granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

### FUNDING OF THE RECEIVERSHIP

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

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

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

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

### SERVICE AND NOTICE

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <u>http://www.ontariocourts.ca/scj/practice/practice-</u>

<u>directions/toronto/e-service-protocol/</u>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL "

http://www.farberfinancial.com/insolvency-engagements/evian-townes-inc".

26. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail,

courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

### GENERAL

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

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

29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

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

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

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

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### SCHEDULE "A"

### **RECEIVER CERTIFICATE**

CERTIFICATE NO.

AMOUNT \$\_\_\_\_\_

. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_ (the "Order") made in an action having Court file number \_\_-CL-\_\_\_\_, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$\_\_\_\_\_, being part of the total principal sum of \$\_\_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

1. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the \_\_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.

2. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

3. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

4. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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

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

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

[Receiver's Name], solely in its capacity as Receiver of the Property, and not in its personal capacity Per:

> Name: Title:

Court File No.

### ONTARIO SUPERIOR COURT OF JUSTICE COMMERCIAL LIST

### Application under Section 243(1) of the *Bankruptcy and Insolvency Act* and Section 101 of the *Courts of Justice Act*

### Between

Foremost Mortgage Holding Corporation, 697350 Ontario Limited, Santino Bartolini, Margherita Bartolini, Jerry Rumack, Judy Rumack, Antonio Savio, 614921 Ontario Limited, Dinapet Holdings Limited, Sam Goldman, Ellen Newman, John Lockwood Investments Ltd., Clara Soffiaturo, Gabriele Soffiaturo, Bev Newman, Nancy Levy, Paul Valanne, Wing-Yee Hui, L. and S. Investments Inc., Elliot Rovan, Marsha Rovan, Remo Bacci, Elda Bacci, Merle Nowack, Community Trust Company, Wisemove Inc., Freilach Resorts Inc., Gilbert Zamonsky, Frank Pezzente, Maria Pezzente, 1375051 Ontario Ltd., Vincenzo Mallozzi, Carla Mallozzi, Frank Goodman, Lillian Goodman, Gayle Goldmintz, Nives D'Angelo, Adraian Bacci and Alex D'Angelo

Applicants

- and -

Evian Townes Inc.

Respondent

### Affidavit of Ivan Stone (dated December 22, 2015)

I, Ivan Stone, of the City of Toronto make oath and say as follows:

1. I am the president of Foremost Mortgage Holding Corporation ("Foremost"), one

of the Applicants.

2. I have knowledge of the matters to which I hereinunder depose, unless I state the

source of my information, in which case, I believe such information to be true.

The Project

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3. Foremost holds a majority interest in the first and second mortgages on a residential townhouses development project located at 507-515 Elizabeth Street, in the City of Burlington, in the Regional Municipality of Halton (the "Property").

4. The Respondent, Evian Townes Inc. ("Evian"), is the developer and registered owner of the Property.

5. The project involves the construction of 14 townhouse units freehold standard condominiums in central downtown Burlington. Evian promoted the project as follows:

"There are only a few units remaining in Matas Group's incomparable collection of exquisite townhouses designed in the spirit of French architecture. Set in a prestigious Burlington location on Elizabeth Street, Evian Townes is a comfortable stroll to a vibrant downtown community and lakefront. Enjoy the magnificent lakefront, upscale boutiques, fine dining and lively outdoor cafes."

6. The project was first presented to my office in May 2012 and a commitment was issued to Evian shortly thereafter on June 4, 2012. Attached hereto and marked as Exhibit A to this my affidavit is a true copy of the mortgage commitment.

7. At the time of the presentation to Foremost, 10 of the townhouse units had been presold, leaving 4 of the townhouse units to be sold upon completion of the townhouses in order to attract a higher purchase price.

8. The commitment set out a budget at schedule "A" by which the project would be built and sold resulting in anticipated profit to Evian of \$1,270,000.

9. The project had all of the signs of a successful development. However, Evian encountered a number of large, unexpected building issues which increased the building costs of the project materially.

10. Evian has recently prepared an updated budget which provides an anticipated loss on the project once completed of \$936,969. Attached hereto and marked as

Exhibit B to this my affidavit is a true copy of Evian's most recent budget.

11. Foremost estimates that Evian will require \$2,200,000 to complete the project and is advised by Evian that Evian does not have the resources to fund the completion of the project.

12. As described below, in order to maximize realizations by completing the project, the Applicants are willing to fund the completion costs of the project.

13. Currently as a result of advances as the construction progressed, Evian is indebted to the Applicants in the amount of \$8,191,428.80 under the first mortgage which includes the construction lien holdback in the amount of \$358,420.00 and in the amount of \$345,760.35 under the second mortgage. Attached hereto and marked as Exhibit C to this my affidavit are true copies of the Foremost mortgage statements and the advancements under the first mortgage.

### Secured Creditors

14. As described below, there are four registered mortgages against title to the subject property as well as five construction liens and two writs of execution. Attached hereto and marked as Exhibit D to this my affidavit are true copies of the abstracts of title to the project.

15. On April 29, 2011, 1808196 Ontario Limited ("180 Co") registered a mortgage in the amount of \$1,130,000 as instrument no. HR924419. Attached hereto and marked as Exhibit E to this my affidavit is a true copy of the mortgage.

16. On August 20, 2012, the Applicants registered a mortgage in the amount of \$7,700,000 against the project. As a term of this loan by which the Applicants were

granted a first mortgage on the project in the amount of \$7,700,000, 180 Co agreed to postpone its existing mortgage to second position. The Applicants registered their mortgage on August 20, 2012 as instrument no. HR1043444 in the Halton Land Titles Office. Attached hereto and marked as Exhibit F to this my affidavit is a true copy of the now first mortgage.

17. The Applicants funded this mortgage over time as the construction progressed on the project.

18. On July 18, 2013, as a result of changes to some minor investors in this mortgage, a transfer of charge was registered on July 18, 2013 as instrument no. HR1117398. Attached hereto and marked as Exhibit G to this my affidavit is a true copy of the transfer of charge.

