

1.5 References to Statutes

Unless otherwise provided, all references herein to any statute or any provision thereof shall mean such statute or provision as amended, restated or re-enacted from time to time.

1.6 Certain Phrases

Unless otherwise provided herein, the words "including", "includes" and "include" mean "including (or includes or include) without limitation".

1.7 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein (without regard to the conflict of laws rules of the Province of British Columbia).

1.8 Invalidity of Provisions

Save and except for any provision or covenant contained herein which is fundamental to the subject matter of this Agreement (including those that relate to the payment of moneys), the invalidity or unenforceability of any provision or covenant hereof or herein contained will not affect the validity or enforceability of any other provision or covenant hereof or herein contained and any such invalid or unenforceable provision or covenant will be deemed to be severable.

1.9 Computation of Time Periods

Unless otherwise provided herein, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding".

1.10 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, such payment shall be made such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.11 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation or presentation is required to be made for the purpose of this Agreement, such determination, consolidation, computation or presentation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed to in writing by the parties, be made in accordance with GAAP applied on a consistent basis. Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be to GAAP applicable as at the date on which such determination, consolidation, computation or presentation is made or required to be made.

1.12 Currency

Unless otherwise provided, all amounts herein are stated in Canadian Dollars.

### 1.13 Entire Agreement

This Agreement contains the entire agreement between the parties relative to the subject matter hereof and supersedes all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations, and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein.

### 1.14 Schedules

The following schedules annexed hereto are incorporated herein by reference and are deemed to be part hereof:

- Schedule "A" -- Form of Concurrent Lease Notice
- Schedule "B" -- Lessor's Addresses
- Schedule "C" -- Form of Portfolio Report (or such other format as mutually agreed upon by the parties)
- Schedule "D" -- Credit Monitoring Fee Percentage Criteria

## Article 2 - CONCURRENT LEASE

### 2.1 Grant of Concurrent Lease

- (a) Upon the terms and subject to the conditions set forth herein, the Lessor may from time to time prior to the occurrence of an Amortization Event, by delivering a completed Concurrent Lease Notice, offer to concurrently lease Approved Equipment to the Concurrent Lessee at least 5 Business Days before a proposed Closing Date. The Concurrent Lessee shall indicate its acceptance of the offer to concurrently lease Approved Equipment by countersigning the Concurrent Lease Notice delivered by the Lessor on or before the proposed Closing Date.
- (b) On each Closing Date, Lessor shall hereby lease to Concurrent Lessee, free and clear of all security interests, liens or other adverse claims other than the leasehold interests of the relevant Obligors, and Concurrent Lessee shall hereby lease from Lessor, the Approved Equipment as listed on the related Concurrent Lease Notice delivered by Lessor to Concurrent Lessee with effect as of the Closing Date. It is hereby expressly acknowledged and agreed that the interest of the Concurrent Lessee under each Concurrent Lease in and to the related Approved Equipment is that of a lessee only, and that title to and ownership in all such Approved Equipment shall, subject to Section 2.6, remain vested in the Lessor. It is hereby further expressly acknowledged and agreed that, as of each Closing Date and until the applicable Final Collection Date, the beneficial ownership of the interest of the Lessor in respect of each Lease relating to Leased Assets and the related Collections will automatically vest in the Concurrent Lessee and the Lessor will hold in trust for the benefit of the Concurrent Lessee the interest of the Lessor under each such Lease and related Collections. It is hereby further expressly acknowledged and agreed that, notwithstanding the grant by the Lessor to the Concurrent Lessee of each Concurrent Lease, the rights of the lessee Obligors with respect to the possession and use of the Approved Equipment shall continue and be the same as under their respective Leases.
- (c) On each Closing Date, the Lessor will pay to the Concurrent Lessee the Credit Monitoring Fee for each Concurrent Lease listed in the applicable Concurrent Lease Notice. The Concurrent Lessee may set off the Credit Monitoring Fee payable for a Concurrent Lease

against the Prepaid Rent for that Concurrent Lease paid by the Concurrent Lessee on the Closing Date.

- (d) In its capacity as lessor to the Concurrent Lessee and so that the Concurrent Lessee will not be in violation of its obligation as lessor to the Obligors or any of them, the Lessor hereby covenants and agrees to and in favour of the Concurrent Lessee that at all times during the term of each Concurrent Lease, the Lessor will, in all material respects, comply with and perform each term, condition, representation, warranty and covenant of the lessor contained in each Lease and will not take or omit to take any action in its capacity as owner of the Approved Equipment and lessor under any Concurrent Lease and which would cause any material failure by it to so comply with and perform each term, condition, representation, warranty and covenant required to be complied with or performed by the lessor under each Lease.
- (e) In its capacity as lessee under each Concurrent Lease, the Concurrent Lessee hereby covenants and agrees, to and in favour of the Lessor, to cause and require each Obligor to comply with and perform each term, condition, representation, warranty and covenant required to be complied with or performed by an Obligor under the relevant Lease.

## 2.2 Terms of Concurrent Leases

- (a) The term of each Concurrent Lease in respect of an item of Approved Equipment shall be deemed to commence at the close of business on the related Closing Date and, unless terminated or deemed terminated earlier in accordance with the provisions hereof, shall terminate on the Lease End Date for the related Lease.
- (b) Notwithstanding Section 2.2(a), the Concurrent Lessee shall, by giving the Lessor notice, have the right to extend the term of all Concurrent Leases beyond the relevant Lease End Dates to the end of the Additional Term.

