its/their respective) Board(s) of Directors, (its/their respective) attorneys and accountants, and those persons who have a need to know as a result of their being specifically involved in the Project. Further, Borrower agrees that NSHDC and its affiliates will have the right to disclose this transaction after closing for promotional purposes.

Yours truly,

Nova Scotia Housing Development Corporation

Judith F. Ferguson
Deputy Minister and Chief Executive Officer

We accept the above terms and conditions of NSHDC's Offer of Finance.

Dated this ____ day of _____, 200●

BORROWER

Per: _____

Per: _____

cc: Chair, Board of Directors

LEGAL LAND DESCRIPTION
MUNICIPALITY, Nova Scotia

First Mortgage

THIS MORTGAGE made this ____ day of _____, 2008.

BETWEEN:

Facility , a body corporate

(hereinafter the “Mortgagor”)

- and -

NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION, established pursuant to the *Housing Development Corporation Act*, R.S.N.S. 1989, chapter 213,

(hereinafter the “Mortgagee”)

WITNESSETH that in consideration of the sum of \$_____ (the “Principal Amount”), the Mortgagor hereby conveys, mortgages and charges to and in favour of the Mortgagee the Mortgaged Premises.

Provided this Mortgage shall be void, subject to the terms hereof, upon the payment to the Mortgagee, its successors or assigns, of the Principal Amount in lawful money of Canada, with interest at the rate herein provided for from the date hereof (as well after as before maturity and both before and after default and judgment) or so much of the Principal Amount hereby secured as shall from time to time remain unpaid, and otherwise shall remain in full force and effect until the whole of the Principal Amount is paid. The Mortgagor agrees that this Mortgage shall not cease to operate or be void by reason of the Principal Amount becoming or being zero or otherwise extinguished at any time or from time to time, and that no payment received by the Mortgagee shall redeem this Mortgage unless the Mortgagor specifically notifies the Mortgagee that such payment is in full payment of the full Principal Amount and requests in writing a discharge of this Mortgage upon the Principal Amount (together with accrued and unpaid interest and any other amounts owing under this Mortgage) being paid and satisfied in full.

A. Payment Terms

The Principal Amount shall be paid as follows:

1. **Interest Adjustment Date:** The earlier of **IAD** or Completion.
2. **Maturity Date:** _____years from the Interest Adjustment Date.
3. **Term:** The period commencing on the Interest Adjustment Date and ending on the Maturity Date.

4. **Amortization Period:** _____ years.

5. **Interest Rate:** This Mortgage has a variable and fixed interest rate component. The interest rate to the Interest Adjustment Date shall be the Provincial Cost of Funds in effect on the first day of each month calculated as simple interest and computed from the date the Principal Amount or part thereof is advanced. Thereafter, the interest rate for the Term will be fixed at the Provincial Costs of Funds in effect on the Interest Adjustment Date, calculated half yearly, not in advance.

6. **Payment Amounts:** Until the Interest Adjustment Date, interest on the Principal Amount advanced from time to time shall accrue at the Interest Rate, computed from (and including) the date the Principal Amount or any such part is advanced. Thereafter, payments on the Principal Sum advanced by the Mortgagee together with accrued interest shall be paid at the Interest Rate, and will become due and be paid by regular monthly payments commencing on the day of the month following the Interest Adjustment Date and thereafter on the same day of each and every month up to and including the Maturity Date, as well after as before maturity of this Mortgage, and both before and after default and judgment until paid. The outstanding Principal Amount then owing under this Mortgage (together with any accrued and unpaid interest) will become due and be paid on the Maturity Date.

B. Additional Terms and Conditions

This Mortgage shall be subject to the terms and conditions set out in Schedule “B” attached hereto.

IN WITNESS WHEREOF the Mortgagor has properly executed this Mortgage on the day and year first above written.

SIGNED, SEALED and DELIVERED)	Facility
in the presence of:)	
)	
)	Per: _____
_____)	Name:
Witness)	Title:
)	
)	I have authority to bind the Corporation

**PROVINCE OF NOVA SCOTIA
HALIFAX REGIONAL MUNICIPALITY**

ON THIS _____ day of _____, 200__, before me, the subscriber, personally came and appeared _____, a subscribing witness to the foregoing Indenture, who, having been by me duly sworn, made oath and said that, _____(Facility Name), one of the parties thereto, caused the same to be executed in its name and on its behalf, and at the same time caused its corporate seal to be thereunto affixed by its proper officers duly authorized in that, behalf, in h presence.

A Barrister of the Supreme Court
of Nova Scotia

**PROVINCE OF NOVA SCOTIA
COUNTY OF COUNTY**

I, _____, of MUNICIPALITY, Nova Scotia, make oath and say as follows:

1. THAT I am the _____ of Facility Name(the “Company”).
2. THAT the lands described in the within Indenture are not occupied by any shareholder as a dwelling nor is any shareholder entitled to use the lands as a dwelling and the lands have never been so occupied while the lands have been owned by the Company.
3. THAT the Company is not a non-resident of Canada within the meaning of Section 116 of the Income Tax Act (Canada).

SWORN TO at _____)
 Nova Scotia, this ____ day of _____)
 _____, 200__, before me:)
)
)
 _____)
 A Barrister of the Supreme)
 Court of Nova Scotia)

TEMPLATE – SUBJECT TO CHANGE

SCHEDULE “A”

Legal Description of the Mortgaged Property

TEMPLATE – SUBJECT TO CHANGE

SCHEDULE “B”

Additional Terms and Conditions Applicable to the Mortgage

1. Definitions and Interpretation

Unless there is something in the subject matter or context inconsistent therewith, in this Mortgage the following expressions shall have the following meanings:

“Business Day” means a day of the week other than Saturday, Sunday, or any other day which is a statutory or municipal holiday in the municipality where the head office of the Mortgagee and/or the Mortgaged Premises are situate.

“Completion” means the date the Mortgagor’s license is issued under the *Homes for Special Care Act* in respect of the Mortgagor’s long term care facility being constructed on the Mortgaged Premises.

“Indebtedness” means the aggregate of:

- (a) the Principal Amount, and
- (b) all interest thereon and compound interest as provided in this Mortgage, and
- (c) any amount, cost, charge, expense and interest which has been added to the Indebtedness under the terms of this Mortgage, and
- (d) any other amount, cost, charge, expense and interest otherwise due and payable to the Mortgagee hereunder, or due and payable pursuant to the Offer of Finance (as hereinafter defined), or secured by this Mortgage.

“Mortgaged Premises” means the land described Schedule “A”, together with all buildings, structures and improvements built upon or made to the land from time to time, all fixtures described herein, and all other appurtenances thereto.

“Person” includes any individual, partnership, joint venture, trust, unincorporated organization or any other association, corporation and government or any department or agency thereof.

“Provincial Cost of Funds Rate” means the annual rate of interest announced from time to time by the Mortgagee as the reference rate then in effect for determining its costs of borrowing plus **MARKUP** per cent.

“Requirements of Environmental Law” means all requirements of the common law and of statutes, regulations, by-laws, ordinances, treaties, judgments and decrees, and (whether or not they have the force of law) rules, policies, guidelines, orders, approvals, notices, permits, directives and the like, of any federal, territorial, provincial, regional, municipal or local judicial, regulatory or administrative agency, board or governmental authority relating to environmental or health or fire or safety matters, or any of them, and the Mortgaged Premises and the activities carried out thereon (whether in the past, present or the future) including, but not limited to, all such requirements relating to: (I)

the protection, preservation or remediation of the natural environment (the air, land, surface water or groundwater); (ii) the generation, handling, treatment, storage, transportation or disposal of or other dealing with solid, gaseous or liquid waste; (iii) substances or conditions that are prohibited, controlled or otherwise regulated or are otherwise hazardous in fact (collectively “Hazardous Substances”) such as contaminants, pollutants, toxic, dangerous or hazardous substances, toxic, dangerous or hazardous materials, designated substances, controlled products, including without limitation, wastes, subject wastes, urea formaldehyde foam type of insulation, asbestos or asbestos-containing materials, polychlorinated byphenyls (“PCBs”) or PCB contaminated fluids or equipment, explosives, radioactive substances, petroleum and associated products, underground storage tanks or surface improvements or any other contaminant or pollutant or any substance that when released into the natural environment is likely to cause, at some immediate or future time, material harm or degradation to the natural environment or material risk to human health and, without restricting the generality of the foregoing, hazardous waste or dangerous goods as defined by applicable federal, provincial or municipal laws for the protection of the natural environment or human health; and (iv) the securing protection, preservation and remediation of health, fire and/or safety concerns.

“Taxes” means all taxes, rates, assessments, levies, liens and penalties, municipal, local, parliamentary or otherwise that now are or may hereafter be imposed, charged or levied upon or with respect to the Mortgaged Premises, and all taxes or charges levied in lieu thereof.

“Transfer” means any sale, transfer, assignment, conveyance or other disposition of the Mortgaged Premises, in whole or in part, or of any interest therein, except for the sale of individual units in any condominium created on the Mortgaged Premises.

“Transferee” means any purchaser, transferee or assignee pursuant to a Transfer.

2. Mortgage

The Mortgagor charges the Mortgaged Premises with the payment to the Mortgagee of the Indebtedness and with the performance of the Mortgagor's other obligations under the Mortgage.

3. Interest

The Principal Amount shall bear interest at the Interest Rate both before and after default, demand, maturity and judgment until paid.

4. Timing of Payments

All payments under the Mortgage shall be made before 12:00 o'clock noon on any day on which payment is to be made. In the event the payment is made after 12:00 o'clock noon on any particular day, it is understood and agreed that any such payment will be deemed to have been made on the next following Business Day.

5. Prepayment

This Mortgage shall be not be open for prepayment, either in whole or in part at any time.

6. Advances and Expenses

All advances are to be made in such manner at such times and in such amounts, up to the Principal Amount, as the Mortgagee in its sole discretion may determine, subject always to the proviso that the Mortgagee is not bound to advance any unadvanced portion thereof. The Mortgagor agrees that neither the preparation, execution nor registration of the Mortgage shall bind the Mortgagee to advance the Principal Amount, nor shall the advance of a part of the Principal Amount bind the Mortgagee to advance the unadvanced portion thereof, but nevertheless the Mortgage shall take effect forthwith upon the execution of this Mortgage by the Mortgagor, and the Mortgagee's legal expenses on a solicitor and his own client basis, including the expenses of the examination of the title and other costs associated with the Mortgage, together with the Mortgagee's loan processing fees as well as the Mortgagee's costs and expenses incurred in appraising the Property, assessing the financial status of the Borrower and conducting any other searches and investigations required by the Mortgagee in evaluating the loan and Property and securing its interest therein, shall be, in the event of the whole or any balance of the Principal Amount not being advanced, payable forthwith by the Mortgagor to the Mortgagee and, together with interest thereon at the Interest Rate, shall be added to the Indebtedness and secured by the Mortgage.

7. Compound Interest

All interest on becoming overdue, and any amount, cost, charge or expense that has been added to the Indebtedness under the terms of the Mortgage, shall be treated (as to payment of interest thereon as aforesaid) as principal and shall bear compound interest at the Interest Rate both before and after default, demand, maturity and judgment until paid, and all such interest and

compound interest shall be added to the Indebtedness and secured by the Mortgage. If any of the monies hereby secured are not paid when due, the Mortgagor will, so long as any part thereof remains unpaid, pay interest thereon from day to day.

8. Application of Instalments

The monthly instalments set out herein are to be applied firstly to the interest component of the Indebtedness and the balance of the said monthly instalments shall be applied to the principal component of the Indebtedness; except, however in the case of default by the Mortgagor, the Mortgagee may then apply any payments received during the period of default, to any part of the Indebtedness in whatever order it may elect notwithstanding any contrary stipulation by the Mortgagor.