19. On September 24, 2014, Foremost and Theodore Batcher provided additional financing for the project. As a term of this financing, Foremost and Batcher were granted a second mortgage on the subject property in the amount of \$320,000 which was registered on September 24, 2014 as instrument no. HR1215632, with 180 Co agreeing to further postpone its mortgage to third position.

20. This Foremost and Batcher mortgage loan was intended to provide Evian with sufficient funds (as estimated at the time) to complete the construction to enable Evian to close the sale of the first 10 townhouse units. Attached hereto and marked as Exhibit H to this my affidavit is a true copy of the mortgage (incorrectly spelling "Batcher" as "Bathcher").

21. Attached hereto and marked as Exhibit I to this my affidavit are true copies of the postponement of mortgage agreements with respect to 180 Co's mortgage and the first

and second mortgages which had been registered subsequently.

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22. I am advised by an officer of Evian, John Matas, and verily believe that although 180 Co's third position mortgage is registered in the amount of \$1,130,000, 180 Co is owed approximately \$300,000 at this present time.

23. On August 29, 2012, Aviva Insurance Company of Canada ("Aviva") registered a fourth mortgage as instrument no. HR1046116 to secure the deposits of the purchasers which were estimated to be in the amount of \$2,000,000. Attached hereto and marked as Exhibit J to this my affidavit is a true copy of the mortgage.

24. In addition to the registered mortgages described above, I am advised by Mr. Matas, and verily believe, that Evian has had trouble paying its trades such that the trades were forced to protect their interests by registering construction liens in accordance with the <u>Construction Lien Act</u> from time to time.

25. At the present time, there are five construction liens as follows:

Lien Claimant	Registration Date	Instrument Number	Lien Amount
Canadian Air Systems Heating and Air Conditioning Inc.	October 14, 2015	HR1307162	\$21,204.50
Frantisek Botko	October 16, 2015	HR1307835	\$8,893.67
McConell Plumbing and Heating Limited	November 9, 2015	HR1313963	\$42,205.36
2063045 Ontario Ltd.	December 4, 2015	HR1320783	\$148,041.77
Baseview Electric Inc.	December 10, 2015	HR1322063	\$107,020.64

Attached hereto and marked as Exhibit K to this my affidavit are true copies of the five construction liens.

26. Some of the lien claimants have commenced actions and registered Certificates

of Action as set out on the abstracts for the project.

27. A search with the Sheriff of the Region of Halton as against the registered owner discloses that there are two execution creditors as follows:

Creditor	Date Filed	Amount of Claim and Costs
Albert Mmegwa and Matilda Mmegwa	October 23, 2015	\$65,907.48
Coreslab Structures (Ont) Inc.	October 28, 2015	\$43,006.69

Attached hereto and marked as Exhibit L to this my affidavit are true copies of the writs of seizure and sale as recorded with the Sheriff of the Region of Halton as of December 14, 2015.

Status of Project and Insolvency of Evian

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28. Thirteen out of the fourteen townhouse units have been pre-sold to date. Three of the proposed purchasers are in possession as occupants awaiting the registration of the condominium corporation. The remaining ten proposed purchasers are willing to enter into occupancy as soon as their units can be completed to permit occupancy.

29. Evian does not have adequate funds to pay existing trade creditors or to complete the project.

30. The proposed plan was for Evian to complete the townhouse development and register the condominium corporation. The condominium corporation registration has been delayed and will not be completed as the construction liens and executions cannot be removed without further payment.

31. In addition, there is a road widening to be granted to the City of Burlington as a condition to the registration of the condominium corporation and pursuant to the site

agreement that is being delayed due to the registrations of the executions and the construction liens.

32. These must be removed from title to enable this project to be completed. Some of the proposed funding is budgeted to pay the holdback sum to the lien claimants.

33. Funding is also needed to complete the townhouse units to enable the ten proposed purchasers to enter into occupancy and to enable the condominium corporation to be registered so that the transfer of the ownership of the thirteen townhouse units can be registered and the closing funds paid in trust to the seller's closing lawyer.

34. The eleven unoccupied townhouse units have been dry walled and have operating furnaces installed and operational in order to ensure that the townhouse units will not suffer any damages as we approach winter conditions.

### Desirability of Funding to Completion

35. The Applicants believe that funding the project to completion will maximize the recoveries of Evian's creditors as compared with the alternative of power of sale proceedings under which the project would be sold "as is".

36. As detailed at Exhibit M, Evian has calculated that \$10,156,360.69 will be available for distribution to creditors if the project is completed. Attached hereto and marked as Exhibit M to this my affidavit is a true copy of Evian's calculation of estimated funds available for distribution.

37. Foremost has reviewed Evian's *pro forma* statements and prepared its own, more conservative estimate that the completion of the project will result in funds

available for distribution of \$8,038,996. Attached hereto and marked as Exhibit N to this my affidavit is Foremost's calculation of estimated funds available for distribution.

38. In addition, if the project is completed, the fourth mortgagee, Aviva Insurance Company of Canada, will avoid a loss as its mortgage was registered in respect of its guarantee of the refund of the purchasers' deposits in the event the project is not completed.

39. Therefore, according to Foremost's calculations, the total estimated shortfall to stake holders if the project is completed will be \$1,943,086, as detailed at Exhibit N.

40. By contrast, Foremost estimates that the shortfall to secured creditors will be significantly higher if the project is sold under power of sale rather than completed and sold to the proposed purchasers as completed townhouse units. The proceeds from a power of sale will be reduced from the anticipated net return on funding the project to completion by a number of factors, including:

a. any prospective purchaser of the entire project would discount the purchase price significantly to provide a margin of profit. The margin of profit would be increased due to the perceived risks of assuming a partially completed project and the knowledge that the sale is occurring under distress conditions;

b. there would be additional financing costs to fund the Property during any delays in closing sales of the units;

c. if any of the existing individual purchasers do not complete their purchase of their specific townhouse unit, certain units have custom finishes which would be of no or little value to potential new purchasers of any of these townhouse units and would required additional costs to re-customize these townhouse units for new purchasers;

d. certain key suppliers may no longer be willing to provide some of the custom fittings if the Project is delayed.

41. I therefore verily believe that the secured creditors will be better off if Evian obtains funding to complete the project, closes the sales of the pre- sold townhouse units without further delay and markets and sells the remaining townhouse unit.