It is hereby expressly acknowledged and agreed that the Lessor's title and ownership of the Approved Equipment owned by it shall be subject to the rights of the Concurrent Lessee under each Concurrent Lease with respect to such Approved Equipment, and, consequently, except as otherwise provided herein, upon the termination of the Lease relating to any Approved Equipment (whether upon the expiry of the Term thereof, as a result of a default by the Obligor thereunder or otherwise), the Concurrent Lessee shall, until the expiry of the term of the Concurrent Lease relating to such Approved Equipment, have the exclusive right to possess, use and lease such Approved Equipment as provided for in this Article 2. Except as provided herein, neither the Concurrent Lessee nor the Lessor shall be entitled to terminate the Concurrent Lease in respect of any or all of the Approved Equipment.

## 2.3 Rent for Concurrent Lease

In consideration of the grant by the Lessor to the Concurrent Lessee of each Concurrent Lease, the Concurrent Lessee shall pay to the Lessor, on the first day of each calendar month after the Closing Date during the term of each Concurrent Lease, as monthly rent, an amount equal to 99.99% of the sum of all payments forming part of the Scheduled Payments to be made in respect of the Leases of Leased Assets in respect thereof during the related Collection Period. Any Taxes will be added to any amount so paid if applicable.

## 2.4 Prepaid and Deferred Rent

The Lessor acknowledges and agrees that the Concurrent Lessee may satisfy and discharge its obligations to make all monthly rent payments required by Section 2.3 by (a) paying to the Lessor, on the related Closing Date, as a prepayment of rent, a sum equal to the Prepaid Rent, (b) paying

to the Lessor the amounts specified pursuant to and in accordance with Section 3.1 as deferred rent (the **Deferred Rent**), each of which payments shall be made without the need on the part of the Lessor to provide the Concurrent Lessee with any invoices. The Concurrent Lessee shall be deemed to have elected to make the payments specified in (a) and (b) if it pays the Prepaid Rent on the related Closing Date. In the event the Concurrent Lessee elects to extend the terms of the Concurrent Leases outstanding on the date of this Agreement, as applicable, to the end of the Additional Term in accordance with Section 2.2(b), the Concurrent Lessee may pay to the Lessor, upon the exercise of its right to extend the terms, as a prepayment of rent, a sum equal to the Additional Term Prepaid Rent on the Settlement Date thereafter. Concurrently with the payment of the Additional Term Prepaid Rent for an ATPR Scheduled Lease, the Lessor will pay to the Concurrent Lessee the Credit Monitoring Fee for that ATPR Scheduled Lease. Any Taxes will be added to any of the foregoing amounts so paid if applicable.

## 2.5 Acknowledgment

The Lessor acknowledges and agrees that, as a consequence of the grant and demise of rights by it to the Concurrent Lessee under this Agreement, and in consideration of the obligation and the liability of the Concurrent Lessee to pay to the Lessor the rent (including any payment by the Concurrent Lessee of Prepaid Rent), as provided for in this Article 2, the Concurrent Lessee shall be entitled, among other things, to receive all Scheduled Payments under the Leases, the Leased Assets relating to which is concurrently leased to the Concurrent Lessee hereunder, as of and from the close of business on the related Closing Date.

## 2.6 Security Interest

As continuing security for the due and timely payment from time to time by the Lessor of all obligations of the Lessor, the Lessor hereby grants, pledges and charges, to and in favour of the Concurrent Lessee, a first charge and security interest in and to all of the Lessor's right, title and interest, both present and future, in, to and under the following:

- (a) all of the Lessor's right, title and interest in, to and under the Leased Assets and the Leases related thereto including, without limitation, all amounts owed to or received by the Lessor in respect of Collections from any Obligor or other Person, including all liquidation proceeds and subsequent recoveries in respect of the Leased Assets and the related Records;
- (b) all of the Lessor's right, title and interest in and to all Collections made on or after the related Closing Date and the right to make Collections in respect of the remaining Term thereof made on or after the Closing Date including, without limitation, rights, if any, under direct debit agreements with Obligors, and all cheques, notes, instruments of payment and other remittances relating thereto;
- (c) all of the Lessor's right, title and interest in and to the related Rights relating to the Leased Assets; and
- (d) all proceeds from any or all of the foregoing;

(all of such property and rights being collectively referred to herein as the **Concurrent Lease Entitlements**). The Lessor and the Concurrent Lessee agree that value has been given for the granting by the Lessor of such charge and security interest, that they have not agreed to postpone the time for attachment with respect thereto and that attachment will occur immediately upon the Lessor acquiring rights to receive any such Collections or other amounts.



## 2.7 Concurrent Lessee Rights

The Lessor hereby acknowledges that, as a consequence of the granting of the Concurrent Leases hereunder, the Concurrent Lessee through the Servicer on its behalf, shall have the right, at any time, to:

- (a) notify any Obligor of the Concurrent Lease by the Concurrent Lessee of the Leased Assets;
- (b) to the extent that the Lessor has such rights, contact any Obligor for any purpose, including for the performance of audits and verification analyses, and the determination of account balances and other data maintained by the Servicer;
- (c) direct any Obligor to make all payments on account of any Leases directly to the Concurrent Lessee at an address designated by the Concurrent Lessee or to such third party (including the Servicer) or bank or depository as may be designated by the Concurrent Lessee;
- (d) request any Obligor to change the instructions for any direct debit or electronic funds transfer otherwise payable to the Lessor or the Servicer;
- (e) proceed directly against any Obligor and take any and all other actions, in the Lessor's name or otherwise, necessary or reasonably desirable to collect the Leases, enforce the related Rights or effect any related result; and
- (f) subject to the terms of the related Lease, sell by power of sale any Leased Assets for any price the Concurrent Lessee (or the Servicer on its behalf) deems reasonable in its sole discretion and apply the liquidation proceeds arising from any such sale towards any Rent Rebate arising therefrom.

## 2.8 Application Fee

The Lessor shall pay to the Concurrent Lessee following the completion of each Concurrent Lease, an application fee in respect of such Concurrent Lease in the amount equal to 0.15% of the applicable Prepaid Rent of the applicable Lease Asset.

## 2.9 Limitation

Notwithstanding the foregoing, no Closing Date may occur during the period between December 15 and January 2, inclusive of such dates.