9. Default

The Indebtedness shall immediately become due and payable and the security constituted by this Mortgage shall become enforceable:

- (a) if the Mortgagor defaults in the payment of the Indebtedness in accordance with its terms; or
- (b) if the Mortgagor fails to pay any taxes or assessments levied upon or in respect of the Specifically Mortgaged Premises after they have become due and payable provided that, the Mortgagor may with the consent of Mortgagee delay payment of such taxes or assessments for such period as Mortgagee may agree and further provided that if the Mortgagor bona fide disputes the legality or amount of any such taxes or assessments, they shall not be deemed due and payable within the meaning of this subclause (b) until they are so adjudged by the last tribunal to which the Mortgagor appeals. (If the Mortgagee requires the Mortgagor to do so, the Mortgagor will post security with the Mortgagee for the full amount of such taxes or assessments.); or
- (c) if any execution, foreclosure or other process is levied or enforced against any of the property of the Mortgagor; or
- (d) if any sum admitted due or not disputed to be due by the Mortgagor and forming or capable of being made a charge upon the Specifically Mortgaged Premises in priority to the security of this Mortgage remains unpaid after proceedings have been taken to enforce it as such prior charge; or
- (e) if the Mortgagor becomes bankrupt within the meaning of the applicable bankruptcy law or insolvent or makes a general assignment for the benefit of creditors or otherwise acknowledges its insolvency, or if any order is made or a resolution passed for the winding up of the Mortgagor, or any application be made

under the *Companies' Creditors Arrangement Act*, or an encumbrancer shall take possession of the Specifically Mortgaged Premises or any part thereof; or

- (f) if the Mortgagor neglects to carry out or observe any other covenant or condition of this Mortgage; or
- (g) if the Mortgagor neglects to carry out or observe any covenant or condition of or commits an event of default under the accepted "Offer of Finance" dated **OFFER OF FINANCE SIGNING DATE** with the Nova Scotia Housing Development Corporation; or
- (h) if the Company/Society's license issued under the *Homes for Special Care Act* is cancelled or not renewed; or
- (i) if the Company/Society neglects to carry out or observe any covenant or condition of or commits an event of default under the Development Agreement dated **DEVELOPMENT AGREEMENT SIGNING DATE** or Service Agreement dated **SERVICE AGREEMENT SIGNING DATE** with the Nova Scotia Department of Health; or

10. Dishonour of Cheques

At the option of the Mortgagee, the Mortgagor shall deliver to the Mortgagee, upon the first advance of monies hereunder, or at any later time during the term of the Mortgage as the Mortgagee may request, a completed and duly executed pre-authorized payment plan request form with a blank cheque attached for the purpose of allowing the Mortgagor's account to be debited on a monthly basis with respect to all payments required under the Mortgage.

If any cheque issued by the Mortgagor to the Mortgagee in payment of any amount due and owing hereunder is not honoured when presented for payment, the Mortgagor shall pay to the Mortgagee on demand, all expenses incurred by the Mortgagee as a result of such dishonour and the Mortgagee's reasonable administrative costs arising therefrom which expenses and costs shall, together with interest thereon at the Interest Rate, be added to the Indebtedness and secured by the Mortgage and shall be forthwith due and payable to the Mortgagee.

11. Taxes, Statute Labour, etc.

The Mortgagor covenants to pay all Taxes and perform all Statute Labour and observe and perform all covenants, provisos and conditions herein contained.

12. Covenant to Pay

The Mortgagor covenants with the Mortgagee that the Mortgagor will pay the

Indebtedness to the Mortgagee as and when provided in the Mortgage without any deduction, set-off, abatement or counterclaim. If more than one Person signs the Mortgage as Mortgagor, such Persons are jointly and severally liable to perform and observe all of the Mortgagor's obligations herein.

13. Taxes

- (a) The Mortgagor covenants with the Mortgagee to pay the Taxes promptly as they fall due and will forthwith provide the Mortgagee with evidence satisfactory to the Mortgagee of payment thereof provided that the Mortgagor shall not enter into any agreement with any taxing authority under which the due date for payment of taxes is extended beyond the calendar year in which such taxes would normally be due. Without limiting or restricting any other covenant or obligation on the part of the Mortgagor under the Mortgage, it is understood and agreed that the Mortgagee, at its option, shall have the right at any time and from time to time during the term of the Mortgage to estimate the amount of the Taxes and,
 - (i) the Mortgagor will pay to the Mortgagee on each monthly instalment due date hereunder, an amount estimated by the Mortgagee to be sufficient to pay the Taxes as they become due and payable, and the Mortgagee reserves the right to adjust, from time to time the estimated monthly tax amount based on the taxes actually levied against the Mortgaged Premises, and
 - (ii) in the event that the Taxes for any period together with any interest and penalties thereon exceed the estimated amount or in the event of any part of the estimated amount paid to the Mortgagee being applied by the Mortgagee in or toward principal, interest or other monies in default, the Mortgagor will pay to the Mortgagee on demand the amount required to make up the deficiency (the “deficiency”) occurring as a result of the foregoing. In the event of a deficiency, the Mortgagee may, but shall not be obliged to, pay the Taxes and the Mortgagor shall, on request by the Mortgagee, either pay the deficiency, with interest thereon at the Interest Rate, to the Mortgagee forthwith or, if the Mortgagee so elects, pay the deficiency to the Mortgagee, with interest thereon at the Interest Rate, in monthly instalments specified by the Mortgagee from time to time, and the amount of such deficiency, until paid, shall be payable on demand and shall be secured by the Mortgage,
 - (iii) so long as there is no default under the Mortgage, the Mortgagee shall from time to time make payments to the taxing authority when taxes are due, but the Mortgagee shall be under no obligation to apply such payments more often than semi-annually, and
 - (iv) if before any such sum or sums in the hands of the Mortgagee shall have been so applied, there shall be default in respect of any payment of the

Indebtedness, the Mortgagee may, at its option, apply such sum or sums in or toward payment of such Indebtedness so in default, and

- (v) if the Mortgagor desires to take advantage of any discounts or avoid any penalties in connection with the payment of Taxes, the Mortgagor shall pay to the Mortgagee such additional amounts as are required for that purpose, and
 - (vi) when making advances from time to time of the Principal Amount or any part thereof, the Mortgagee may, and is hereby directed to, deduct and pay out of any such advances any amount that shall have become due and payable with respect to Taxes, and
 - (vii) at the time of the first advance the Mortgagor shall pay the total amount of the Taxes, if the amount thereof for the year has been finally determined, in a lump sum to the Mortgagee for remittance to the taxing authorities or, if not finally determined, the Mortgagor shall pay to the Mortgagee on the due date of each monthly instalment a monthly amount estimated by the Mortgagee to be sufficient to pay the Taxes on the date on which the first instalment thereof becomes due and payable.
- (b) Nothing herein shall create, with respect to any monies paid pursuant hereto, a relationship of trust between the Mortgagee and the Mortgagor nor shall the Mortgagee be accountable to the Mortgagor for any interest on any monies so received or for any penalties accruing from time to time on unpaid Taxes.
 - (c) The Mortgagor will transmit to the Mortgagee true copies of the assessment notices, tax bills and other notices affecting the imposition of Taxes forthwith upon receipt of the same by the Mortgagor.
 - (d) The Mortgagor shall in all instances be responsible for the payment of any and all penalties resulting from any late payment of current tax instalments or any arrears of taxes, and at no time shall such penalty be the responsibility of the Mortgagee.

14. Good Title

The Mortgagor covenants that it has a good title in fee simple to the Mortgaged Premises.

15. Right to Mortgage

The Mortgagor covenants that it has the right to give the Mortgage.

16. Quiet Possession

The Mortgagor covenants that on default the Mortgagee shall have quiet possession of the Mortgaged Premises, free from all encumbrances except those disclosed at the date of the

Mortgage by the records of the appropriate land registry office and as agreed to by the Mortgagee.

17. Further Assurances

The Mortgagor covenants that it will execute such documents and further assurances of the Mortgaged Premises and take such action, all at its own expense, as may be requisite to carry out the intention of the Mortgage.

18. No Act to Encumber

The Mortgagor covenants that it has done no act to encumber the Mortgaged Premises, except as the records of the appropriate land registry office disclose; the Mortgagor shall not, without the Mortgagee's prior written approval, charge or otherwise encumber the Mortgaged Premises or any part thereof or interest therein or permit any lien, charge or encumbrance thereon.

19. Adverse Change

The Mortgagor covenants and agrees to inform the Mortgagee of any circumstances, events, actions, claims or changes which have or may have an adverse effect on the Mortgagor's financial position or on the Mortgaged Premises. The Mortgagor will not change or permit to be changed, the use of the Mortgaged Premises without the prior written consent of the Mortgagee, and further that at no time shall the Mortgaged Premises be used in a manner that would contravene the legislation, laws, rules, requirements, orders, directions, ordinances and regulations of any applicable governmental authority in force from time to time.

20. Hazardous Substances

(a) The Mortgagor warrants and represents that:

- (i) no Hazardous Substances have been or will in the future be used, stored, processed, manufactured, handled or discharged in, on, under or from the Mortgaged Premises except in accordance with the Requirements of Environmental Law and provided that such Hazardous Substances have heretofore been disclosed to and approved by the Mortgagee in writing;
- (ii) neither the Mortgaged Premises nor, to the best of the Mortgagor's belief, any adjacent lands have ever been used as or for a waste disposal site or coal gasification site, and there are not now, nor were there ever, any underground storage tanks on the Mortgaged Premises;

- (iii) all permits, licences, certificates, approvals, authorizations, registrations or the like required by the Requirements of Environmental Law for the operation on the Mortgaged Premises of the business of the Mortgagor, or any tenant, subtenant, assignee or other occupant of the Mortgaged Premises, have been obtained and are valid, in full force and effect and in good standing;
 - (iv) no environmental damage has ever occurred on, or will result from the use of, the Mortgaged Premises by the Mortgagor or any tenant, subtenant, assignee or other occupant of the Mortgaged Premises; and
 - (v) there are no convictions (or prosecutions settled prior to conviction) or outstanding or threatened investigations, claims, work orders, notices, directives or other similar remedial actions against the Mortgaged Premises or the Mortgagor in relation to any Requirements of Environmental Law.
- (b) The Mortgagor covenants that the Mortgagor will:
- (i) remedy forthwith, at its own expense, any environmental damage that may occur or be discovered on the Mortgaged Premises in the future;
 - (ii) comply with and monitor, on a regular basis, its compliance and the compliance of any tenant, subtenant, assignee or other occupant of the Mortgaged Premises with all Requirements of Environmental Law;
 - (iii) notify the Mortgagee promptly of any event or occurrence that has given, or is likely to give, rise to a report, order, inquiry or investigation relating to a matter that may have an adverse effect on the financial position of the Mortgagor or the Mortgaged Premises or any action, suit or proceeding against the Mortgagor or others having an interest in the Mortgaged Premises relating to, or a violation of, the Requirements of Environmental Law, including any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of Hazardous Substances into, on or under the Mortgaged Premises, air and surface and ground water, and will also notify the Mortgagee promptly of any such above-mentioned information of which the Mortgagor has or receives knowledge relating to lands adjacent to the Mortgaged Premises;
 - (iv) not lease or consent to any sub-lease or assignment of any part of the Mortgaged Premises to a tenant, sub-tenant or assignee who may engage in, nor permit any tenant, subtenant, assignee or occupant of the Mortgaged Premises to engage in, a business involving the generation of environmental contamination or the storing, handling, processing, manufacturing or disposing of Hazardous Substances in, on, under or from the Mortgaged Premises save and except in accordance with the Requirements of Environmental Law, and any lease, sub-lease, or assignment of any part of the Mortgaged Premises shall preserve as

against any lessee, sub-lessee or assignee all of the rights of the Mortgagee herein;