42. In addition, if the project is not completed, the proposed purchasers would not have the ability to purchase their respective townhouse units, resulting in harm to them and possible litigation between the proposed purchasers and Evian, thereby eroding the stakeholder positions further.

Receiver Required to Facilitate Funding to Completion

43. Because there will likely be some loss to existing secured creditors whether the project is completed or not, there is no realistic prospect of finding a lender who would not insist on the postponement of existing creditors' security. However, the existing mortgagees have not been able to agree on a funding structure and have reached an impasse. The intervention of this Court is therefore required in order to secure financing.
44. The Applicants are willing to fund the completion of the project themselves by an increased first or second mortgage with the assistance of Theodore Batcher. However, 180 Co has refused to further postpone its third mortgage in order to permit that funding.

45. I held discussions with Stuart Peikes, the lawyer for 180 Co, in order to advise 180 Co of the current developments in the project and request 180 Co to consent to a postponement of its third mortgage position so that the Applicants could fund Evian to complete the project.

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46. In addition, Foremost's counsel, Harvey Mandel, wrote to 180 Co's counsel, Stuart Peikes, requesting that 180 Co reconsider granting the postponement of the third mortgage in order for the Applicants to fund the cost to complete the project. Attached hereto and marked as Exhibit O to this my affidavit is true copy of the letter dated December 14, 2015 from Harvey Mandel to Stuart Peikes.

47. Since the letter of Harvey Mandel was sent, I have not been contacted by 180 Co or its counsel and I am advised by Harvey Mandel and verily believe that he has not been contacted by Stuart Peikes in connection with this project and the proposed postponement.

48. The Applicants therefore seek the appointment of a Receiver empowered by this Court to borrow funds secured by a court-ordered charge, monitor the completion of the project, assist in registering the condominium corporation, assist in transferring of the townhouse units to their respective purchasers, and distribute the proceeds of the sale of the townhouses to the appropriate secured parties.

49. The Applicants propose that the firm of A. Farber & Partners Inc. ("Farber") be appointed as the Receiver. Farber has consented to act as the Receiver.

50. I am advised by Hylton Levy of Farber and verily believe that a senior officer of Farber has invested in Foremost Mortgage Trust, a beneficiary of the assets of Foremost. The investment represents less than a 0.08% interest in Foremost Mortgage Trust, which Foremost considers immaterial. The Applicants do not believe that there is a conflict with Farber being appointed Receiver.

51. Nevertheless, I am further advised by Hylton Levy of Farber and verily believe that out of caution, this officer will not be involved in the engagement and that Farber has instituted an ethical wall with respect to this engagement and the officer.

52. The Applicants are aware of the construction lien holder's first priority interest in the project with respect to the <u>Construction Lien Act</u> and have held back sufficient funds to honour this liability.

53. Evian has been served with a Notice of Intention to Enforce Security in accordance with the <u>Bankruptcy and Insolvency Act</u> and has consented to an earlier enforcement of the security. Attached hereto as Exhibit P to this my affidavit is a true copy of the consent to an earlier enforcement of the security than after the expiry of the 10 day period following the sending of the notice.

Sworn before me at City of Toronto in the Province of Ontario this 2 day of December, 2015

A Commissioner for taking oaths Harvey Mandel



25,2012



Foremost Financial Corporation Mortgage Investment Licence + 10342/11654

Evian Town Home 109 Thomas St PO BOX 69606 Oakville, Ontario L6J 3A7

Re: First Mortgage loan on 507-515 Elizabeth Street, Burlington (the "Property" or the "Project")

Dear John:

Foremost Financial Corporation, on behalf of their clients and participants (hereinafter referred as the "Lender/Mortgagee/Chargee") is pleased to advise Evian Town Home (the "Borrower/Chargor(s)/Chargor") that your recent application for first mortgage financing (the "Loan") has been approved subject to the following terms and/or conditions (the "Commitment").

### AUGUSTIST 2012

We understand that the Property received site plan conditions on June 18, 2012 to permit the construction of 14 freehold luxury townhouses with a condo element road. The townhomes will range in size from 1853 to 2487 sq/fi per unit and eleven of the units will offer private elevators. Nine units have been presold for prices ranging from \$839,900 to \$879,900 for total sales of \$7.7M. The Municipal fees are due to be paid by June 15: JELY 2012 and building permits can be drawn by July 15, 2012 after which construction can commence. AUGUST 31 2012

The funding of this project is as follows:

The total cost of the project which is	
itemized on Schedule "A" attached is	\$ 9,400.000
Cash equity by borrower (as per Schedule "A")	\$ 650,000
Purchaser's deposits to be used to fund construction	
( see schedule "B")	\$ 1,160,000
Total funding required	
\$7,100,000 construction facility	
5 600,000 Letters of Credit	\$ 7,700,000

The terms and conditions of the Loan we have approved are as follows:

Loan Amount:	\$7,700,000.		
Interest Rate:	The greater of TD Canada Trust Prime + 3% p.a. calculated daily and payable monthly on the month.		WA
Monthly Payments:	Interest only on the first day of each month		PD
3300 Yange Street, Sinte 309, T: 416.488.5300 F: 416.488.5	Torohio, ON Canada M4N 2L6 191 - Et Inquiries®foremost-finantial.com, www.foremo	Lic 10342/21554 pst-financial.com	m

mentioned and This is Exhibit freferred to in the affidavit of Ivan Stone Sworn before me this day A/D.,2015 of December A Commissioner, etc.



Term:

12 months from the date of the first Loan advance

Prepayment:

The Loan is open for repayment at any time, in whole or in part with no bonus of interest.

### Commitment Fee:

\$ 121,000 of which \$30,000 has been paid at time of funding land advance and \$91,000 will be deducted from the initial advance of funds.

### Initial Funding Date:

The initial funds are to be advanced on or before Jens 22nd,2012 or a date mutually agreed upon by the Lender and the Borrower, pass which date this Commitment will be at our option null and void and any portion of the Commitment Fee already paid to the Lender will be retained by the Lender. In the event that the Lender agrees to an extension beyond the date specified, the new date will be subject to the then current market terms and conditions as at that date.