## 2.10 Payment of GST/HST

The Concurrent Lessee certifies that it is at all relevant times, including at the time of each Concurrent Lease, a registrant under Part IX of the Excise Tax Act (Canada) (the **ETA**) and that its registration number is 10414 3698 RT0001.

## 2.11 Disqualified Assets

Promptly at any time after a Closing Date upon discovering that an eligibility requirement contained in the definition of "Eligible Asset" was not satisfied with respect to any Leased Asset and Concurrent Lease on the Cut-Off Date where the Concurrent Lessee made a payment of Prepaid Rent, the Lessor shall pay to the Concurrent Lessee an amount equal to the Rent Rebate in respect of the Concurrent Lease. Upon the payment of such amount, the related Concurrent Lease of such Leased Asset will be deemed to have been terminated without the need for any further action. Upon

payment of such amount, any incorrectness in any representation or warranty or covenant by the Lessor with respect thereto shall be deemed to have been rectified.

#### 2.12 Termination Rights

Either the Concurrent Lessee or the Lessor may terminate any Concurrent Lease at the end of each calendar year by notice in writing. Upon such termination, in the event Prepaid Rent was paid in respect of the Concurrent Lease, the Lessor shall be obligated to pay the Rent Rebate in respect thereof and shall have a period of up to 180 days to negotiate a repayment schedule with the Concurrent Lessee. Upon payment in full of the Rent Rebate, the related Concurrent Lease of such Leased Asset will be deemed to have been terminated without the need for any further action.

#### 2.13 Finance Matching Right

For so long as any Loans remain outstanding, under and as defined in the Credit Agreement, the Lessor will not finance any Lease Asset with or through any Person other than the Concurrent Lessee unless the Lessor has first offered the Concurrent Lessee the right to match a financing offer received from a *bona fide* arms' length third party. If the Concurrent Lessee elects not to match the financing of such Lease Asset, whether under the Credit Agreement or otherwise, on terms equal to or better than those offered by the third party, the Lessor shall be free to finance, sell, assign or convey such Lease Asset to any Person, in which case the Concurrent Lessee shall have no rights in respect thereof.

#### 2.14 Security on Past Due Leases

In the case of all Leases (including Low Value Leases) subject to a Concurrent Lease, whether entered into before or after the date of this Agreement, the Lessor shall, or shall cause the Servicer to, file a Lien Registration (to the extent not already filed) no later than the first week of the month that follows the month in which any amount payable thereunder or any portion thereof becomes more than 60 days past due. If such Lien Registration is not filed within such time period, Lessor shall indemnify the Concurrent Lessee for losses up to the Buyout Purchase Price in respect of the related Lease in accordance with Section 9.4(a)(ii).

#### 2.15 Liquidated Leases

The parties acknowledge that the Servicer is obligated and exclusively entitled, in accordance with this Agreement, to enforce a defaulted Lease by using its normal practices to take actual possession of and sell the Leased Assets forming the subject matter of such Lease and, if necessary, by enforcing the related Rights. The Servicer shall also be entitled to purchase such Leased Assets for a price deemed by the Servicer to be reasonable for such Leased Assets. Upon the Servicer's enforcement in respect of the Leased Assets which are subject to a Concurrent Lease, the Concurrent Lessee shall, subject to the following sentence, require the Lessor to terminate the related Concurrent Lease. The Concurrent Lease shall be terminated with respect to such Leased Assets as of the date on which the Servicer completes the sale of the Leased Assets to a purchaser thereof. Upon such termination, the Lessor shall be obligated to pay to the Concurrent Lessee, on the date such sale is effected, as a refund of a portion of the Prepaid Rent and, if applicable, the Additional Term Prepaid Rent paid by the Concurrent Lessee in respect of such Leased Assets, by payment to the Collections Account, the liquidation proceeds from the related Leased Assets and any recoveries against the related Obligor received by the Servicer, and recourse against the Lessor shall be limited to the liquidation proceeds from the related Leased Assets and recoveries against the related Obligor received by the Servicer, and the Lessor irrevocably directs the Servicer to apply such amounts as Collections in accordance with Article 3.

## 2.16 Sale of Leased Assets

Each party hereto acknowledges that the Servicer may, in accordance with the terms of the related Lease, allow other Persons to purchase the Leased Assets that are subject to a Concurrent Lease hereunder prior to the expiry of a Concurrent Lease. If Leased Assets that are subject to a Concurrent Lease hereunder are sold at any time, then the Concurrent Lease shall be terminated with respect to such Leased Assets as of the date on which the Servicer completes the sale of the Leased Assets to a purchaser thereof. Upon any such termination where the purchaser is the Obligor, the Lessor shall be obligated to pay to the Concurrent Lessee a refund of a portion of the Prepaid Rent and, if applicable, the Additional Term Prepaid Rent, paid by the Concurrent Lessee in respect of such Leased Assets, by payment to the Collections paid by the Concurrent Lessee in respect of such Leased Assets, by payment into the Collections Account of the proceeds of the sale of the Leased Assets on the date such sale is effected. Upon any such termination where the purchaser is not the Obligor, the Lessor shall be obligated to pay to the Concurrent Lessee a refund of a portion of the Prepaid Rent and, if applicable, the Additional Term Prepaid Rent, paid by the Concurrent Lessee in respect of such Leased Assets, by payment to the Concurrent Lessee of an amount equal to the Rent Rebate relating to such Concurrent Lease on the date such sale is effected. The Servicer will not agree to any purchase of Leased Assets that would result in the termination of a Concurrent Lease, including without limitation as part of a transaction that involves an Obligor agreeing to lease new Approved Equipment under a new lease, without first obtaining the consent of the Concurrent Lessee.