- (v) save and except for those Hazardous Substances which are present on, in or under the Mortgaged Premises in accordance with Requirements of Environmental Law and which have been disclosed to the Mortgagee in writing, remove, in accordance with all Requirements of Environmental Law, any Hazardous Substances from the Mortgaged Premises forthwith upon their discovery and advise the Mortgagee forthwith in writing of the procedures taken;
 - (vi) provide to the Mortgagee upon request such information, certificates, or statutory declarations as to compliance with the provisions hereof and all Requirements of Environmental Law and conduct such environmental audits or site assessments as may be reasonably necessary to ensure compliance with the Requirements of Environmental Law, and provide to the Mortgagee copies of any environmental, soils, safety or health reports or studies in respect of the Mortgaged Premises that it receives or possesses from time to time; and
 - (vii) permit the Mortgagee to conduct inspections and appraisals of all or any of its records, business and property at any time and from time to time to monitor compliance with the Requirement of Environmental Law.
- (c) The Mortgagor hereby indemnifies the Mortgagee, its officers, directors, employees, agents and its shareholders and agrees to hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever which at any time or from time to time may be paid, incurred or asserted against any of them for, with respect to, or as direct result of, the presence on or under, or the discharge, emission, spill or disposal from, the Mortgaged Premises or into any land, the atmosphere, or any watercourse, body of water or wetland, of any Hazardous Substances where it has been proven that the source of the Hazardous Substances is the Mortgaged Premises, including, without limitation: (i) the costs of defending and/or counter-claiming over against third parties in respect of any action or matter; and (ii) any cost, liability or damage arising out of a settlement of any action entered into by the Mortgagee with the consent of the Mortgagor (which consent shall not be unreasonably withheld), and the provisions of and undertaking and indemnification set out in the section shall survive the satisfaction and release of this Mortgage and payment and satisfaction of this Mortgage and liability of the Mortgagor to the Mortgagee pursuant to this Mortgage. The indemnity contained herein in favour of the Mortgagee shall enure to the benefit of the Mortgagee's successors and assigns of this Mortgage.
- (d) The Mortgagor, at its sole cost and expense, shall comply, or cause its tenants, agents and invitees, at their sole cost and expense, to comply, with all federal, provincial and municipal laws, rules and regulations and orders with respect to the discharge and removal of hazardous or toxic wastes and with respect to the

discharge of contaminants into the natural environment, pay immediately when due the cost of removal of any such wastes and the cost of any improvements necessary to deal with such contaminants and keep the mortgaged premises free and clear of any lien imposed pursuant to such laws, rules and regulations. In the event the Mortgagor fails to do so, after notice to the Mortgagor and the expiration of the earlier of (a) any applicable cure period under this Mortgage or (b) the cure period under any the applicable law, rule, regulation or order, the Mortgagee, at its sole option, may declare this Mortgage to be in default.

The Mortgagor shall indemnify and hold the Mortgagee harmless from and against all loss, costs, damage or expense (including, without limitation, legal fees and costs incurred in the investigation, defence and settlement of any claim) relating to the presence of any hazardous waste or contaminant referred to herein.

- (e) The Mortgagor and the Guarantors acknowledge that notwithstanding the foregoing, the terms and provisions of The “Offer of Finance” (as hereinafter defined) are also incorporated into this Mortgage.

21. Insurance

The Mortgagor will forthwith insure and during the continuance of this security keep insured to their full respective insurable value each and every building on the said lands or which may hereafter be brought or erected thereon, against loss or damage by fire, such policy or policies of insurance to include the broadest extended coverage endorsement available for the type of improvement or improvements, building or buildings, on the said lands and if required by the Mortgagee, the Mortgagor will also insure against loss or damage by plate glass breakage, boiler explosion and such other insurable risks or hazards as the Mortgagee may designate;

And all such insurance shall be carried in a company or companies approved by the Mortgagee and under policies satisfactory in form to the Mortgagee;

And the loss clause in all such policies shall be made payable to the Mortgagee subject to the rights of the first Mortgagee on the Mortgaged Premises and no insurance will be carried on improvements or buildings on the said lands other than such as is made payable to the Mortgagee in accordance with the provisions of this paragraph;

the Mortgagee and no insurance will be carried on improvements or buildings on the said lands other than such as is made payable to the Mortgagee in accordance with the provisions of this paragraph;

And the Mortgagor will not do or omit or cause or suffer anything to be done or omitted whereby the policy or policies of insurance may be voided or become void;

And the Mortgagor will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due;

And the Mortgagor will forthwith assign and deliver to the Mortgagee the policy or policies of insurance and all renewal receipts thereof appertaining;

And the Mortgagor will deliver evidence of renewal to the Mortgagee at least seven days prior to the expiration of any policy;

And in the event of any breach of the foregoing covenants respecting insurance the Mortgagee, without prejudice to its other rights hereunder, may, at its option, effect such insurance as it may deem necessary on behalf of the Mortgagor and any amount paid therefore by the Mortgagee shall be payable forthwith to the Mortgagee and shall be a charge upon the said unit and shall bear interest at the aforesaid rate from the time of such payments until paid;

22. Waste, Maintenance, Repair and Inspection

The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not permit waste to be committed or suffered on the Mortgaged Premises and the Mortgagor will not remove or attempt to remove from the Mortgaged Premises any building, structure or improvement forming part of the Mortgaged Premises and the Mortgagor shall refrain from doing anything or allowing anything to be done which would result in an impairment or diminution of the value of the Mortgaged Premises. The Mortgagor will maintain such buildings, structures, or other improvements in good order and repair to the satisfaction of the Mortgagee. The Mortgagee may, whenever it deems necessary, enter upon, inspect, and conduct environmental audits on the Mortgaged Premises and review such records and information relating thereto and may require the Mortgagor, at its sole expense, to effect such repair or remediation of which the Mortgagor is notified by the Mortgagee and to effect such action as the Mortgagee may direct to prevent damage to the Mortgaged Premises, or the Mortgagee may effect such repairs, remediation or action as it deems necessary and the Mortgagor shall execute all consents, authorizations and directions that are required to permit any such inspection, review, repair, remediation or action and the cost thereof and of such inspection, review, repair,

remediation or action, together with interest thereon at the Interest Rate, shall be payable forthwith by the Mortgagor to the Mortgagee and shall be added to the Indebtedness and secured by the Mortgage.

If the Mortgagor shall neglect to keep the Mortgaged Premises in good condition and repair, or shall commit or permit any act of waste on the Mortgaged Premises (as to which the Mortgagee shall be the sole judge) or shall attempt to remove any building, structure or improvement forming part of the Mortgaged Premises, all monies hereby secured shall, at the option of the Mortgagee, forthwith become due and payable, and in default of payment of same with interest, as in the case of payment before maturity, the powers of entering upon and leasing or selling hereby given to the Mortgagee and all other remedies herein contained may be exercised forthwith.

The Mortgagee or agent of the Mortgagee may, at any time, before and after default, and for any purpose deemed necessary by the Mortgagee, enter upon the Mortgaged Premises to inspect the lands and buildings thereon. Without in any way limiting the generality of the foregoing, the Mortgagee (or its agent) may enter upon the Mortgaged Premises to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Mortgagee and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Interest Rate, shall be payable by the Mortgagor forthwith and shall be a charge upon the Mortgaged Premises. The exercise of any powers enumerated in this clause shall not deem the Mortgagee or its agent to be in possession, management or control of the said lands and buildings.

Notwithstanding the foregoing, the Mortgagor covenants and agrees with the Mortgagee that in the event of default in the payment of any instalment or other monies payable hereunder by the Mortgagor or on breach of any covenant, proviso or agreement herein contained, after all or any of the monies hereby secured have been advanced, the Mortgagee may, at such time or times as the Mortgagee may deem necessary and without the concurrence of any person, enter upon the Mortgaged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Mortgaged Premises or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Mortgaged Premises, as the Mortgagee may deem expedient; and all reasonable costs, charges

and expenses including, but not limited to, allowances for the time and services of any employee of the Mortgagee or other person appointed for the above purposes, and a servicing fee shall be forthwith payable to the Mortgagee by the Mortgagor and shall be a charge upon the Mortgaged Premises and shall bear interest at the aforesaid rate until paid.

23. Alterations

The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not make or permit to be made any alterations or additions in the Mortgaged Premises without the consent of the Mortgagee.

24. Observance of Laws

The Mortgagor covenants and agrees with the Mortgagee to promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directions, ordinances and regulations of every governmental authority or agency concerning the Mortgaged Premises (including without limitation all Requirements of Environmental Law) as well as with all private covenants and restrictions affecting the Mortgaged Premises and the Mortgagor further agrees at its own cost and expense to make any and all repairs, alterations and improvements ordinary or extraordinary, which may be required at any time hereafter by any such present or future law, rule, requirement, order, direction, ordinance, regulation, covenant or restriction.

25. Financial Statements

The Mortgagor covenants and agrees with the Mortgagee to maintain at all times proper records and books of account with respect to the Mortgaged Premises and to furnish to the Mortgagee within 90 days after the end of each fiscal year of the Mortgagor, or more often if requested by the Mortgagee, an updated rent roll containing relevant lease terms for the Mortgaged Premises and a detailed, unaudited financial statement of the Mortgagor including separate and specific income and expense statements and an operating statement, relating to the Mortgaged Premises and the business of the Mortgagor pertaining thereto, all prepared in accordance with generally accepted accounting principles, certified by the Mortgagor's independent, qualified accountants of recognized standing who are authorized to perform audits in Nova Scotia and accompanied by detailed balance sheets, profit and loss statements and all supporting schedules for the fiscal year or calendar year and any other information concerning the Mortgagor which has been made available by the Mortgagor to the public during the fiscal

year, all of which shall be in form and content satisfactory to the Mortgagee. Such statements shall clearly identify the Mortgaged Premises both by municipal address and by the Mortgagee's mortgage reference number. The Mortgagor further covenants and agrees to provide the Mortgagee with such further financial information as required by the Mortgagee.

Where the Mortgagor is a corporation, each such Mortgagor agrees to complete and effect all necessary actions to continue and maintain its corporate existence and to provide evidence to the Mortgagee, within 90 days after the end of each fiscal year of such Mortgagor, of the continuation and maintenance of such corporate existence.

The Mortgagee may, either by its officers or authorized agents at any time during normal business hours, inspect and examine the records and books of account of the Mortgagor relating to the Mortgaged Premises and the business of the Mortgagor pertaining thereto and make copies or extracts from them and generally conduct such examination of the records and books of account and other records of the Mortgagor as the Mortgagee may deem necessary and the Mortgagor will, immediately upon the request of the Mortgagee, advise where the records and books of account are maintained and will render such assistance in connection with such examination as the Mortgagee deems necessary.

26. Assignment of Rents and/or Leases

As additional security for payment of the Indebtedness, the Mortgagor hereby assigns and sets over unto the Mortgagee all rents and other sums payable from time to time under leases of the Mortgaged Premises or any part thereof whether presently existing or arising in the future, together with the benefit of all covenants, guarantees and/or indemnities contained in the said leases or collateral thereto, in favour of the Mortgagor; provided that nothing herein contained shall be deemed to subordinate any of the rights of the Mortgagee to any such lease or to make the Mortgagee responsible for the collection of such rents or any part thereof or for the performance or enforcement of any covenants, guarantee and/or indemnities contained in any such lease or collateral thereto, and that the Mortgagee shall not, by virtue of these provisions or the collection of rents and other sums, be deemed a chargee or mortgagee-in-possession of the Mortgaged Premises; and provided further that the Mortgagee shall be liable to account for only such monies as may actually come into its hands by virtue of these provisions less proper collection charges and that such monies when so received by the Mortgagee may be applied on

account of the Indebtedness and pending application by the Mortgagee, the same shall be deemed to form part of the Mortgaged Premises and be subject to the charge hereby created and shall be held by the Mortgagee as additional security for the repayment of the Indebtedness; and provided further that the Mortgagee will not cause the tenants under the said leases or any of them to pay rent to the Mortgagee unless and until default has occurred or has been deemed to have occurred under the provisions contained in the Mortgage; and the Mortgagor covenants with the Mortgagee to perform all of the lessor's covenants and obligations contained in all such leases and that it will not accept any prepayment of rent or other sums owing under any such lease in excess of the final month's rent (if prepayment of the final month's rent is provided for in the lease), and will not amend or accept a surrender of any such lease without first obtaining the Mortgagee's consent in writing.