### Advances:

The sum of \$1,565,000.00 shall be advanced to payout the existing 1x mortgage on the property held by Foremost Financial Corporation plus items in the budget to be identified by the project monitor.

The balance of funds shall be advanced for the purpose of financing the construction of 14 freehold luxury townhouses with a condo element road. The funds shall be advanced as construction progresses and calculated on a "modified cost to complete" basis.

The Loan will be advanced in a series of advances, not more often than monthly, as work on the Project is completed. The Lender shall be paid a fee of \$200.00 at the time of each advance.

#### Interest Reserve:

Interest shall become due and payable the first of the month immediately following the first advance of funds under the Loan and the first of each month thereafter. The construction budget must allow an interest reserve from which payment of interest will be made. When the interest reserve is depleted the Borrower will be responsible for payment of interest.

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No Loan advances shall be made until there has been delivered to the Lender and where necessary, our approval or acceptance has been given with respect to the following:

- A signed application and net worth statements and Consent form from the 1. Guarantors.
- Credit Bureau from the Guarantors. 2.
- 2010 Notice of Assessment from the Gilarantors. 3.
- 4. Lender to be satisfied that the Borrower has invested cash equity of not less than \$ 650,000 into the Project.
- 5. Lender to receive and approve an appraisal on the Property indicating a value of not less than \$ 11,668,000 tipon completion.
- Lender to receive and approve a report from its cost consultant confirming 6. the adequacy of the Borrower's budget for the Project, and in the case of progress draws the value of work in place and costs to complete the Project
- Confirmation by way of firm arms length offers indicating 9 unit presales 7. at proforma prices.

On Construction:

- Lender to receive approved plans showing municipal stamp. Ŝ.
- Lender to receive building permit. 9.
- Lender to receive evidence of Borrower's Tarion registration and 10. enrolment of the house(s) with Tarion NoTE SCHEDUCE "C"
- ſI.

### Security:



- First mortgage, which will be subject to the Lender's Standard Charge 1. Terms (registered as #201035) and which will be supported by title insurance.
- General security agreement from the Borrower constituting a first charge 2. mainst all assets of the Borrower.
- Joint and several guarantees and postponement of claims for the full 3. amount of the Loan from John Matas, Wendy, Hueton, Gord Matus and Donna Maias (the "Guarantors") with certificate of independent legal advice.
- Insurance coverage satisfactory to the Lender naming it as an insured 4. party and loss payee as first montgagee.
- Cost overnin guarantees from the Guarantors. 5.
- Assignment of building permits and approved plans. 6.
- Assignment of the Interest Reserve . 7.

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Such further and other security and documentation as may be reasonably required by the Lender and its solicitors.

### Partial Discharges:

Lender agrees to provide partial discharges of its security as unit sales in the Project close to arm's length purchasers at prices approved by the Lender, upon receipt by the Lender of 80% of the greater of the appraised value of the individual unit net of HST or the sale price net of HST.

#### Purchaser Deposits:

\$1,160,000 has been received by the Borrower as purchaser's deposits for the presold units and shall be available for the Borrower's use as per the Schedule "B" attached. Notwithstanding the Loan amount stated herein, in the event the Borrower receives one or more deposits from the remaining unit purchasers, which shall be available for the Borrower's use, the Loan amount shall be reduced by the amount of said deposit(s).

#### Costs:

Borrower is responsible for payment of all the Lender's out of pocket costs in connection with the Loan (whether or not the Loan is advanced) including legal, appraisal and cost consultant.

#### Erection of a Sign

The Chargee(s) shall have the right to crect a sign, at its expense on the mortgaged premises during the construction period, indicating the source of financing; the location and size of such sign to be mutually agreed upon by the parties hereto.

#### Syndication:

It is understood and agreed that the Lender may be syndicating a portion of this Loan to one or more participants and any information provided to the Lender regarding the Loan may be shared with such participants.

#### Credit Bureau:

Borrower and Guarantors consent to Lender conducting one or more credit bureau searches as Lender may deem necessary.





This Commitment is conditional for 7 days following its acceptance, upon the Lender's credit committee approval of the Loan. If the Loan is not approved then this Commitment shall be null and void and any portion of the Commitment Fee paid hereunder shall be repaid to the Borrower without interest or deduction.

Acceptance:

541

This Commitment is open for acceptance until 5:00 p.m. on the  $8^{th}$  day of June, 2012, by which time we must receive from you a duly executed copy of this letter.

We look forward to working with you to bring about a successful closing of the Loan.

Yours truly Foremost Financial Corporation

If an Stone President-Principal Broker

2012 Accepted this 7 day of

Borrower:

Evian Townes Inc.

ASO Per Guaranto John N Wend Gord Matas

Donna Matas

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6.14

(M)

\$9,402,000.00

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### SCHEDULE "A"

Evian Town Homes Elizabeth St. Burlington

14 Freehold units with GFA of 31,416 sq. (t.

COST	
Land	52,293,000.00
SOFT	
Consultants	\$115,000.00
Municipal Fee	\$549,000.00
Admin Fees	\$104,000.00
Managemeth Fee	\$590,000.00
Financing Cost	\$833,000.00
HARD COSTS	
Servicing, landscaping	
Site Super: for 31,415 sq. ft.+\$130 sq. ft	\$4,076,000.00
Contingencies	\$200,000.00
Commissions @ 4%	\$426,000.00
Marketing Costs	\$192,000.00
TOTAL COSTS	\$9,400,000.00
REVENUE	
Gross Sates	\$11,668,000.00
Les HST	-\$1,342,000.00
add Rebates	\$336,000.00
NET REVENUE	\$10,662,000.00
PROFIT	
Per Unit	\$1,270,000.00
as % of cost	90.70%
	13.53%
PROPOSED FUNDING SOURCES	
Foremost Loan	\$7,100,000.00 Plus LC.'s of \$ 600
Deferred Costs (232 +260)	\$492,000.00
Purchaser Deposits	\$1,160,000.00
Cash Equity	\$650,000.00

TOTAL

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Schedule "B" U00049





Avivo Insurance Company of Canada 2200 Egilinton Avenue East, Scarborough OI: MIL458, Phone: 1-800-363-6330 Fax: 416-229-5429

March 1, 2012

Evian Townes Inc. c/c Matas Homes 88 Nelson Street Oakvilla, ON L6L 3H8

Attention: John Matas

Dear Mr. Matas:

Re: Tarlon Bond & Deposit Insurance Facility

For: Evian Townes Inc. Project: A 14 unit Type B Condominium Project located at 507-515 Elizabeth Street, Burlington and known as "Evian" (Hereinafter referred to as the "Project")

Subject to your acceptance, and to the terms and conditions held within this letter (the Commitment Letter), Aviva Insurance Company of Canada Inc. (Aviva') is pleased to confirm that it will provide a Tarlon Bond and Deposit Insurance Facility as detailed below:

ENTITY BONDED:

Evian Townes Inc. (hereinafter referred to as the "Principal").