## 2.17 Credit Monitoring Fee Percentage

On each anniversary of this Agreement, the Concurrent Lessee in its sole discretion may increase or decrease the Credit Monitoring Fee Percentage by a maximum amount of 25 basis points. The Concurrent Lessee will apply the criteria set forth Schedule "D" when determining whether to increase or decrease the Credit Monitoring Fee Percentage.

## 2.18 Credit Monitoring Fee Reduction

In addition to adjustment pursuant to Section 2.17, the Credit Monitoring Fee shall be subject to review for a permanent one-time reduction by 100 basis points after the sum of all Prepaid Rent and Additional Prepaid Rent paid by the Concurrent Lessee under this Agreement exceeds \$330,000.000.00

# Article 3 - APPLICATION OF COLLECTIONS

## 3.1 Settlement Procedures

Collections of the Leases subject to Concurrent Leases shall be administered by the Servicer in accordance with the terms of this Agreement. The Lessor shall provide to the Servicer (if other than the Lessor) on a timely basis all information needed for such administration, including notice of the occurrence of any Amortization Event. The Servicer will allocate Collections received from each Obligor in accordance with the related Program Agreements and the Credit and Collection Policies. On each Settlement Date, Collections for the related Collection Period with respect to each Lease subject to a Concurrent Lease, will be applied as follows:

- (a) first, during an Amortization Period only, to the Servicer, the Servicing Fee or following a Servicer Termination Event, to the Replacement Servicer, if any, the Replacement Servicer Fee, in each case to the extent allocable to such Lease;
- (b) second, to be retained by the Concurrent Lessee, the Concurrent Lessee's Proportionate Share of any Collections in respect of the Lease; and

- (c) third, to the Lessor, the remainder as Deferred Rent.

#### **Article 4 - REPRESENTATIONS AND WARRANTIES**

##### 4.1 Representations and Warranties of the Lessor

The Lessor represents and warrants to the Concurrent Lessee as of the date of this Agreement and as of each Closing Date (except as otherwise specified below) that:

- (a) it is (i) a trust company validly existing under the laws of Canada; and (ii) duly qualified to carry on business in each jurisdiction in which the failure to be so qualified would reasonably be expected to have a Material Adverse Effect;
- (b) it has full power and capacity to enter into this Agreement and to do all acts and things as are required or contemplated of it hereunder and thereunder;
- (c) it has taken all necessary action to authorize the execution, delivery and performance of this Agreement and to do all acts and things as are required or contemplated of it hereunder and thereunder;
- (d) there are no actions, suits or proceedings pending or to the knowledge of any officer of the Lessor, threatened against or affecting the Lessor or any of its undertakings and assets at law, in equity or before any arbitrator or before or by any governmental department, body, commission, board, bureau, agency or instrumentality having jurisdiction in the premises in respect of which there is a reasonable possibility of a determination adverse to the Lessor which would reasonably be expected to have a Material Adverse Effect and the Lessor is not in default in respect of any applicable law, rule, regulation, order, judgment, injunction, award or decree as a result of which a Material Adverse Effect would reasonably be expected to occur;
- (e) this Agreement has been duly executed and delivered by the Lessor and constitutes a legally binding obligation of the Lessor enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally and to equitable principles of general application (regardless of whether enforcement is sought in a proceeding at law or in equity);
- (f) the execution and delivery of this Agreement and compliance with its terms and conditions will not (i) result in a violation of the constating documents or by-laws of the Lessor; (ii) result in a violation of any applicable law, rule, regulation, order, judgment, injunction, award or decree; (iii) result in a breach of, or constitute a default under, any loan agreement, indenture, trust deed or any other agreement or instrument to which the Lessor is a party or by which it is bound which would reasonably be expected to have a Material Adverse Effect; or (iv) require any approval or consent of, or any notice to or filing with, any Governmental Authority or agency having jurisdiction except such as has already been given, filed or obtained, as the case may be;
- (g) no default has occurred and is outstanding under any loan agreement, indenture, trust deed or any other agreement or instrument to which the Lessor is a party or by which it is bound which would reasonably be expected to have a Material Adverse Effect;
- (h) its principal place of business, chief executive office and registered office are located at the address set forth under its name on the signature pages hereto and the offices where it keeps all Records held by it are located at the addresses set out in Schedule "B" hereto or such other addresses as the Lessor shall from time to time notify the Concurrent Lessee;

- (i) it is not a non-resident of Canada within the meaning of the ITA;
- (j) the Lessor has delivered to the Concurrent Lessee all financial information received by the Lessor in respect of each Eligible Asset;
- (k) all federal, provincial and local and foreign national, state, provincial, regional and local and all other tax returns of the Lessor required by applicable law to be filed have been duly filed, and all federal, provincial and local and foreign national, state, provincial, regional and local and all other taxes, assessments and other governmental charges or levies upon the Lessor and its property, income, profits and assets which are due and payable have been paid. The charges, accruals and reserves on the books of the Lessor in respect of federal, provincial and local taxes and foreign national, state, provincial, regional and local taxes for all fiscal years and portions thereof since the organization of the Lessor, are in the judgment of the Lessor adequate in all material respects;
- (l) all written information, reports, certificates, financial statements and other papers and data produced by or on behalf of the Lessor and furnished to the Concurrent Lessee, including those in respect of Eligible Assets, were, at the time the same were so furnished, complete and correct in all material respects to the extent necessary to give the recipient a true and accurate knowledge of the subject matter, and, no fact is known to the Lessor which has had, or could reasonably be expected to in the future have, a Material Adverse Effect;
- (m) the Lessor is not an "Insolvent Person" as defined in the *Bankruptcy and Insolvency Act* (Canada), and shall not have unreasonably small capital to carry out its businesses as conducted or as proposed to be conducted;
- (n) each Lease Asset in respect of which the related Equipment is offered to be concurrently leased to the Concurrent Lessee hereunder is an Eligible Asset as of the Cut-Off Date; and
- (o) no Amortization Event or Servicer Termination Event has occurred that is continuing.