The Mortgagor covenants and agrees to execute and deliver to the Mortgagee from time to time forthwith on request by the Mortgagee assignments of leases and assignments of rents with respect to any and all leases and agreements to lease of all or any portion of the Mortgaged Premises now or hereafter from time to time granted or entered into by the Mortgagor, all of such assignments to be held by the Mortgagee as further security for payment of the Indebtedness. Such assignments shall be acceptable to the Mortgagee as to form and content and shall include the benefit of all guarantees or indemnities given or to be given in respect of the obligations of tenants under the said leases.

27. Security Interest in Chattels

The Mortgagor covenants and agrees to execute and deliver to the Mortgagee, on demand, a security interest in all chattels, furnishings, equipment, appliances and all other personal property owned now or in the future by the Mortgagor and situate in or about the Mortgaged Premises. The form and content of such security interest shall be acceptable to the Mortgagee. The Mortgagor agrees to pay all legal and other expenses incurred by the Mortgagee in connection with the preparation and registration of the security interest and any renewals thereof forthwith upon demand and such fees and expenses, together with interest thereon at the Interest Rate, shall be added to the Indebtedness and secured by the Mortgage.

28. Builders' Lien Act

At the time of each advance there shall have been full and complete compliance with all requirements of the Builders Lien Act of the Province of Nova Scotia, as amended and/or restated from time to time, and the Mortgagor shall submit to the Mortgagee, in form and content satisfactory to the Mortgagee, evidence of such compliance. The Mortgagor agrees that the Mortgagee shall be entitled to withhold from any advance, or pay into court as an advance, such amounts as the Mortgagee, in its sole discretion, considers advisable to protect its interests from subordination under the provisions of the said act, and to secure the priority of the Mortgage over any actual or potential construction liens. Nothing in this paragraph shall be construed to make the Mortgagee an "owner" or "payer" as defined by the said act, nor shall there be, or be deemed to be, any obligation by the Mortgagee to retain any holdback or otherwise or to maintain on the Mortgagor's behalf any holdback which may be required to be made by the owner or payer. Any such obligation shall remain solely the Mortgagor's obligation. The Mortgagor hereby covenants and agrees to comply in all respects with the provisions of the said act.

The Mortgagor covenants and agrees to provide to the Mortgagee, prior to each advance, statutory declarations sworn by an officer of the Mortgagor and outlining the particulars of all contracts entered into by the Mortgagor in respect of the supply of services or materials to any improvements on the Mortgaged Premises. Such statutory declarations shall be acceptable to the Mortgagee as to form and content. In addition, the Mortgagor covenants and agrees to produce such contracts for examination by the Mortgagee if and whenever the Mortgagee shall so require.

The Mortgagor covenants and agrees that all improvements to the Mortgaged Premises shall comply in all respects with the provisions of the said Act and if a construction lien is filed against all or part of the Mortgaged Premises, then within ten (10) days after receipt of notice thereof, the Mortgagor shall have the lien vacated or discharged. If the Mortgagor fails to do so, then in addition to its other rights provided herein, the Mortgagee shall be entitled to pay into court a sum sufficient to obtain an order vacating such lien or to purchase a financial guarantee bond in the form prescribed under the said act. All costs, charges and expenses incurred by the Mortgagee in connection with such payment into court or in connection with the purchase of a financial guarantee bond or in connection with any legal proceedings described below, together with interest thereon at the Interest Rate, shall be added to the Indebtedness and secured by the Mortgage and shall be payable forthwith by the Mortgagor to the Mortgagee. If any person that

performs work, labour or services or that provides materials to or for the Mortgaged Premises, names the Mortgagee as a party to any legal proceedings which it takes to enforce a construction lien or trust claim, then the Mortgagor agrees to reimburse the Mortgagee for, and indemnify the Mortgagee against any and all legal expenses (on a solicitor and his own client basis) incurred by the Mortgagee in such legal proceedings.

29. Building Mortgage

Provided that the Mortgagor agrees that if the Mortgage is a charge taken with an intention to secure the financing of any improvements on the Mortgaged Premises, or if the Mortgage is taken out to repay any such charge, the following conditions shall apply:

All construction on the Mortgaged Premises shall be carried out by reputable contractors with sufficient experience in a project of this nature and size, which contracts must be previously approved by the Mortgagee in writing.

The renovations to, or construction of, any buildings, structures and improvements located on the Mortgaged Premises, having been commenced, shall be continued in a good and workmanlike manner, with all due diligence and in accordance with the plans and specifications delivered to and approved by the Mortgagee and to the satisfaction of all governmental and regulatory authorities having jurisdiction.

Provided that should construction of the Mortgaged Premises cease for any reason whatsoever (strikes, material shortages and weather conditions beyond the control of the Mortgagor excepted) for a period of at least ten (10) consecutive Business Days, then the Indebtedness, at the option of the Mortgagee, shall immediately become due and payable. In the event that construction does cease, then the Mortgagee shall have the right, at its sole option, to assume complete control of the construction in such manner and on such terms as it deems advisable. The cost of completion incurred by the Mortgagee and all costs and expenses incidental thereto, together with a management fee of ten percent (10%) of the cost of such construction, shall, be added to the Indebtedness and secured by the Mortgage together with interest thereon at the Interest Rate, and shall be payable by the Mortgagor upon demand.

At all times the Mortgagee shall be entitled to retain, unadvanced, that portion of the Principal Amount required, in its sole opinion, to complete the construction of the Mortgaged

Premises as well as an amount equal to the aggregate of all holdbacks required to be maintained by an “owner” under the Builders’ Lien Act.

The Mortgagor covenants and agrees to maintain the Mortgaged Premises in good repair and shall commit no waste and that any major changes, additions and/or alterations to the Mortgaged Premises including major changes in the use thereof shall be subject to the prior written approval of the Mortgagee.

30. Fixtures

It is the intention of the parties hereto that the building or buildings forming part of the Mortgaged Premises form part of the security for the full amount of the monies secured by the Mortgage. It is hereby mutually covenanted and agreed by and between the parties hereto that all erections, buildings, improvements, machinery, plant, furnaces, boilers, oil burners, stokers, electric light fixtures, plumbing and heating equipment, refrigeration equipment, air conditioning and cooling equipment, screen doors and windows, gas and electric stoves and water heaters, floor coverings, window coverings, and all apparatus and equipment appurtenant thereto, which are now or which shall hereafter be placed or installed upon the Mortgaged Premises, are or shall thereafter be deemed to be fixtures and an accession to the freehold and a part of the Mortgaged Premises as between the parties hereto, their heirs, executors, administrators, successors, legal representatives and assigns, and all persons claiming by, through or under them, and shall be subject to the Mortgage.

31. Payments by Mortgagee

The Mortgagee may pay any or all premiums of insurance and any or all Taxes, rates, liens, utility and heating charges which shall from time to time fall due and be unpaid in respect of the Mortgaged Premises and such payments together with all costs, charges, legal fees and disbursements (as between a solicitor and his own client) and all appraisal costs and expenses, survey costs and expenses, and all other expenses whatsoever, which may be incurred in taking, recovering and keeping possession of the Mortgaged Premises, and in negotiating this Mortgage, investigating title and preparing and registering this Mortgage and other documents related thereto and generally in any other proceedings taken in connection with or to realize or protect this security (including legal fees on a solicitor and his own client basis and real estate commissions and other costs incurred in leasing or selling the Mortgaged Premises or in

exercising the power of entering, lease and sale herein contained) shall be, with interest at the Interest Rate, a charge upon the Mortgaged Premises in favour of the Mortgagee and secured by this Mortgage. All amounts paid by the Mortgagee as aforesaid shall be added to the Indebtedness hereby secured and shall be payable forthwith with interest at the Interest Rate and in default this Mortgage, including all such amounts, shall immediately become due and payable, at the option of the Mortgagee, and all remedies, rights and powers conferred in this Mortgage shall be exercisable.

The Mortgagor covenants and agrees with the Mortgagee that if the Mortgagee makes any payment, in connection with its priority, whether such payment is made to a lien claimant or other person claiming an interest in the Mortgaged Premises or is paid into court, then the amount or amounts so paid and all costs, charges and expenses incurred in connection therewith shall be a charge on the Mortgaged Premises and shall be added to the debt hereby secured and shall bear interest at the said rate and, in default of payment, the powers of sale and other remedies hereunder may be exercised.

It is further agreed that the Mortgagee shall not become a Mortgagee in possession by reason only of exercising any of the rights given to it under this paragraph or in making any payment to preserve, protect or secure the Mortgaged Premises.

32. Prior Encumbrances etc.

It is hereby agreed, that the Mortgagee may pay the amount of any encumbrance, lien, claim or charge now or hereafter existing, arising or claimed upon or against the Mortgaged Premises having priority, or purporting to have priority, over the Mortgage, including any Taxes, and may pay all costs, charges and expenses including legal costs, calculated as between solicitor and his own client, whether or not any action or any other proceeding is taken, which may be incurred in taking, recovering, protecting and keeping possession of the Mortgaged Premises and/or collecting all or any portion of the Indebtedness payable by the Mortgagor under the Mortgage, and all costs incurred in preserving the priority of the Mortgagee hereunder and in defending all claims against that priority, including all amounts, costs, charges and expenses incurred by the Mortgagee as a consequence of the Mortgagor's default hereunder, and all such amounts, costs, charges and expenses so paid shall, together with interest thereon at the Interest Rate, be added to the Indebtedness and secured by the Mortgage, and shall be payable forthwith

by the Mortgagor to the Mortgagee. In the event of the Mortgagee paying the amount of any such encumbrance, lien, claim or charge, Taxes, either out of the monies advanced under the Mortgage or otherwise, it shall be entitled and subrogated to all the rights, equities and securities of the Person so paid, without the necessity of a formal assignment, and the Mortgagee is hereby authorized to retain any discharge thereof, without registration, if it thinks proper to do so.

33. Distress

Provided that the Mortgagee may distrain for arrears of interest and for arrears of principal and for any other monies lawfully charged against the Mortgaged Premises in the same manner as if the same were arrears of interest.