FACILITIES APPROVED:

- Tarion Bond Approved: \$280,000
- Deposit insurance Facility Approved: \$1,540,000

PURPOSE:

To assist with the registration of the Principal and Project with Tarion, and to enable the release of deposits from rust so that they may be used as a source of project financing.

FEES & PREMIUM:

- Commiment fee payable upon acceptance of these lerms: \$5,000
- Annual premium rate for Tarion Bond: 2.00% .
- Flat rate premium for deposits insured above Tarion coverage: 1.50%

LEGAL REPRESENTATION AND SECURITY REQUIREMENTS:

The Principal acknowledges and accepts that the law firm selected to act for Aviva with respect to registration of its security and other matters shall be SimpsonWigle Law LLP, attention: Ron Danks.

The Principal shall be responsible for full payment of all legal fees and disbursements when invoiced by this firm, and shall pay all costs with respect to preserving Aviva's rights under its mortgage security including all defense costs of any construction lien actions incurred by or on benalf of Aviva.

#### Aviva Security

As general and continuing security for the payment of present and future indebiedness, obligations and flabilities of the Principal to Aviva, Aviva shall require the registration and/or execution of the following security (the 'Aviva Security). This offer, for a Bond and/or Deposit insurance Facility shall expire should the Aviva Security not be registered by May 1, 2012 (the "Expiration Date"). Aviva may extend the Expiration Date at its sole discretion.

2011.02.15, Evian Toyntes AvivaCommitmentLin

Page 1 of 5

#### Indemnity Agreement

The Principal consents to provide the unlimited, joint and several indemnities of the following corporations and people in Aviva's Standard form, along with all other resolutions, etc. deemed necessary by Aviva's solicitor.

- Evian Townes Inc.
- John Matas, in a personal capacity
- Gordon Matas, in a personal capacity

Should the company from which title to purchasers will be transferred not be the Principal Company or an indemnitor noted on page one of the Commitment Letter ("Declarant"), the Principal further consents to provide the indemnity of the Declarant under the same terms noted above. (Declarant company:

The Principal and each of the Indemnitors listed above agree to provide Aviva with year and financial statements as they are produced but not later than 180 days after their fiscal year and. If applicable, personal indemnitors shall arrange to supply Aviva with updated net worth statements annually.

#### Collateral Morigage

The Principal consents to providing Aviva with a collateral second mortgage on the subject project and property In the amount of \$2,000,000. Aviva will require an opinion from its Solicitor that it has a valid and enforceable charge over the project and property.

Aviva will fully postpone its mortgage position to a Construction lender providing project financing that has been approved by Aviva, Aviva acknowledges and accepts that project investors will hold mortgages on the property, which are to be subordinate to the Aviva charge. Aviva will require that all subsequent mortgages execute an acknowledgement confirming that they will execute partial discharges when required. The Principal shall not further encumber the project unless Aviva gives approval in writing.

Aviva will discharge its collateral montgage upon the final closing of units and the discharge will be provided at no charge to the Principal, other than legal tees associated with the preparation and discharge of Aviva's security, which shall be the Principal's responsibility. Aviva shall require evidence of transfer of title from the Principal/Declarant to purchasers as a condition of discharge.

Upon full payment of any prior encumbrances to Aviva's mortgage, Aviva will require payment in the amount equal to the Tarion Bond which will be held as security against any warranty obligations. All amounts retained by Aviva shall be returned upon return of the Tarion Bond to Aviva for cancellation, less any costs incurred by Aviva on behalf of the principal.

#### Insurance Requirements

The Principal shall provide evidence of all risk insurance including course of construction; business interruption, earthquake and flood. The policy(s) shall provide for full replacement cost on all buildings, equipment, and inventory owned by the Principal and located all the project or located etsewhere and reasonably necessary for the effective implementation, management and administration of the project. Insurance is to include public liability coverage at least equal in scope to commercial general flability form as well as a soft cost endorscment. The Certificate of Insurance evidencing both Builder's Risk and Wrap-up Liability shall note the construction lender as First Mortgagee and loss payee, then Avive as Second Mortgagee and loss payee as per the Standard Mortgage Clause.

### Additional Security

The Principal consents to provide Aviva with all such other certificates, documents and opinions as Aviva or its solicitors shall reasonably require.

2011.02.15 EvianTownes, AvivaCommitmentLir



Page 2 of 6

#### DEPOSIT RELEASE TERMS:

Subject to the registration of Aviva's Security and adherence by the Principal to all terms and conditions held within this Commitment Letter, Aviva shall authorize the release of purchaser deposits from trust in the following manner.

- Deposits in excess of \$140,000 (which will be held in Trust as security against any warranty obligations
  under the Tarion Bond) shall be made available to a maximum of \$500,000 to fund project costs on a 2:1
  ratio of construction lender advances to deposit releases, once the tender has advanced \$3,900,000 of its
  construction facility.
- Prior to deposits in excess of \$500,000 being released, Aviva shall relain deposits up to \$140,000. These
  deposits shall be held as security against any warranty obligations under the Tarion Bond, and will be held in
  trust in addition to the \$140,000 noted above.

#### GENERAL CONDITIONS:

#### Fees and Premiums:

The Principal shall pay to Aviva the non-refundable Commitment Fee as directed on page one of this Commitment Letter. The Commitment Fee shall be deemed earned upon the acceptance of this Commitment Letter.