#### 4.2 Representations and Warranties of the Concurrent Lessee

The Concurrent Lessee represents and warrants to the Lessor as of the date of this Agreement that:

- (a) the Concurrent Lessee is (i) a trust company duly organized and validly existing under the *Trust and Loan Companies Act* (Canada); and (ii) duly qualified to carry on business in each jurisdiction in which the failure to do so would reasonably be expected to have a Material Adverse Effect;
- (b) the Concurrent Lessee has full power and capacity to enter into this Agreement and to do all acts and things as are required or contemplated of it hereunder;
- (c) the Concurrent Lessee has taken all necessary action to authorize the execution, delivery and performance of this Agreement and to do all acts and things as are required or contemplated of it hereunder;
- (d) there are no actions, suits or proceedings pending or to the knowledge of any officer of the Concurrent Lessee, threatened against or affecting the Concurrent Lessee or any of its undertakings and assets at law, in equity or before any arbitrator or before or by any governmental department, body, commission, board, bureau, agency or instrumentality having jurisdiction in the premises in respect of which there is a reasonable possibility of a determination adverse to the Concurrent Lessee which would reasonably be expected to have a Material Adverse Effect and the Concurrent Lessee is not in default in respect of

any applicable law, rule, regulation, order, judgment, injunction, award or decree as a result of which a Material Adverse Effect would reasonably be expected to occur;

- (e) this Agreement has been duly executed and delivered by it and constitutes a legally binding obligation of the Concurrent Lessee enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally and to equitable principles of general application (regardless of whether enforcement is sought in a proceeding at law or in equity);
- (f) the execution and delivery of this Agreement and compliance with its terms and conditions will not (i) result in a violation of its constating documents; (ii) result in a violation of any applicable law, rule, regulation, order, judgment, injunction, award or decree; (iii) result in a breach of, or constitute a default under, any loan agreement, indenture, trust deed or any other agreement or instrument to which the Concurrent Lessee is a party or by which it is bound which would reasonably be expected to have a Material Adverse Effect; or (iv) require any approval or consent of, or any notice to or filing with, any Governmental Authority or agency having jurisdiction except such as has already been given, filed or obtained, as the case may be; and
- (g) no default has occurred and is outstanding under any loan agreement, indenture, trust deed or any other agreement or instrument to which the Concurrent Lessee is a party or by which it is bound which would reasonably be expected to have a Material Adverse Effect.

#### 4.3 Survival

Representations, warranties and statements of the Lessor and the Concurrent Lessee (or any of them or of any of their respective officers) set forth herein have been relied upon by the Concurrent Lessee, shall not merge on the completion of the execution and delivery of this Agreement or on the completion of any Concurrent Lease and shall survive thereafter.

### Article 5 - COVENANTS

#### 5.1 Delivery of Files and Records

The Servicer will hold the Records relating to the applicable Leased Assets on behalf of the Concurrent Lessee, and will provide a copy of such Records to the Concurrent Lessee upon request.

#### 5.2 Further Assurances

- (a) Each of the Lessor and the Concurrent Lessee will from time to time make, do, execute, endorse, acknowledge and deliver or cause and procure to be made, done, executed, endorsed, acknowledged, filed, registered and delivered any and all further acts and assurances, including without limitation, any conveyance, deed, transfer, assignment or other instrument in writing as, in the opinion of either of such Persons, may be necessary or desirable to give effect to this Agreement and the transactions provided for in this Agreement and will take all such other action as may be required or desirable for more effectually and completely vesting all Rights acquired by the Concurrent Lessee.
- (b) Each of the Lessor and Concurrent Lessee from the period commencing on the Closing Date until the termination of this Agreement, shall maintain in force insurance coverage in areas and amounts customary for its industry.
- (c) The Lessor shall, at the request of the Concurrent Lessee, deliver to the Concurrent Lessee a no interest letter in form reasonably acceptable to the Concurrent Lessee in respect of

any interests of third parties in any Rights to be acquired by the Concurrent Lessee in connection with and as condition to the entering into any Concurrent Lease under this Agreement.

### 5.3 General Covenants of the Lessor

The Lessor covenants with the Concurrent Lessee:

- (a) to preserve and maintain its existence, rights, franchises and privileges and to qualify and remain qualified to carry on business in each jurisdiction in which the failure to do so would reasonably be expected to have a Material Adverse Effect;
- (b) to not, except as expressly permitted herein (i) sell, assign (by operation of law or otherwise) or dispose of any part of the Leased Assets; (ii) take any action which may cause the validity, effectiveness or enforceability of the Leased Assets or the related Rights to be impaired; or (iii) take or omit to take any action which may cause an Adverse Claim to attach or extend to or otherwise burden any part of the Leased Assets;
- (c) to comply with all laws (including, without limitation, privacy laws) rules, regulations, orders, judgments, injunctions, awards or decrees applicable to the Lessor or the Leased Assets except where the failure to do so would not reasonably be expected to have a Material Adverse Effect;
- (d) to promptly notify the Concurrent Lessee at least twenty (20) Business Days prior to changing its name from that which is stated in its constating documents;
- (e) to promptly notify the Concurrent Lessee at least twenty (20) Business Days prior to changing the jurisdiction in which its principal place of business, chief executive office or registered office is located;
- (f) to promptly notify the Concurrent Lessee of any amendment, limitation or restriction of any license issued to the Lessor by a regulatory authority relating to the carrying on by the Lessor of its business if such amendment, limitation or restriction would have a Material Adverse Effect;
- (g) to notify the Concurrent Lessee forthwith of the occurrence of any Amortization Event or Servicer Termination Event or of any event which, with the giving of notice of the passage of time, or both, could become an Amortization Event or Servicer Termination Event;
- (h) to not amend or waive the Credit and Collection Policies without the prior written consent of the Concurrent Lessee;
- (i) to not establish or maintain a defined benefit pension plan;
- (j) to make notations in its books, records, documents and instruments relating to the Leased Assets to evidence the interest of the Concurrent Lessee therein; and
- (k) to timely and fully perform and comply with all material terms, covenants and other provisions of the contracts relating to the Leased Assets, including without limitation the Leased Assets, required to be performed by and observed by the Lessor thereunder.