34. Acceleration

In addition to the Mortgagee's other rights under the Mortgage, at law, in equity, or otherwise (including the right to require payment of the Indebtedness or any part thereof), the Indebtedness shall, at the option of the Mortgagee, become immediately due and payable in each of the following events of default:

- (a) default by the Mortgagor in the payment of all or any portion of the Indebtedness when due under the Mortgage or any other indebtedness due under any other mortgage, encumbrance, lien or other charge ranking in priority or subsequent to the Mortgage;
- (b) failure by the Mortgagor to observe or perform any other covenant and obligation contained herein or in any instrument providing additional security for the Indebtedness or any part thereof;
- (c) breach of any other of the Mortgagor's covenants or other obligations under the provisions of any encumbrance, mortgage, lien or other charge ranking in priority or subsequent to the Mortgage;
- (d) any order is made or resolution passed for the winding-up, liquidation or other dissolution of the Mortgagor or any Guarantor (if either is a corporation), the Mortgagor or any Guarantor makes an assignment for the benefit of creditors, any proceedings shall be instituted by or against the Mortgagor or the Guarantor adjudicating it a bankrupt, or insolvent, or seeking liquidation, winding-up, dissolution, reorganization, arrangement, protection, or relief of either of them or their debts under any law relating to bankruptcy, insolvency creditors' arrangements or reorganization or relief of debtors or other similar law, or seeking the appointment of a receiver, receiver and manager, trustee or other similar official of either of them or in respect of all or any of their respective undertaking, property or assets, or either of the Mortgagor or any Guarantor is declared

bankrupt or a receiver, receiver and manager, trustee or other similar official is appointed of either of them or any of their respective undertaking, property and assets, or power of sale or foreclosure proceedings are commenced against the Mortgaged Premises;

- (e) an encumbrancer takes possession of any part of the Mortgaged Premises, or distress, execution or other similar process is brought against, or a liquidator, or receiver is appointed or an application for such appointment is made with respect to, all or any part of the undertaking, property or assets of the Mortgagor or any Guarantor;
- (f) any representation or warranty made by or on behalf of the Mortgagor in connection with the Mortgage, is untrue or incomplete;
- (g) the Mortgagor or any Guarantor fails to observe or perform any of its obligations in any Offer of Finance letter or application for charge that may have been made; or
- (h) there has been a material adverse change in:
 - (i) the financial position of the Mortgagor or any Guarantor,
 - (ii) the Mortgagor's representations and warranties made in connection with the Mortgage, or
 - (iii) the Mortgaged Premises.
- (i) the Mortgagor's license issued under the *Homes for Special Care Act* for Mortgaged Premises is not issued, cancelled or not renewed.

35. No Merger on Judgment

It is hereby agreed, that the taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Mortgagee's right to interest at the rate and times herein provided; and further that said judgment shall provide that interest thereon shall be computed at the Interest Rate and in the same manner as herein provided until the said judgment shall have been fully paid and satisfied.

36. Subsequent Financing

The Mortgagor will not further encumber the Lands by any mortgage(s) or debenture debt (including collateral debt) or other charge or lien whatsoever, without the written consent of the Mortgagee.

37. Possession

The Mortgagor covenants and agrees with the Mortgagee that upon default by the Mortgagor in the payment of the Indebtedness or in the performance or observance of any covenant, proviso or condition contained in the Mortgage, the Mortgagee may at its sole option and at such time or times as it may deem necessary and without the concurrence of any Person, enter into possession of the Mortgaged Premises and may complete the construction thereof, repair any buildings, structures or improvements forming part of the Mortgaged Premises, inspect, take care of, and lease the Mortgaged Premises for such term and subject to such provisions as it may deem advisable or expedient (including providing any leasehold improvements the Mortgagee deems necessary, in its sole discretion, to lease the Mortgaged Premises), collect the rents of, and manage the Mortgaged Premises as it may deem expedient, and all costs, charges and expenses incurred by the Mortgagee in connection with the exercise of any such rights (including allowances for the time, service and effort of any officer of the Mortgagee or other person appointed for the above purposes) and shall, together with interest thereon at the Interest Rate, be added to the Indebtedness and secured by the Mortgage and shall be forthwith payable by the Mortgagor to the Mortgagee. Any lease made by the Mortgagee while in possession of the Mortgaged Premises shall continue for the full term and any permitted renewals thereof notwithstanding the termination of the Mortgagee's possession.

38. Receiver

Notwithstanding anything herein contained, it is hereby agreed and declared that at any time and from time to time when there shall be default by the Mortgagor under the provisions of this Mortgage, the Mortgagee may, at such time and from time to time and with or without entry into possession of the Mortgaged Premises or any part thereof by writing under its hand appoint a receiver of the Mortgaged Premises or any part thereof and of the rents and profits thereof or only of the rents and profits thereof and with or without security and may from time to time by similar writing remove any receiver and appoint another in his stead and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor. Upon the appointment of any such receiver or receivers from time to time, the following provisions shall apply:

- (a) The statutory declaration of an officer of the Mortgagee as to default by the Mortgagor under the provisions of this Mortgage shall be conclusive evidence thereof;
- (b) Every such receiver shall be the irrevocable agent or attorney of the Mortgagor for the collection of all rents and other monies receivable in respect of the Mortgaged Premises or any part thereof;
- (c) Every such receiver may, in the discretion of the Mortgagee and by writing under its hand, be vested with all or any of the powers and discretions of the Mortgagee;
- (d) The Mortgagee may from time to time by such writing fix the remuneration of every such receiver;
- (e) Every such receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Mortgagor and in no event the agent or attorney of the Mortgagee;
- (f) The appointment of every such receiver by the Mortgagee shall not incur or create any liability on the part of the Mortgagee to the receiver in any respect and such appointment or anything which may be done by any such receiver or the removal of any such receiver or the termination of any such receivership shall not have the effect of constituting the Mortgagee a mortgagee in possession in respect of the Mortgaged Premises or any part thereof;
- (g) Every such receiver shall from time to time have the power to rent any portion of the Mortgaged Premises which may become vacant for such term and subject to such provisions as he may deem advisable or expedient and in so doing every such receiver shall act as the attorney or agent of the Mortgagor and he shall have authority to execute under seal any lease of any portion of the Mortgaged Premises in the name of and on behalf of the Mortgagor and the Mortgagor undertakes to ratify and confirm whatever any such receiver may do in the Mortgaged Premises;
- (h) Every such receiver shall have full power to complete any unfinished building or buildings or other improvements upon the Mortgaged Premises or any part thereof with the intent that any building or improvement thereon when so completed shall be a complete structure;
- (i) Every such receiver shall have full power to manage, operate, amend, repair, alter or extend the Mortgaged Premises or any part thereof in the name of the Mortgagor for the purpose of securing the payment of rental from the Mortgaged Premises or any part thereof;
- (j) No such receiver shall be liable to the Mortgagor to account for monies or damages other than cash received by him in respect of the Mortgaged Premises or any part thereof and out of such cash so received every such receiver shall, in the following order or in such other order as the Mortgagee may from time to time direct, pay:

- (i) his remuneration aforesaid;
 - (ii) all payments, costs, charges and expenses including, without limitation, costs as between solicitor and client made or incurred by him in connection with the completion of any unfinished building or buildings or other improvements upon, or the management, operation, amendment, repair, alteration or extension of, the Mortgaged Premises or any part thereof;
 - (iii) all interest, principal and other money which may, from time to time, be or become charged upon the Mortgaged Premises in priority to this Mortgage, and all taxes, insurance premiums and every other proper expenditure made or incurred by him in respect to the Mortgaged Premises or any part thereof;
 - (iv) to the Mortgagee all monies due or falling due under this Mortgage and to the extent elected by the Mortgagee, all monies owing but not yet due under this Mortgage;
 - (v) and thereafter every such receiver shall be accountable to the Mortgagor for any surplus remaining in the hands of such receiver;
- (k) The Mortgagee may at any time and from time to time terminate any such receivership by notice in writing under its hand to the Mortgagor and to any such receiver;
- (l) Save as to claims for accounting under clause (j) of this paragraph, the Mortgagor hereby releases and discharges the Mortgagee and every such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Mortgagor or any person claiming through or under him by reason of anything done by the Mortgagee or any such receiver under the provisions of this paragraph unless such claim be the direct and proximate result of dishonesty or gross neglect.

39. Transfers

Subject always to the terms of the Offer of Finance (as that term is hereinafter defined), if a Transfer occurs and if:

- (a) the Mortgagor, or any subsequent owner of the Mortgaged Premises, fails to apply for the approval of the Mortgagee as to the Transferee and the terms and conditions of the Transfer,
- (b) the Mortgagee does not approve the Transferee (which approval shall not be unreasonably withheld by the Mortgagee),
- (c) the Mortgagee does not approve the terms and conditions of the Transfer (which approval shall not be unreasonably withheld by the Mortgagee), or

- (d) the Transferee fails to enter into an assumption agreement agreeing to assume the Mortgage and any amendments hereto, and any collateral agreements and to pay the Indebtedness at the times and in the manner set out in the Mortgage and to observe, perform, keep and be liable under and be bound by every covenant, condition and obligation contained in the Mortgage and any amendments hereto, and any collateral agreements, to be performed by the Mortgagor thereunder (including this obligation) at the time and in the manner and in all respects as therein contained and to be bound by each and all of the terms, covenants, conditions and obligations of the Mortgage and any amendments hereto, and any collateral agreements as though the same had originally been made, executed and delivered by such Transferee as Mortgagor,

then, and in any such case, the outstanding Indebtedness shall, at the option of the Mortgagee, immediately become due and payable.

If the Mortgagor is a corporation, any transfer or issue by sale, assignment, bequest, inheritance, operation of law or other disposition, or by subscription, from time to time of all or any part of the shares in the capital of the Mortgagor to any Person or group of Persons resulting in a change in control of the Mortgagor shall be deemed to be a Transfer within the meaning of the Mortgage and the Transferee shall be deemed to be the Person or Persons who acquired the said shares and the provisions hereof in respect of any Transfer and any Transferee (except for the requirement for the Transferee to enter into an assumption agreement) shall apply with all necessary changes thereto. The Mortgagor shall make available to the Mortgagee, or its representatives, all of its corporate books and records for inspection and provide such other information required by the Mortgagee in order to ascertain whether a change in control has occurred.

The Mortgagee shall be entitled to charge a servicing fee to process each request for approval, as herein contemplated, which fee shall be payable by the Mortgagor in advance.

Acceptance by the Mortgagee of payments by any Transferee shall not be or be deemed to be approval or acceptance of the Transferee. It is understood further that no sale or consent to sale or assumption of this Mortgage by the Transferee shall in any way release or otherwise affect the personal covenants or obligations of the Mortgagor herein named or any Guarantor or other person liable for payment of the Indebtedness.

The Mortgagor covenants and agrees with the Mortgagee that any change of ownership (beneficial or otherwise) or control of the Mortgagor, or any change of ownership (beneficial or

otherwise), control, transfer or sale of the Mortgaged Premises or part thereof, without the Mortgagee's prior written consent, shall, at the discretion of the Mortgagee, constitute a default under this Mortgage and the Mortgage shall become immediately due and payable. The Mortgagee may require as one of the terms for giving consent that the Purchaser or Transferee shall execute an assumption agreement in favour of the Mortgagee.

40. Releases

It is hereby agreed that the Mortgagee may at all times at its discretion release any part or parts of the Mortgaged Premises from the security of the Mortgage or any other security for the Indebtedness either with or without any consideration therefor, without thereby releasing any Person from the Mortgage or from any of the covenants herein contained, and no such release shall diminish or prejudice this Mortgage or such other security as against the portion of the Mortgaged Premises remaining unreleased.

41. Sales

It is hereby agreed that no sale or other dealing by the Mortgagor with the Mortgaged Premises or any part thereof, whether with the consent or approval of the Mortgagee or not, shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor, or any other Person liable for payment of the Indebtedness.

42. Extension of Time

No extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor, or any other dealing by the Mortgagee with the owner of the Mortgaged Premises, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any Guarantor or any other person liable for the payment of the Indebtedness.

43. Statements

The Mortgagee will provide to the Mortgagor, once per year, without charge, an annual mortgage statement in the Mortgagee's standard form. In addition, upon request, the Mortgagee will provide the Mortgagor, without charge, one additional mortgage statement per calendar year, in the Mortgagee's standard form. If the Mortgagor requests additional statements or quotations, it shall pay to the Mortgagee in advance such processing fee as the Mortgagee may require.

44. Discharge

The Mortgagee shall have a reasonable time after payment of the Indebtedness within which to prepare and execute a discharge of the Mortgage, and interest as aforesaid shall continue to run and accrue until actual payment in full of the Indebtedness has been received by the Mortgagee, and all legal and other expenses for the preparation and execution of such discharge, including the Mortgagee's then current standard discharge fee, shall be paid by the Mortgagor.