Premium for the Terion Bond will be based on the annual rate outlined in this Commitment Letter. The first, two year lerm will be payable on or prior to the date the Bond is released to the Principal for delivery to Tarion. All future premium terms will be billed at this rate unless stipulated otherwise, and will be deemed payable as of the invoice date:

The premium charged for all deposit insurance shall be at the flat rate outlined in this Commitment Letter. Premium for deposit insurance shall be payable as deposits are released from trust and shall be deduced from the amount released.

Aviva reserves the right to deduct outstanding premiums and/or fees from future deposits releases.

#### Tarion:

The Principal shall provide Aviva with a copy of its Builder Registration Certificate once the bond has been given to Tarion.

The Principal shall continue to maintain registration with Tarion so long as there are unsold units and it shall comply with all aspects of the Ontario New Home Warranties Plan Act, its regulations and bulletins issued pursuant thereto until such time Tarion returns the Bond to Aviva.

#### Tarion Builder Bulletin #47

The Principal shall provide Aviva with the following information in respect to the required addendum to the agreement of purchase and sale called "Statement of Critical Dates":

- the date the Vendor has obtained formal zoning approval for the building;
- the actual date of commencement of construction, which is to be provided at the same time the Vendor provides notice to purchasers;
- the date established as the Final Tentative Closing Occupancy Date, which date is to be set no later than 30 days after completion of the roof slab or the roof husses and sheathing of the building;
- the Principal and/or its Solicitor undertakes and agrees to provide any required statutory declarations and undertakings with respect to compliance to Tarion Bulletin #47;
- the Principal and/or its Solicitor undertakes to provide information prior to either interim or final closing regarding whether delayed closing compensation is owing or was paid to each purchaser.

2011.02.15.EvianTownes AvivaCommitmentLir



#### The Condominium Act:

The Principal covenants and agrees to comply at all times with the provisions and requirements of the Condominium Act, S.O. 1998 c. 19, as amended, and the regulations made thereunder.

#### Master Deposit Insurance Policy:

All Deposits to be insured under the Deposit Insurance Facility shall be held in Trust by a prescribed Trustee as required under the Act

The Principal shall provide Aviva or its authorized representative with all information necessary and in a format acceptable to Aviva to prepare the schedule of insured purchasers that will form part of the Master Deposit Insurance Policy.

#### Purchaser Release, Assignment and/or Default:

The Principal, when allowing a purchaser to cancel a deal, shall require the purchaser to execute a Mutual release and Termination Agreement in Aviva's prescribed format as a condition of requesting the deposit to be released from the Trust Account. Should the purchaser deposit be elready insured and released from trust to the Principal, the Principal shall be solely responsible for paying the deposit refund and shall supply Aviva with a copy of the negotiated refund cheque.

For purchasers of units who are in default, the Principal shall notify Aviva of the default and request permission to remarket the unit. All deposits from the defaulting party shall remain in trust until Aviva is satisfied the dispute has been settled. If the deposit monies from the defaulting purchaser have been released to the Principal, deposit monies from new purchasers shall remain in trust until Aviva is satisfied the dispute has been settled with the original purchaser.

Should the Principal permit the assignment of a purchase and sale agreement to another party, the Principal agrees to obtain a release in favour of Tarion and Avive and provide details of the assignment to Aviva as a condition of insuring the new party's deposit. Additional premium shall be charged should the new deposit be insured and released from trust.

#### Project Financing:

The Principal shall provide Aviva with copies of all discussion papers and the final accepted construction loan financing commitment. The terms of those commitments shall be satisfactory to Aviva and permit the project to be completed in a timely matter. If the terms of the said commitment do not contemplate the facility provided by Aviva or do not complement the facility provided by Aviva, all terms in this facility shall either be re-negotiated or terminated.

The Principal shall take full responsibility to advise and obtain consent from any construction lender of the involvement and/or security requirements by Aviva on this project.

#### Cost Overruns:

Aviva's authorization to release funds shall be conditional upon the Principal dealing with cost overruns to the satisfaction of both the construction lender and Aviva and that construction of the subject project proceed without any major construction problems identified by any consultant that could utilimately affect Aviva exposure under the bond and/or policies.

Project Construction and Bonding of Major Trades:

The Principal shall notify Aviva of any key construction staff changes and/or changes in plans regarding retention of a General Contractor or Construction Manager from those that were contemplated and reveated to Aviva prior to these terms being offered.

The Principal acknowledges that under its Tarion Builder Agreement, it shall indemnify Tarion for all claims relating to the building envelope, mechanical and electrical systems for two years after condominium registration. Aviva highly recommands that any major trades involved in whese areas provide the Principal contract performance and labour and material bonds with a two year maintenance period to offset any liability for deficiencies that may be discovered in the first year condominium performance audit.

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Project Monitoring:

The Principal agrees to authorize the cost consultant to provide copies of all reports to Aviva as and when provided to the construction lender. Both the Cost consultant firm and the content of the report shall be acceptable to Aviva for the purposes of fulfilling its obligations under this bonding facility.

Occasionally, Aviva may request its own "Project Status Report", which is to be completed with basic sales, closing and construction information. The Principal undertakes to complete and return these reports on a timely basis.

Representatives of Aviva shall be entitled to, subject to reasonable prior notice, attend and inspect the bonded project.

Material Change In the Information Supplied to Aviva:

If at any time prior to the execution and/or release of any bond or policy or release of deposits from trust, Aviva determines there is a material adverse change or implication to the information that the Principal had previously supplied to Aviva, including, but not imited to: project visibility, ownership of the project or financial shifty of the Principal and/or the Indemnitors, Aviva may suspend the issuance of bonds, policies or release of monies from Trust until the matter is resolved to the salisfaction of Aviva.

The Principal shall notify Aviva immediately of any material change in respect of the project or its financial condition.

Consent and Acknowledgement to Collection, Use and Disclosure of Information:

The Principal and all Indemnitors consent to Aviva obtaining from any person or company, including Credit Reporting Agencies, any information, including personal information, that Aviva may require at any time to facilitate the delivery of bonds and policies, contemplated under this surety facility. The Principal and all Indemnitors further consent to the disclosure of this information to any credit grantor or re-insurer by Aviva if Aviva is requested to do so.