### 5.4 Amendments to Definition of Eligible Asset

If, at any time, the Concurrent Lessee determines, acting reasonably, that there has been a material change in the information contained in a Portfolio Report from the information contained in any

previous Portfolio Report, then the Concurrent Lessee may elect by notice to the Lessor to amend the definition of Eligible Asset so that it contains one or more of the following additional requirements:

- (a) if the Lease Asset is a Low Score Lease and does not have a Lien Registration, then the Outstanding Balance of such Lease Asset, together with the Outstanding Balances of all Leases relating to Leased Assets that are Low Score Leases without Lien Registrations, does not exceed 5% of the Outstanding Balance of all Lease Assets at such time; and
- (b) if the Lease Asset is a Low Value Lease and does not have a Lien Registration, then the Outstanding Balance of such Lease Asset, together with the Outstanding Balances of all Leases relating to Leased Assets without Lien Registrations, does not exceed 45% of the Outstanding Balance of all Leased Assets in the first 90 days following the date of this Agreement, and thereafter does not exceed 35%;
- (c) if the Lease Asset is a Commercial Lease, then the Outstanding Balance of such Lease Asset, together with the Outstanding Balances of all Leases relating to Leased Assets that are Commercial Leases, does not exceed 25% of the Outstanding Balance of all Leased Assets at such time;

and the definition of Eligible Asset will be deemed to have been amended from the time of delivery of notice of any such election by the Concurrent Lessee to the Lessor.

## **Article 6 - SERVICING OF PORTFOLIO**

### 6.1 Appointment of the Lessor as Servicer

- (a) The Concurrent Lessee hereby appoints the Servicer to be its exclusive agent for the purposes of servicing the Leased Assets as set out in this Article 6 (it being acknowledged that the Concurrent Lease made hereunder is made on a fully-serviced basis in accordance with this Agreement) and the Lessor hereby accepts such appointment.
- (b) The Lessor may subcontract with a subservicer or sub-originator pursuant to a Program Agreement or otherwise, provided that such subservicer or sub-originator shall be approved by the Concurrent Lessee acting reasonably, for the servicing or subservicing of the Leased Assets; provided, however, that the Lessor will remain liable to the Concurrent Lessee for the performance of the duties and obligations so subcontracted and all other duties and obligations of the Lessor set forth in this Article 6.
- (c) Except as provided hereunder, the Servicer shall have the exclusive right to service the Leased Assets and the Concurrent Lessee shall not contact any Obligor or inform any Obligor of its interests in the Leased Assets or otherwise take any steps to modify any Leased Assets.

### 6.2 Servicing of Leased Assets

During the term of this Agreement, unless a Replacement Servicer is designated by the Concurrent Lessee pursuant to Section 7.2, the Lessor covenants to service the Leased Assets with reasonable care using that degree of skill and attention that it exercises with respect to comparable receivables that it services for itself and others and in accordance with the Credit and Collection Policies, and subject to and in accordance with the provisions of this Agreement. Without limiting the generality of the foregoing, the Lessor, unless a Replacement Servicer is designated by the Concurrent Lessee pursuant to Section 7.2, shall and covenants to:



- (a) deposit Collections to the Collections Account (which will, until remitted, be held in trust for the Concurrent Lessee) in respect of such Settlement Period in accordance with Section 6.3;
- (b) hold the Records in trust for the Concurrent Lessee and at any time and from time to time during regular business hours permit the Concurrent Lessee, its agents or representatives upon five (5) Business Days' prior notice to (i) examine and make copies of all such Records in the possession (or under the control) of the Lessor; and (ii) visit the offices and properties of the Lessor for the purpose of examining such Records and discussing matters relating to the Leased Assets and the Lessor's performance under the Leased Assets or hereunder with any of the Lessor's officers or employees having knowledge of such matters;
- (c) maintain and implement prudent and reasonable administrative and operating procedures (including an ability to recreate the Records in the event of the destruction of the originals thereof) and keep and maintain all books, records, documents and other information reasonably necessary or advisable for the identification and collection of the Leased Assets (including records adequate to permit all collections of and reductions or adjustments);
- (d) timely and fully perform and comply with all terms, covenants and other provisions of the Leased Assets required to be performed and observed by it or the Concurrent Lessee;
- (e) comply in all respects with the Credit and Collection Policies in regard to each Leased Asset;
- (f) not, without the prior written consent of the Concurrent Lessee, make any change in the Credit and Collection Policies;
- (g) not extend, amend or otherwise modify or waive any term or condition of any Leased Asset unless permitted in accordance with the terms of the Credit and Collection Policies;
- (h) use its commercially reasonable efforts to collect all Receivables payable in respect of the Leased Assets in accordance with all applicable laws, rules and regulations, the provisions hereof and the Credit and Collection Policies;
- (i) make all payments payable by it to government agencies and others where a statutory lien or deemed trust might arise having priority over the Concurrent Lessee's interest in any part of the Leased Assets; provided that the Lessor may protest the payment of any such amounts if it is acting in good faith and it either provides the Concurrent Lessee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Concurrent Lessee, acting reasonably, that its interests are not prejudiced thereby;
- (j) as soon as possible, effect all filings or recordings with respect to the Concurrent Lessee's interest in all Rights necessary by law or reasonably prudent or desirable for the perfection and protection of such interest and all appropriate renewals or amendments thereof, including, without limitation, such registrations as are required pursuant to Section 2.14 hereof;
- (k) promptly, from time to time, furnish to the Concurrent Lessee such documents, records, information or reports in respect of the Leased Assets or the conditions or operations, financial or otherwise, of the Lessor as may be in existence in written form or, if available in databases maintained by the Lessor, as may be produced with existing software as the Concurrent Lessee may from time to time reasonably request;
- (l) If the Delinquency Rate