45. Expropriation

It is hereby agreed that if the Mortgaged Premises or any material part thereof shall be expropriated by any government authority, body or corporation having powers of expropriation, the Indebtedness shall, at the Mortgagee's option, forthwith become due and payable, together with interest thereon at the Interest Rate to the date of payment and together with a bonus equal to a sum of three months' interest at the Interest Rate, calculated on the amount of Indebtedness consisting of the Principal Amount. Further and without limiting any of the foregoing, in the event that any portion of the Mortgaged Premises shall be purchased, acquired by agreement, or otherwise taken for any public work whatsoever pursuant to any applicable legislation or regulation, then, and in such event any and all consideration or compensation whatsoever payable to the Mortgagor or anyone claiming an interest under or through the Mortgagor shall be payable to and shall be paid to the Mortgagee accordingly, and further any such compensation paid to or to the order of or received by the Mortgagor shall be and be deemed to be held in trust for the Mortgagee.

46. Waiver

It is understood and agreed that a waiver in one or more instances of any of the terms, covenants, conditions or provisions hereof or of the obligations secured by the Mortgage shall apply to the particular instance or instances and at the particular time or times only. And no such waiver shall be deemed a continuing waiver, but all of the terms, covenants, conditions and other provisions of the Mortgage and of the obligations secured thereby shall survive and continue to remain in full force and effect.

47. Priority of Extension Agreements

It is understood and agreed that any agreement for the extension of the time of payment of the Indebtedness or any part thereof and any renewal of the term of the Mortgage made at, before or after maturity, and prior to the execution of a discharge of the Mortgage, altering the term, Interest Rate (whether increased or decreased), the amount of the payments of principal, interest or other monies owing and secured by the Mortgage or any other provision, covenant or condition hereof, whether made with the Mortgagor named herein or a subsequent owner of the Mortgaged Premises (and whether or not consented to by the Mortgagor named herein or any successor in title if made with a subsequent owner), need not be registered in any land registry office but shall be effectual and binding upon the Mortgagor and upon every subsequent mortgagee, encumbrancer or other person claiming an interest in the Mortgaged Premises or any part thereof.

The Mortgagor shall, forthwith on request therefor by the Mortgagee, provide or cause to be provided to the Mortgagee, at the Mortgagor's expense, all such postponements and other assurances as the Mortgagee may require to ensure or confirm the effect and priority of any such agreement. All extensions and renewals (if any) shall be done at the Mortgagor's expense (including, without limitation, payment of Mortgagee's legal expenses on a solicitor and his own client basis). No such extension or renewal, even if made by a successor in title to the Mortgagor named herein, shall in any way release or abrogate or render unenforceable the covenants or obligations of the Mortgagor named herein, or any subsequent owner, which shall continue notwithstanding such extension or renewal. Provided that nothing contained in this provision shall confer any right of renewal or extension upon the Mortgagor.

48. Severability

In the event any one or more of the provisions contained in the Mortgage shall for any reason be held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Mortgagee, be severable from and shall not affect any other provision of the Mortgage, but the Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained in the Mortgage.

49. Additional Security

The Mortgagor covenants with the Mortgagee to provide such additional security, information, documentation and assurances as may be required from time to time by the Mortgagee during the currency of this Mortgage to determine and to establish and preserve, in all respects, the priority of this Mortgage and all advances made hereunder over any rights of lien claimants pursuant to the provisions of any applicable provincial lien legislation for the Province of Nova Scotia.

50. Non-Merger of the Offer of Finance

The parties acknowledge and agree that the execution and delivery of this Mortgage, any collateral security and further assurances in support of this Mortgage shall in no way merge or extinguish the terms and provisions as extended by letter dated **OFFER LETTER SIGNING DATE**, as amended (the “Offer of Finance”); and the terms and conditions contained in the Offer of Finance shall continue in full force and effect; provided that in the case of any inconsistency or conflict between any provision of the Offer of Finance and any provision of this Mortgage, the provisions of the Offer of Finance shall prevail.

The Offer of Finance shall form part of this Mortgage and a breach of any of the terms and conditions of the Offer of Finance shall constitute a default hereunder.

51. Utilities

The Mortgagor covenants that it will pay all utility and fuel charges related to the Mortgaged Premises as and when they are due and that it will not allow or cause the supply of utilities or fuel to the Mortgaged Premises to be interrupted or discontinued and that, if the supply of fuel oil or utilities is interrupted or discontinued, it will take all steps that are necessary to ensure that the supply of utilities or fuel is restored forthwith. It is specifically agreed that the failure to pay all fuel and utility charges as and when they are due or the interruption or discontinuing of the supply of fuel or utilities to the Mortgaged Premises shall constitute a default by the Mortgagor within the meaning of this Mortgage and in addition to all other remedies provided for herein, the principal sum of the Mortgage shall, at the sole option of the Mortgagee, forthwith become due and payable.

52. Notice

Notice, if required, may be served upon the Mortgagor or any Guarantor:

- (a) by sending it through the post by a prepaid registered letter addressed to the party at the Mortgaged Premises or its last known address or in the case of a company to its head office, and any notice so served shall be deemed to have been served at the expiration of the third Business Day after posting; or
- (b) by delivering it addressed to the party at the Mortgaged Premises or its last known address or in the case of a company to its head office, and any notice so served shall be deemed to have been served on the expiration of one Business Day after delivery; or
- (c) by publishing the notice in two issues of a newspaper in general circulation in the regional municipality, county or district in which the Mortgaged Premises are situate; or
- (d) by any means whereby actual notice is given to the Mortgagor or Guarantor.

But nothing in this paragraph shall require the Mortgagee to give notice to the Mortgagor or Guarantor.

53. Interpretation and Headings

The words “hereto”, “herein”, “hereof”, “hereby”, “hereunder” and similar expressions refer to the whole of the Mortgage and not to any particular paragraph or other portion thereof and extend to and include any and every document supplemental or ancillary hereto or in implementation hereof. Words in the singular include the plural and words in the plural include the singular. Words importing the masculine gender include the feminine and neuter genders where the context so requires. Words importing the neuter gender include the masculine and feminine genders where the context so requires. Whenever two or more persons are under a liability hereunder such liability shall be both joint and several. The headings do not form part of the Mortgage and have been inserted for convenience of reference only.

54. Successors and Assigns

Every reference in the Mortgage to a party hereto shall extend to and include the heirs, executors, administrators, successors and assigns of such party. The Mortgage shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

55. Date of Mortgage

The parties hereby acknowledge and agree that for the purpose of defining “the date of the mortgage” with respect to any statutory right of prepayment, the date of the Mortgage shall be conclusively deemed to be the “Interest Adjustment Date” defined herein. For all other purposes, the Mortgage shall be deemed to be dated as of the date of signature hereof by the first named Mortgagor.

56. Legal Expenses and Costs

Wherever the Mortgage provides that any legal expenses incurred by the Mortgagee are to be paid by the Mortgagor and/or are to be secured by the Mortgage, it is understood and agreed that the same shall, at the Mortgagee's option, include a reasonable allowance for the time and effort of any of the Mortgagee's in-house lawyers.

57. Governing Law

This Mortgage shall be interpreted and governed according to the law of the Province of Nova Scotia.

58. Acknowledgement

The Mortgagor acknowledges receipt of a true copy of this Mortgage and all schedules hereto attached and forming part hereof.

59. Consent of Mortgagee

Wherever the Mortgagor is required by this Mortgage to obtain the consent or approval of the Mortgagee, it is agreed that subject to any other specific provision contained in this Mortgage to the contrary, the Mortgagee may give or withhold its consent or approval for any reason that it may see fit, in its sole and absolute discretion, and the Mortgagee shall not be liable to the

Mortgagor in damages or otherwise for its failure or refusal to give or withhold such consent or approval, and all costs of obtaining such approval shall be for the account of the Mortgagor.

PROPERTY LOCATION (PID #####)
Municipality, Nova Scotia

THIS SECURITY AGREEMENT is made the _____ day of _____, 2008.

B E T W E E N:

_____, a body corporate

(the “**Debtor**”)

OF THE ONE PART

- and -

NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION, established pursuant to the *Housing Development Corporation Act*, R.S.N.S. 1989, chapter 213,

(the “**Secured Party**”)

OF THE OTHER PART

1. SECURITY INTEREST

1.1 For consideration the Debtor hereby mortgages, charges, assigns and transfers to the Secured Party, and grants to the Secured Party a security interest in, all of the Debtor's present and after-acquired personal property of whatever nature or kind and wheresoever situate at those lands known municipally as STREET, CITY, Nova Scotia (PID #####) and more particularly described in Schedule “A” attached hereto (the “Lands”) and being the Debtor’s long term care facility operated on the Lands (the “Facility”), and all proceeds thereof and therefrom (all of which is hereinafter collectively called the “**Collateral**”) including, without limiting the generality of the foregoing:

- (a) all equipment, including, without limiting the generality of the foregoing, machinery, tools, fixtures, furniture, furnishings, chattels, motor vehicles, vessels and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing (all of which is collectively called the “**Equipment**”);
- (b) all inventory, including, without limiting the generality of the foregoing, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the “**Inventory**”);
- (c) all rents, debts, accounts, claims, demands, money and choses in action which now

are, or which may at any time hereafter be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recordings, evidencing or relating to such debts, accounts, claims, demands, money and choses in action or any part thereof (all of which is collectively called the “**Accounts**”);

- (d) all documents of title, chattel paper, instruments, securities and money, and all other goods of the Debtor that are not Equipment, Inventory or Accounts; and
- (e) all contractual rights, licenses and goodwill, of the Debtor, all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor, and all other intangible property of the Debtor which is not Accounts, chattel paper, instruments, documents of title, securities or money.

Any reference in this Agreement to Collateral shall, unless the context otherwise requires, be deemed to be a reference to Collateral as a whole or any part thereof. The mortgages, charges, assignments and transfers and the security interests created pursuant to this Agreement are hereinafter collectively called the “**Security Interests**”.

1.2 Without limiting the foregoing, all right, title and interest in all Inventory and other goods from time to time sold, delivered or supplied to the Debtor by the Secured Party shall remain in the Secured Party, at the risk of the Debtor, until the payment in full by the Debtor to the Secured Party of the purchase price of such Inventory and other goods and the Debtor has fully performed all other obligations in respect thereof.

1.3 The last day of the term created by any lease or agreement therefor is hereby excepted out of any charge or security interest created by this Agreement but the Debtor shall stand possessed of the reversion thereby remaining upon trust to assign and dispose thereof to any third party as the Secured Party shall direct.

1.4 The Security Interests shall not apply to any consumer goods of the Debtor.

2. ATTACHMENT

The Debtor acknowledges that the Security Interests hereby created attach upon the execution of this Agreement or, in the case of any after acquired property, upon the acquisition thereof, that value has been given, and that the Debtor has, or in the case of any after acquired property will have upon its acquisition, rights in the Collateral.

3. PROHIBITIONS

Without the prior written consent of the Secured Party the Debtor will not:

- (a) create or permit to exist any security interest in, mortgage, charge, encumbrance or lien over, assignment of, or claim against any of its property, assets, or

undertakings which ranks or could in any event rank in priority to or *pari passu* with any Security Interest; or

- (b) grant, sell, or otherwise assign its chattel paper.

4. OBLIGATIONS SECURED

This Agreement and the Security Interests are in addition to and not in substitution for any other mortgage, charge, assignment or security interest now or hereafter held by the Secured Party from the Debtor or from any other person whomsoever and shall be general and continuing security for the payment of all indebtedness and liability of the Debtor to the Secured Party (including interest thereon) pursuant to a first ranking realty mortgage of Fifty Million Dollars (\$50,000,000.00) of even date herewith on the Lands (all of which indebtedness, liability and obligations are hereinafter collectively called the “**Obligations**”).