Electronic Execution of Documents:

It is expressly acknowledged and agreed that the execution of this Commitment Letter may be made or manifested by way of an electronic signature (as such term is defined in The Electronic Commerce Act 2000, S.O. 2000, as amended), undertaken by or through a computer program or any other electronic means, as expressly provided or contemplated by (and in accordance with the provisions of) The Electronic Commerce Act 2000, S.O. 2000, as amended.

Each of the parties hereto further acknowledges and agrees that the Commitment Letter may be executed via telefax transmission (and the execution of a telefaxed version hereof by any or all of the parties that have signed the Commitment Letter shall have the same force and effect as if same were originally executed), and that a photocopy or telefaxed copy of the Commitment Letter may be relied upon by all of the parties that have signed the Commitment Letter to the same extent as if it were an original executed version addressed specifically to each of them.

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All the above terms and conditions are strictly confidential and neither the Principal nor any indemnitor shall disclose the contents hereof without the prior written or verbal consent of Aviva. Failure to observe this condition may result in either Aviva withdrawing or altering this commitment.

If the above terms and conditions are satisfactory, kindly signify your acceptance by executing a copy of this letter and returning it together with any applicable fees, on or before March 19, 2012.

Aviva Insurance Company of Canada Inc.

Brian Argue Senior Manager Developer Surety

Marlon Brown Underwriter Developer Surely

I have the authority to bind the Corporation.

Accepted this \_\_\_\_\_ day of \_\_\_\_\_\_, 2012.

Evian Townes Inc.

Name: Title:

Name: Title:

I.We have the authority to bind the Corporation

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### SCHEDULE "C" TO THE LOAN COMMITMENT OFFERED BY FOREMOST FINANCIAL CORPORATION DATED JUNE 04, 2012 TO EVIAN TOWNES INC.

The lender will make funds available in line with the approved budget for preservicing along with associated administration, consulting fees and letters of credit at such time that the borrower can provide the lender with the following;

1) Approved drawings for pre-servicing on municipalities lands with the works described as, the water trunk, sanity line, Hydro works, Rambo Creek retaining wall reconstruction and all the associated restoration works.

2) Municipal approval to allow the pre-servicing.

3) The securities required by the municipalities for the pre-servicing.

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				Transaction # FEFL-280 - 1	
Mortga	je Brokerages, Lenders	and Admi	nistrators Act		000056
	st be provided to the borrows any montgege instruments, t			ſ	000000
	any nondede manageria.	111233 WAIV			
			telitig Hiller etc. Mint etc. d.	પ્રેય તે ખેતા ગામમું દ્વારે તે, આ ખેતમ જ વૃદ્ધ	
Cost of Borrowing Disclosure:			· .		
Property to be mortgaged: 507-515 Elizab	eth Street Burlington, Ontar	<u>b</u>			1
		i			
Details of Mortgage;		2	大	(QUILTIA)	
The principal amount of the First morigage	\$ 7.700.000.00, Will be repa	yable İn <u>M</u>	on five installments of S-St	tit nt is be paid of	
the <u>1st</u> , only interest, starting on <u>August 0</u> The lotal amount of all payments over the	1. 2012. The net advance of	junds is \$	7.562.193.68,		
	Å .	terent		IS OVER	
Interest:	N Ø	that De	( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( )	4	
The date on which interest begins to acciu	e is: June 22, 2012 and If an	ry grace par	iod is given, the details ar	e:	
	or D prime plus				
The annual interest rate is WA and the co	mpounding period is Monthly	, S	(m) V		
Interest for each payment period is calcula	led against the balance owin	in. Each pa	yndent is applyed first to the	e accumulated cost of	
borrowing, and then to the outstanding prin calculating the interest charged in future pa	icipal. Any interest unpaid be wment beriods	comes par	t of the balance owing for	the purposes of	
Where the annual interest rate may change		the annual	interest rate is:		
Greater of 8.75% or TD prime plus 3.00%					
		ì	· .		
Fees and Costs Payable by Borrower	Louis a state	<u> </u>	1	1. 1. 10 10 100	
	Comments		Value	Included in APR	
Brokerage Fee	\$31000 has been paid on Lan	AOTING		<u>×</u>	
Insurance Fees	FCT # 12159001982	- (6)	\$7.105.32	× ×	
Logai Fees & Disbursements	plus disbursement & HST	- ANY	<u>\$ 9:000.00</u>		
Par each additional Advance	۹	-6-1	\$ 500.00	1/	
Logal fees plus disb. + HST Administration fee			\$ 200,00		
Total Costs:			\$ 137,806,32		
Total Cast of Borrowing:					
Total Cost of Borrowing (including interest)					
The APR is not the contract rate of the motigage percentage of the average motigage balance ov		noti-otteresi	costs (ednied to optimi pie.	nongege, expressed as s	
Terms and Conditions;					
Prepayment Privilages: See commitment for	delails				
Transferability See commitment for details		2			
Method of Payment: See commitment for de	tails	i.			
Special Conditions: See commitment for del	alis				
Particulars / Penalties: See commitment for	delails.	÷			
Conflict of Interest Disclosure:		:			
The Mortgage Broker/Agent has the Jollowin The lender will be a private investor or relat	ng retationship:which may be ed:company to Foremost Fir	a potentia	conflict of interest:		
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	Transaction # FEFL-280 - 1	
Mortgage Brokerages, Lenders and Administrators Act This document must be provided to the borrower 2 business days prior to the of any mongage instruments, unless haved below.		905
	00	000
Referral Flees to Brokerago and/or Broker/Agent. Describe any direct or indirect interest that the Brokerage hes:or, as currently contemplated, may ac which this disclosure statement is provided.	quire in the transaction for	
S Mortgage - Commissions The brokerage will receive a commission and may receive contingent commissions from the Lender tixed percentage of principal amounts of the mortgage being placed. Contingent commissions may be volume of business placed with the Lender, or a certain percentage growth in the placement of busin may be paid in cash or some other form of companisation.	based on factors such as the	
Mortgagee - Lender is an affiliated company The Lender is an affiliated or related company of the brokerage and the brokerage will receive a con conlingent commissions from the Lender.	nmissión arid máy receive	
S Other Compensation The Lender involved in this transaction may provide the brekerege teas or incentives dependent on eccepted by the Borrower. The brokerege may retain the lees and incentives or may use them for th prokerege's clients:		
Information on Brokerage: The Brokerage is representing <u>The Borrower &amp; the Lender, not to the preference of either</u> in this tran	isaction.	
The Brokerage has placed over 50% of their business with Poremost Wortgage Holding Corporation	during the previous fiscal year.	
The Brokerage has acted for 2 lenders during the previous (Iscal year,		
Name and Address of Brokerage: Foremost Financial Corporation Liconce # 10342 300-3300 Yong 215	e Street Toronto, ON M4N	
Name of Authorized Person signing on behalf of Brokerage. Pauline Cygelfarts. Broker Licence #:	M03203113	
Date: 08/04/2012 Authorized Signature 7		
Disclosure of Material Risks: The brokerage has reviewed with the borrower the general risks associated with a mortgage commit	ment These risks include: tisk	
of falling into arrears, default and foreclosure, prepayment penalties, etc.		
	· 如果你是我们是我们的问题。	
I/ we acknowledge receipt of a copy of this form, and corresponding Amonization Sobering and that	I I' we have reviewed the	
nformation. Jate: Волтоwer:	~	
Zvian Josephanne		
late:Guarahlör:	<u></u>	
Güaranlor; Güaranlor; / Wendy Huelon		
ste:GuarantorQuarantor		
Guirantor: Guirantor:	thank a lot of the second seco	
Guaranior:		
/we waive the 2 business days requirement for this disclosure.		
bale: JULY 04 242 BOTTOWER SHITTE		
// Evian Town Home		
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Date:Guarantor:Guarantor:Guarantor:Guarantor:Gor Date:Guarantor:Gor Date:Gor	listicators Act days prior to the signing 3 bekw.
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FUNDS FROM PROJECT 10,156,361