- (i) calculated in respect of Low Score Leases that are Leased Assets exceeds, for any Reporting Period and the two (2) immediately preceding Reporting Periods, 8% (the amount of any excess being the **Excess LS Delinquencies**), the Lessor shall pay to the Concurrent Lessee, for each Reporting Period (that is, each calendar month) during which such excess exists, an amount equal to \$2,500 (the **Excess LS Delinquencies Reimbursement**), which shall represent a reimbursement for the Concurrent Lessee for the costs incurred by the Concurrent Lessee with respect to the monitoring, analyzing and reporting on the Excess LS Delinquencies. The Lessor and the Concurrent Lessee hereby agree that any such Excess LS Delinquencies Reimbursement is not and shall not be deemed to be a penalty or a fee in any way, but a true representation of the costs that the Concurrent Lessee shall incur in respect of the monitoring, analyzing and reporting on the Excess LS Delinquencies; and
- (ii) calculated in respect of Low Value Leases that are Leased Assets exceeds, for any Reporting Period and the two (2) immediately preceding Reporting Periods, 10% (the amount of any excess being the **Excess LV Delinquencies**), the Lessor shall pay to the Concurrent Lessee, for each Reporting Period (that is, each calendar month) during which such excess exists, an amount equal to \$2,500 (the **Excess LV Delinquencies Reimbursement**), which shall represent a reimbursement for the Concurrent Lessee for the costs incurred by the Concurrent Lessee with respect to the monitoring, analyzing and reporting on the Excess LV Delinquencies. The Lessor and the Concurrent Lessee hereby agree that any such Excess LV Delinquencies Reimbursement is not and shall not be deemed to be a penalty or a fee in any way, but a true representation of the costs that the Concurrent Lessee shall incur in respect of the monitoring, analyzing and reporting on the Excess LV Delinquencies.

For greater certainty, both an Excess LS Delinquencies Reimbursement and an Excess LV Delinquencies Reimbursement may be payable by the Lessor to the Concurrent Lessee for the same Reporting Period.

- (m) on or before each Reporting Date, prepare and deliver to the Concurrent Lessee a Portfolio Report relating to the Receivables payable in respect of the Leased Assets as of the close of business on the last day of the immediately preceding Collection Period; and
- (n) monitor the level of complaints received by it arising from all Leased Assets and take commercially reasonable steps to address such complaints. If, at any given time, the level of unresolved complaints exceeds 1% (being the percentage of active Obligor with unresolved complaints to total active Obligor), such excess shall be reported to the Concurrent Lessee and such unresolved complaints shall be brought below 1% within 30 days.

### 6.3 Deposit of Collections

All Collections shall be deposited by the Servicer in the Collections Account within two (2) Business Days of the date of receipt by the Servicer (or, in the case of Deemed Collections, on the date of deemed receipt).

### 6.4 Power of Attorney

The Concurrent Lessee hereby constitutes and appoints the Servicer the true and lawful attorney of the Concurrent Lessee, with full power of substitution, to execute, deliver and register, for and on behalf of and in the name of the Concurrent Lessee, such documents, instruments or agreements which may be necessary or desirable to enable the Servicer to perform its obligations

set out in this Agreement. The Servicer agrees that it will not exercise such power of attorney for any other purpose whatsoever. Such power of attorney is coupled with an interest.

#### 6.5 Deemed Collections

If, on any day prior to the date on which all of the Investment and Additional Term Investment is reduced to nil, any Receivable payable in respect of any Leased Asset (i) is extended by the Lessor beyond its original term in a manner inconsistent with the Credit and Collection Policies, (ii) has its Scheduled Payment or any other regularly scheduled payment to be made by the Obligor during the Additional Term reduced by the Lessor in a manner inconsistent with the Credit and Collection Policies, (iii) is reduced or cancelled as a result of any breach by the Lessor of the terms of such Leased Asset, (iv) is reduced or cancelled as a result of a set-off in respect of any claim by the applicable Obligor against the Lessor or the Concurrent Lessee other than as a result of an act or omission of the Concurrent Lessee (whether such claim arises out of the same or a related transaction or an unrelated transaction), (v) is reduced to reflect any adjustment for returns, billing errors, NSF cheques, fraudulent charges and similar payment reconciliations, (vi) is otherwise reduced or cancelled by the Lessor or any subservicer, or (vii) if any fine, penalty, sanction, order or other liability is imposed upon or determined against any of the Lessor, the Concurrent Lessee or any Originator in connection with or relating to any Leased Asset, the Lessor shall be deemed to have received for the Concurrent Lessee's account on the last day of the Collection Period during which such day occurred, a Collection of such Receivable in the amount of such reduction or cancellation, and shall deposit to the Collections Account on the immediately following Settlement Date such amount.

#### 6.6 Payment Terms

- (a) All amounts to be paid or deposited by the Lessor, the Replacement Servicer or the Concurrent Lessee hereunder will be paid or deposited on the day when due in same day funds.
- (b) The Lessor will make all payments required to be made hereunder without deduction or set-off (except as expressly permitted hereunder) regardless of any defense or counterclaim.