5. REPRESENTATIONS AND WARRANTIES

5.1 The Debtor represents and warrants that this Agreement is granted in accordance with a resolution of the directors of the Debtor (in the case where the Debtor is a body corporate) and all matters and things have been done and performed so as to authorize and make the execution and delivery of this Agreement, and the performance of the Debtor's obligations hereunder, legal, valid and binding.

5.2 The Debtor represents and warrants that the Debtor lawfully owns and possesses all Collateral now held and has good title thereto, free from all security interests, mortgages, charges, assignments, encumbrances, liens and claims, save only the charges or security interests, if any, consented to in writing by the Secured Party or shown in any Schedule hereto, and the Debtor has good right and lawful authority to grant a security interest in the Collateral as provided by this Agreement.

6. COVENANTS OF THE DEBTOR

6.1 The Debtor covenants that at all times while this Agreement remains in effect the Debtor will:

- (a) defend the title to the Collateral for the benefit of the Secured Party against the claims and demands of all persons;
- (b) fully and effectually maintain and keep maintained the Security Interests valid and effective;
- (c) maintain the Collateral in good order and repair;
- (d) forthwith pay, as required by the ordinary operation of the facility:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when

due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Secured Party may require; and

- (ii) all mortgages, security interests, charges, encumbrances, assignments, liens and claims which rank or could in any event rank in priority to any Security Interest save only the charges or security interests, if any, consented to in writing by the Secured Party or shown in any Schedule hereto;
- (e) forthwith pay all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) which may be incurred by the Secured Party in:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting and registering this Agreement or notice thereof and other documents, whether or not relating to this Agreement;
 - (iii) investigating title to the Collateral;
 - (iv) taking, recovering , insuring and keeping possession of the Collateral;
 - (v) all other actions and proceedings taken in connection with the preservation of the Collateral and the enforcement of this Agreement and of any other security interest held by the Secured Party as security for the Obligations;
- (f) at the Secured Party's request at any time and from time to time execute and deliver such further and other documents and instruments and do all acts and things as the Secured Party in its absolute discretion requires in order to confirm and perfect, and maintain perfection of, the Security Interests upon any of the Collateral;
- (g) notify the Secured Party promptly of:
 - (i) any change in the information contained herein relating to the Debtor, its business or the Collateral, including without limitation any change of name or address of the Debtor and any change in the present location of any Collateral;
 - (ii) the details of any material acquisition of Collateral;
 - (iii) any material loss or damage to Collateral;
 - (iv) any material default by any account debtor in payment or other performance of such debtor's obligations to the Debtor with respect to any Accounts; and
 - (v) the return to or repossession by the Debtor of Collateral where such return

or repossession of Collateral is material in relation to the business of the Debtor;

- (h) prevent Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted hereby, from being or becoming an accession to property not covered by this Agreement;
- (i) carry on and conduct its business in a proper and businesslike manner, including maintenance of proper books of account and records as it relates to the ordinary operation of the Facility;
- (j) permit the Secured Party and its representatives, at all reasonable times as related to the ordinary operation of the Facility, access to all its property, assets and undertakings and to all its books of account and records for the purpose of inspection and render all assistance necessary for such inspection; and
- (k) deliver to the Secured Party from time to time promptly upon request:
 - (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;
 - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's ordinary operation of the Facility;
 - (iv) all policies and certificates of insurance relating to Collateral; and
 - (v) such information concerning Collateral, the Debtor and the Debtor's business and affairs as the Secured Party may require.

7. INSURANCE

7.1 The Debtor covenants that at all times while this Agreement is in effect the Debtor shall:

- (a) maintain or cause to be maintained insurance on the Collateral with an insurer, of kinds, for amounts and payable to such person or persons, all as the Secured Party may reasonably require, and in particular maintain insurance on the Collateral to the full insurable value against loss or damage by fire including extended coverage endorsement and in the case of motor vehicles, maintain insurance against theft;
- (b) cause the insurance policy or policies required hereunder to be assigned to the Secured Party and have as part thereof a standard mortgage clause or a mortgage endorsement, as appropriate; and

7.2 If the Debtor fails to maintain insurance as required by this Agreement, the Secured Party may, but shall not be obliged to, maintain or effect such insurance coverage, or so much thereof as the Secured Party considers necessary for its protection.

8. PERFORMANCE OF OBLIGATIONS

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

9. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

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

- (a) sell, lease or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from its present location.

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

10. DEFAULT

10.1 Unless such event of default is waived by the Secured Party, the Debtor shall be in default under this Agreement, in any of the following events:

- (a) the Debtor fails to pay when due any indebtedness or liability to the Secured Party; or
- (b) the Debtor is in breach of any term, condition, obligation or covenant to the Secured Party, or any representation or warranty to the Secured Party is untrue, whether or not contained in this Agreement; or
- (c) the Debtor declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the *Bankruptcy and Insolvency Act*, the *Companies' Creditors Arrangement Act* or similar legislation in any jurisdiction, or makes an

authorized assignment; or

- (d) a receiver, receiver and manager or receiver-manager of all or any part of the Collateral is appointed; or
- (e) the Debtor ceases or threatens to cease to carry on all or a substantial part of its business; or
- (f) an order of execution against the Collateral or any part thereof remains unsatisfied for a period of 10 days; or
- (g) without the prior written consent of the Secured Party, the Debtor creates or permits to exist any security interest in, charge, encumbrance, lien on or claim against any of the Collateral which ranks or could in any event rank in priority to or *pari passu* with any Security Interest; or
- (h) the holder of any other security interest, charge, encumbrance or lien on or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
- (i) if the Debtor is a company or a partnership, an order is made or an effective resolution is passed for winding up the Debtor; or
- (j) the Debtor, if an individual, dies or is declared incompetent by a court of competent jurisdiction; or
- (k) the Secured Party in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy; or
- (l) any material default by any account Debtor in payment or other performance of such Debtors obligations to the Debtor with respect to any Accounts related to the ordinary operation of the Facility; or
- (m) the Debtor's license issued under the *Homes for Special Care Act* for the Facility is not issued, cancelled or not renewed.
- (n) The Development Agreement dated X or the Service Agreement dated X between the Debtor and the Nova Scotia Department of Health is terminated due to a breach of either Agreement.

11. ENFORCEMENT

11.1 Upon any default under this Agreement the Secured Party may declare any or all of the Obligations to become immediately due and payable and the security hereby constituted will immediately become enforceable. To enforce and realize on the Security Interests the Secured Party may take any action permitted by law or in equity, as it may deem expedient, and in

particular without limiting the generality of the foregoing, the Secured Party may do any of the following:

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

11.2 A Receiver appointed pursuant to this Agreement shall be the agent of the Debtor and not of the Secured Party and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of the Secured Party hereunder, and in addition shall have power to carry on the business of the Debtor and for such purpose from time to time to borrow money either secured or unsecured, and if secured by a security interest on any Collateral such security interest may rank before or *pari passu* with or behind any Security Interest, and if it does not so specify such security interest shall rank before the Security Interests.

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

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

- (ii) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to it pursuant to this Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to the Secured Party of all principal and other amounts (except interest) due in respect of the Obligations;
- (c) in or toward payment to the Secured Party of all interest remaining unpaid in respect of the Obligations.

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

12. DEFICIENCY

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

13. LIABILITY OF THE SECURED PARTY

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

14. APPOINTMENT OF ATTORNEY

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

15. ACCOUNTS

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

16. APPROPRIATION OF PAYMENTS

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

17. WAIVER

The Secured Party may from time to time and at any time waive in whole or in part any right, benefit or default under any clause of this Agreement but any such waiver of any right, benefit or default on any occasion shall be deemed not to be a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default, as the case may be. No waiver shall be effective unless it is in writing.

18. NOTICE

Notice may be given to either party by sending it by prepaid mail or delivered to the party for whom it is intended, at the following addresses:

To the Debtor:

NAME
ADDRESS

To the Secured Party:

Nova Scotia Housing Development Corporation
8th Floor, Nelson Place, 5675 Spring Garden Road

PO Box 696
Halifax, NS B3J 2T7

or at such other address as may be given in writing by either party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

19. EXTENSIONS

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

20. NO MERGER

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

21. RIGHTS CUMULATIVE

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

22. ASSIGNMENT

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

23. SATISFACTION AND DISCHARGE

Any partial payment or satisfaction of the Obligations or any ceasing by the Debtor to be indebted to the Secured Party shall be deemed not to be a redemption or discharge of this Agreement. The Debtor shall be entitled to a release and discharge of this Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Debtor and payment to the Secured Party of a discharge fee to be fixed by the Secured Party and payment of all costs,

charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Secured Party in connection with the Obligations and such release and discharge.

24. ENUREMENT

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns, and shall be binding upon the successors and permitted assigns of the Debtor.

25. INTERPRETATION

25.1 Debtor and the personal pronoun “it” or “its” and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used.

25.2 Words and expressions used herein that have been defined in the Act shall be interpreted in accordance with their respective meaning given in the Act unless otherwise defined herein or unless the context otherwise requires.

25.3 The invalidity or unenforceability of the whole or any part of any clause of this Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause.

25.4 The headings of the clauses of this Agreement have been inserted for reference only and do not define, limit, alter or enlarge the meaning of any provision of this Agreement.

25.5 This Agreement shall be governed by the laws of the Province of Nova Scotia.

26. COPY OF AGREEMENT

The Debtor hereby acknowledges receiving a copy of this Agreement.

IN WITNESS WHEREOF the Debtor has executed this Agreement the day and date first above written.

SIGNED, SEALED AND DELIVERED
in the presence of:

GROUP NAME

By:

And:

Witness

«LEGAL_PROPERTY_DESCRIPTION» (PID «PID»)
«MUNICIPALITY» Municipality, Nova Scotia

ASSIGNMENT OF MATERIAL DOCUMENTS made the day of , 2008

B E T W E E N:

_____, a body corporate
(hereinafter called the "Assignor")l

OF THE FIRST PART

- and -

NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION, established pursuant to the *Housing Development Corporation Act*, R.S.N.S. 1989, chapter 213,

(hereinafter called the "Assignee")

OF THE SECOND PART

WHEREAS:

- (A) The Assignor is the present registered owner of the lands and premises more particularly described in Schedule "A" hereto annexed (the "Project");
- (B) The Assignee has provided a mortgage loan to the Assignor in the principal amount of \$_____ secured by a first mortgage and charge of even date registered or to be registered against the title to the Project and other security given in connection therewith. The first mortgage and charge and all other security as same may be amended from time to time are hereinafter collectively referred to as the "Security";
- (C) The Assignor has entered into or obtained or may in the future enter into or obtain various licences, approvals, permits, contracts, development agreements, management agreements, parking agreements, site plan agreements, building plans and drawings and like matters or agreements pertaining to and in connection with the Project, including conditional sales contracts and equipment lease contracts (all licences, permits, agreements, plans and drawings, and other matters referred to herein, whether now existing or hereinafter entered into or obtained by the Assignor being hereinafter collectively called the "Material Documents") including those material documents more particularly set out in Schedule "B" attached hereto.
- (D) It is a condition precedent to the making of any advance pursuant to the Security that the Assignor enter into this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the issue of the Security the sum of Ten Dollars (\$10.00) now paid by each party to the other and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each) the parties hereto agree as follows:

Article I Assignment of Material Documents

1.1 Assignment of Monies and Assignor's Rights

Subject to the provisions of this Agreement and the Security the Assignor hereby unconditionally and irrevocably grants, assigns, transfers and sets over unto the Assignee, as security for the performance of the obligations of the Assignor under the Security, all of the Assignor's right, title, interest, claim, benefit and demand in and to the Material Documents (except the last day of the term of any leases for which the Assignor shall stand possessed of upon trust for the Assignee to assign and dispose of as the Assignee shall direct) and all monies and other sums payable to or receivable by the Assignor under or in respect of the Material Documents, if any, (such monies and other sums being hereinafter collectively called the "Monies") and all of the Assignor's Rights (as hereinafter defined) with full power and authority to enforce performance of the Assignor's Rights and to demand, sue for and collect damages in connection therewith at the Assignee's option either in the name of the Assignor or in its own name. For the purposes of this Agreement, the term "Assignor's Rights" shall mean the benefits of all agreements, permissions, approvals, consents and licenses granted to the Assignor under the Material Documents, whether governmental or otherwise, and of all guarantees, covenants, terms, conditions, representations and warranties made or expressed therein or implied by law in relation thereto and all rights of the Assignor created under the Material Documents in respect of having the right to give consents or approvals, make selections, exercise options, participate in arbitration or other legal proceedings, give notices and declare defaults thereunder.