		FUNDS FROM	PROJECT	10,156,361				
1)	COSTS TO COMPLETE AS OF TODAY							
	#7/#2/#4/#5 #9/#10/#12/#13/#14		200,377 431,113					
	#6 & #8		464,070					
	FINISHED UNITS #1 / #3 / #11		·	1,095,561	1,095,561	10.79%	BELOW \$1.0M	
2)	RECIEVER FEES	100,000		-	1,095,561	10.79%	3RD MTGE POSTPONE NO RECIEVER	
)	A) PAYABLES AS OF DECEMBER 1st	200,000	238,997	238,997	1,334,558	13.14%		
)	C) CURRENT LIENS	200,000	170,041	170,041	1,504,599	14.81%		
1	EXTERIOR WORKS TO COMPLETE							
,	D) REQUIRED FOR FINISHING G) LANDSCAPE on site only	-	29,500.00 55,000.00					
	-	- -	- -	84,500	1,589,099	15.65%		
5)	STAFFING							
	B) SITE STAFFING PAYABLE Purchasing, Comptroller - Pat DeFi	- 6,000	43,041 24,000					
	Planning and Municipal attairs - Le	5,000	20,000					
	Customer Service Representative · Production Manager, Contracts Ma	5,000 6,000	20,000 24,000					
	Assistant Site Super - Bob Nicholis	5,000	20,000					
	Labourer - Slavic _	5,000	20,000	171,041	1,760,140	17.33%		
)	1st MGTE: FF LETTERS OF CREDITS	7,700,000 01-Oct-15	7,341,580					
	INTEREST TO oct 1	31-Mar-15	314,582	7,656,162	9,416,301	92.71%		
3)	AVIVA BONDING	2,000,000						
•	DEPOSITS RECEIVED	1,490,000	-					
	AVIVA TARION BOND	<u></u>	280,000	280,000	9,696,301	95.47%		
)	2ND MTGE: FF	320,000	320,000					
	2ND INTEREST	1-Dec-15	23,467					
	11.00%	31-Mar-16	11,669	355,136	10,051,437	98.97%	PAT PLEASE CHECK ALL THE YELLO	
0)	3RD MTGE: STAFF INTERNATIONAL	300,000	300,000					
	3RD INTEREST 10.00%	1-Jan-15 31-Dec-15	-	300,000	10,351,437	101.92%	амария <mark>н</mark> асти <mark>на</mark> в селото <b>с 63</b> .	,757
							on pat's books	
1)	4TH MTGE: E.L.I. not registered	365,964	365,964					
	4TH INTEREST 7.00%	31-Dec-15 31-Dec-15	-	365,964	10,717,401	105.52%		
				303,304	10,7 17,401	103.3270		
12)	EQUITY KAYZAN - EQUITY	350,000	350,000					
	KAYZAN - RETURN	100,000	100,000	450,000	11,167,401	109.95%		
(3)	INTERCO							
,	Erindale Village Living Inc.	<b>91,77</b> 9	91,779					
	2399862 Ontarlo Inc. ~	237,150	237,150	328,929	11,496,330	113.19%	180 PREVIOUS INTERCO????	,000
14)	SPRING EXTERIOR WORKS							
	E) LANDSCAPE on site only	46,000	46,000					
	F) MUNICIPAL ROADWORK	51,000	51,000	97,000	11,593,330	114.15%		
				11,593,330				
		FUNDS FROM	1 PROJECT	- 10,156,361				
		NOT IN OUI		1,436,969				
	+++ TARON BONDS			- 280,000				
	+++ RECOUP L.C.'S		-	•				
	MATA5 HOMES		-	- 220,000				
		NOT IN OU	R FAVOUR	936,969	936,969	9.23%		
							_	
1)	SET ASIDE AND SUE FOR NOT SERVING CAEY	CORRECTLY 132,000	-			This is E	Exhibit B m	entioned and
2)	HALLS	54,000	-			referred	to in the affidavit of	
3)	MMEGWA - JUDGEMENT	68,000	45,000					
4)	CORESLAB - JUDGEMENT	41,000	30,000	75,000			Ivan Stone	
						n 1	for a star of	dan

1,231,969

Sworn before me this of December 22 day A.D.,2015

A Commissioner, etc.