1.2 Agreement for Security Purposes

This Agreement is for security purposes and shall not impair or diminish any obligation of the Assignor or any other party or parties under the Material Documents, or of the Assignor under the Security, and no obligation or liability arising under the Material Documents or any of them shall be imposed upon or incurred by the Assignee by virtue of this Agreement until such time as the Assignee exercises its rights, and the Assignee shall not by virtue of this Agreement or its receipt of any Monies pursuant hereto become or deemed to be a mortgagee in possession, and the Assignee shall not be under any obligation to take any action or exercise any remedy in collection or recovery of any Monies hereunder or to see or to enforce the performance of the obligations of any party or parties under or in respect of the Material Documents or any of them, and the Assignee shall be liable to account only for such Monies as shall actually be received by it, or on its behalf, less proper collection charges subject to the Security.

1.3 Termination

This Agreement shall be terminated upon satisfaction in full of all obligations of the Assignor under the Security and upon such termination all rights granted hereunder not theretofore accrued shall terminate and the rights and benefits of the Assignor assigned hereby shall automatically be reassigned from the Assignee to the Assignor; however, upon such termination

the Assignee will execute at the Assignor's cost any agreement reasonably requested by the Assignor to confirm such termination.

Article II The Monies

2.1 Payment of the Monies

So long as the Material Documents remain in effect and so long as there exists no default under the Security, the Assignor shall have the right to receive any portion of the Monies which shall be payable to it pursuant to the express terms of the Material Documents. Subject as aforesaid, so long as the Material Documents remain in effect and upon the Assignee giving notice of this Agreement to the party obligated to pay the same, which notice shall only be given after the occurrence of an event of default under this Agreement which is continuing, all of the Monies which shall be payable to the Assignor pursuant to the express terms of the Material Documents shall be remitted directly to the Assignee, which payments shall continue to be made to the Assignee until such time as the Assignee notifies the party obligated to pay the same otherwise which the Assignee agrees to give after the default is remedied or until this Agreement shall terminate pursuant to the express terms hereof. To the extent that any party obligated to pay the same shall pay the Monies to the Assignee pursuant to this Agreement, such party shall be relieved and released as to all liabilities to the Assignor arising under the Material Documents with respect to such Monies. Any Monies received by the Assignee pursuant to this Agreement shall be applied first, as provided for in the applicable section of the Security, and second, after all of the foregoing shall have been fully paid and if no default shall then be continuing hereunder or under the Security, the balance of such Monies shall be remitted by the Assignee to the Assignor or to such other person or entity who shall be legally entitled to such Monies.

2.2 Assignee's Authorization to Exercise Assignor's Rights

The Assignor hereby authorizes the Assignee for the duration of this Agreement to exercise any and all of the Assignor's Rights. The authorization referred to in the immediately preceding sentence shall be irrevocable. However, so long as there exists no default under the Security or hereunder, the Assignor shall have the right to exercise any and all of the Assignor's Rights and the Assignee shall not exercise its rights hereunder.

Article III Assignor's Representation, Warranties and Covenants

3.1 Representations

The Assignor represents, warrants and covenants that it has not assigned, transferred or set over the Material Documents or any of them nor any rights thereunder to any person or entity other than the Assignee and being in priority of, pari passu with or subsequent to the Assignee, nor has it performed any act or executed any other instrument which might prevent the Assignee from operating under the terms and conditions of the Security or this Agreement or which would limit the Assignee in any such operation, and the Assignor further represents, warrants and covenants that the Material Documents now existing are now in full force and effect and that there is no default or dispute now existing thereunder.

3.2 Covenants

(a) The Assignor hereby covenants and agrees that (i) without the prior written consent of the Assignee, not to be unreasonably withheld, it shall not materially modify, amend, terminate, surrender, assign or transfer the Material Documents or any of them or grant or permit any party to grant any licence or material concessions in connection therewith (any such attempted modification, amendment, termination, surrender, assignment, transfer, grant, licence or concession without the prior written consent of the Assignee shall be null and void) or make or accept any prepayment of Monies to become due under the Material Documents or any of them; (ii) none of the rights or remedies of the Assignee under the Security shall be delayed or in any way prejudiced by this Agreement; (iii) notwithstanding any modifications of the terms of the Security, or any extension of time for payment thereunder or any lease of part or parts of any property encumbered thereby, this Agreement shall continue in effect in accordance with its terms; (iv) it will not subordinate or encumber its interest in the Material Documents or any of them to any mortgage or encumbrance ranking in priority to, pari passu with or except to the extent permitted by the said first charge to the Assignee; and (v) it shall at all times observe and perform all of its obligations under the Material Documents.

(b) The Assignor hereby covenants that (i) the Material Documents shall remain in full force and effect irrespective of any merger or change of any interest of the Assignor hereunder; (ii) it shall promptly inform the Assignee of any material default which shall occur under the Material Documents or any of them after it shall learn of the same; (iii) if so requested by the Assignee, the Assignor shall enforce all remedies available to it to the extent provided for under the Material Documents; and (iv) in the event of enforcement of the Security, the interest of the Assignor under the Material Documents shall, if and to the extent required by the Assignee with respect to the Material Documents or any of them, thereupon vest in and become the absolute property of the Assignee without any further act or assignment of the enforcement of such Security. The Assignor shall transmit to the Assignee material statements and other communications which it is required or permitted to give or receive pursuant to the Material Documents or any of them contemporaneously with the giving or receipt of same.

(c) The Assignor shall co-operate from time to time in the execution and delivery, and, if necessary the filing, registering or recording (and when and if necessary the refiling, re-registering and rerecording) of this Agreement and all supplements and amendments hereto, specific assignments in form and substance satisfactory to the Assignee of those of the Material Documents as the Assignee may require, and all such financing statements, registered user agreements or applications therefor, continuation statements, instruments or further assurances and other instruments in such places and in such manner as the Assignee may reasonably request and deem necessary or advisable, or as is required by it so as to (i) maintain and preserve the lien and charge of this Agreement and of any specific assignment of any Material Documents required by the Assignee or carry out more effectively the proposes hereof or thereof, (ii) perfect, publish notice of or protect the validity of this Agreement or any such specific assignment or any grant made or to be made by or pursuant to this Agreement or any such specific assignment; and/or (iii) preserve title to the rights of the Assignee in the assignment and postponements granted hereby or by any such specific assignment against the claims and interests of all third parties.

Article IV Events of Default

4.1 Events of Default

Each of the following shall constitute an event of default under this Agreement:

- (a) if the Assignor fails to perform or observe any of the covenants, conditions or agreements set forth in the Security or this Agreement on its part to be performed or observed within the applicable grace periods, if any, provided in the said Security or this Agreement;
- (b) if any representation, warranty or statement made herein by any party hereto, or made in any certificate or other instrument delivered to the Assignee pursuant to this Agreement shall be incorrect in any material respect.

Article V Miscellaneous

5.1 Indemnification

Except as herein and in the Security provided the Assignee shall not be obligated to exercise any of the Assignor's rights to or to perform or discharge any obligation, duty or liability arising under the Material Documents or any of them unless it has precluded the Assignor from doing so. The Assignor hereby agrees to indemnify and hold the Assignee harmless of and from and against any and all liability, loss or damage which the Assignee may or might suffer or incur by reason of this Agreement or the exercise of its rights hereunder, and should the Assignee suffer or incur any such liability, loss or damage by reason hereof, save for its own negligence or wilful default, including reasonable costs, expenses and legal fees, the same shall be secured hereby and by the other Security and the Assignor shall be obligated to reimburse the Assignee therefor forthwith upon demand.

5.2 Severability

Any provision hereof which is prohibited or unenforceable in any applicable jurisdiction will be ineffective to the extent of such prohibition or unenforceable without invalidating any remaining provisions hereof. To the extent permitted by law, the parties hereto hereby waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

5.3 Amendments

Except as herein provided neither this Agreement nor the rights nor duties of the Assignee or the Assignor hereunder shall be changed, modified, waived, released or discharged in any way except by an instrument in writing signed, acknowledged and delivered by the Assignee and the Assignor. No waiver of any provision hereunder shall be valid unless effected by written instrument signed by the waiving party and any such waiver shall be effective only in the specific instance and for the purpose of which the same shall be given.

5.4 Cumulative Rights

No remedy herein or in the Security conferred upon or reserved to the Assignee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or thereunder or now and hereafter existing at law or in equity or by statute. No delay or omission of the Assignee to exercise its rights pursuant to the Security shall impair any such right or power, or shall be construed to be a waiver of any such event of default hereunder or any acquiescence therein and every power and remedy given by this Agreement and the Security may be exercised from time to time by the Assignee as often as may be deemed expedient by the Assignee.

5.5 Governing Law

The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the Province of Nova Scotia and shall be binding upon and enure to the benefit of the Assignee, the Assignor and their respective successors and assigns. All references to the parties herein shall include their respective successors and assigns. Except as provided in the immediately preceding sentence, nothing herein shall be deemed to create any rights, and this Agreement shall not be deemed to create any rights, and this Agreement shall not be construed to be a contract in whole or in part for the benefit of any person or entity not a party hereto. To the extent permitted by law, this Agreement shall not be affected by any laws, ordinances or regulations, whether federal, provincial, county, city, municipal, or otherwise, which may be enacted or become effective from and after the date of this Agreement affecting or regulating or attempting to affect or regulate the payment of all or any portion of the Monies, or otherwise.

5.6 Notices

Every notice, consent, demand and other communication in connection with this assignment and all legal process in regard hereto shall be validly given, made or served if in writing and delivered to, or mailed, postage prepaid, or telecopied or telexed, telegrammed or telegraphed, or other similar form of communication (collectively "Electronic Communication") to the intended recipient at:

To the Assignor: Name
 Address
 Address Postal Code

To the Assignee: **Nova Scotia Housing Development Corporation**
 8th Floor, Nelson Place, 5675 Spring Garden Road

 PO Box 696
 Halifax, NS B3J 2T7

or such other address or telecopy number as any party may from time to time designate by notice.

Any notice, requisition, demand or other instrument, if delivered, shall be deemed to have been given or made on the day on which it was delivered and if sent by Electronic Communication shall be deemed to have been given or made on the business day next following the day on which

it was so sent, and if mailed shall be deemed to have been given or made on the fifth business day following the day on which it was so mailed. Any party hereto may give written notice of a change of address in the same manner in which any notice shall thereafter be given to it as above provided at such changed address.

5.7 Executed Copy

The undersigned acknowledges receipt of an executed copy of this Agreement.

IN WITNESS WHEREOF the Assignor has executed and delivered this Agreement as of the date first written above.

SIGNED, SEALED AND DELIVERED

in the presence of:

Assignor

By: _____

And: _____

Witness

SCHEDULE "A"

Schedule “B”

Agreement of Purchase and Sale in respect of the Project made between «VENDOR» as Vendor and the Assignor as Purchaser.