### Article 7 - SERVICER TERMINATION

#### 7.1 Servicer Termination Events

The happening of any of the following shall constitute a **Servicer Termination Event** hereunder:

- (a) The Lessor defaults in the payment of any amount due to the Concurrent Lessee hereunder and such default remains unremedied for a period of three (3) Business Days after written notice of such default has been given to the Lessor;
- (b) The Lessor defaults in the observance or performance in any manner of any of its covenants or obligations contained in this Agreement in any material respect (other than those obligations referred to in paragraph (a) above) and, if such default is capable of rectification and remains unremedied for a period of thirty (30) days after the earlier of (i) the date on which written notice of such default has been given to the Lessor by the Concurrent Lessee and (ii) the date on which the Lessor has actual notice of such default;
- (c) any representation or warranty made by the Lessor in or pursuant to this Agreement proves to have been false or incorrect when made in any material respect, and, if the

circumstances giving rise to such incorrect representation or warranty are capable of rectification, such representation or warranty remains uncorrected for a period of 30 days after the earlier of (i) the date on which written notice has been given to the Lessor by the Concurrent Lessee specifying the incorrectness and demanding that the circumstances giving rise thereto be rectified and (ii) the date on which the Lessor had actual knowledge of such incorrectness;

- (d) an Insolvency Event shall occur in respect of the Lessor; or
- (e) an Event of Default occurs, as such term is defined in the Credit Agreement.

## 7.2 Designation of Replacement Servicer

- (a) If a Servicer Termination Event has occurred and is continuing, the Concurrent Lessee may designate a Replacement Servicer to succeed the Lessor with respect to the Leased Assets on such terms as it may consider reasonable, provided that any such Person so designated shall agree to perform the duties and obligations of the Lessor provided for in Article 6.
- (b) Upon the appointment of a Replacement Servicer pursuant to Section 7.2(a), the Lessor will, on demand and at its expense: (i) assemble all Records and make them available to the Replacement Servicer; (ii) notify all Obligors (x) of the sale, assignment and transfer to the Concurrent Lessee of the Leased Assets; and (y) to remit all payments due under such Leased Assets to the Replacement Servicer; and (iii) segregate, in a manner reasonably acceptable to the Concurrent Lessee, all cash, cheques and other instruments constituting Collections which are received by it from time to time and remit the same to the Replacement Servicer duly endorsed or with duly executed instruments of transfer, if applicable.

## 7.3 Replacement Servicer Fee

A Replacement Servicer appointed pursuant to Section 7.2 shall be entitled to a reasonable fee for services rendered, such fee to be determined by the Concurrent Lessee with the Replacement Servicer to a maximum, in respect of any Collection Period, of 15% of the Collections remitted to the Collections Account during such Collection Period (the **Replacement Servicer Fee**). Such Replacement Servicer Fee and any out-of-pocket expenses incurred by the Replacement Servicer in connection with its duties as Replacement Servicer, together with any applicable Sales Taxes, shall be payable to the Replacement Servicer in accordance with this Agreement.

## 7.4 Leased Assets

If a Servicer Termination Event has occurred and is continuing, the legal right, title and interest to any Leased Assets related to any Leased Asset which are held by the Lessor in trust for the Concurrent Lessee shall automatically transfer to the Concurrent Lessee upon notice from the Concurrent Lessee to the Lessor.

## 7.5 Power of Attorney

- (a) The Lessor hereby grants to the Concurrent Lessee, to become effective immediately upon the occurrence of a Servicer Termination Event, an irrevocable power of attorney and hereby irrevocably appoints the Concurrent Lessee as the Lessor's attorney-in-fact, with full power of substitution, to take in the place and stead of and in the name of the Lessor or in the Concurrent Lessee's own name from time to time at the Concurrent Lessee's discretion, acting reasonably, such actions as the Lessor may be obligated to take hereunder or as the Concurrent Lessee may deem necessary or advisable to collect,

endorse, negotiate or otherwise realize on any Leased Asset including any related Receivable, any negotiable instrument, or any other right of any kind, held or owned by the Lessor and transferred, assigned or delivered to or received by the Concurrent Lessee as payment on account or otherwise in respect of any of the Leased Assets, including:

- (i) to evidence or protect the Concurrent Lessee's interest in the Leased Assets and to execute and file, in the Lessor's name and on the Lessor's behalf, such recording, registration, financing or similar statements (including any amendments, renewals and continuation statements) under applicable laws;
  - (ii) to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for moneys due and to become due in connection with the Receivables or otherwise owed to the Concurrent Lessee;
  - (iii) to receive, endorse and collect any cheques, drafts or other instruments, documents and chattel paper in connection with moneys due and to become due in connection with the Receivables forming part of the Leased Assets or otherwise owed to the Concurrent Lessee;
  - (iv) to file any claims or take any action or institute any proceedings that the Concurrent Lessee may deem to be necessary or desirable for the collection of any Receivable; and
  - (v) to prepare, execute, deliver, and/or register in the Lessor's name and on the Lessor's behalf, such instruments and documents (including assignments) necessary or desirable in furtherance of the foregoing.
- (b) The power of attorney granted hereby shall be expressly coupled with an interest in favour of the Concurrent Lessee. The powers of attorney and other rights and privileges granted hereby shall survive any dissolution, liquidation or winding-up of the Lessor.

## **Article 8 - CONDITIONS PRECEDENT**

### 8.1 Conditions to Effectiveness

This Agreement shall become effective on the date of this Agreement if the following conditions precedent have been satisfied or waived on or prior to such date and/or the Concurrent Lessee shall have received from the Lessor the following documents, in form and substance satisfactory to the Concurrent Lessee:

- (a) a certificate of an officer of the Lessor, dated the date of this Agreement certifying (A) that attached thereto is a true and complete copy of the Certificate and Articles of Incorporation and any amendments thereto, and the by-laws of the Lessor, each as in effect on the date of such certificate; (B) that attached thereto is a true and complete copy of a resolution adopted by the Lessor's board of directors authorizing the execution, delivery and performance of this Agreement and the other Related Documents, and that such resolution has not been modified, rescinded or amended and is in full force and effect; and (C) as to the incumbency and true specimen signature of each of the Lessor's officers executing this Agreement or any of the Related Documents, on which certificate the Concurrent Lessee shall be entitled to conclusively rely until such time as the Concurrent Lessee receives from Lessor a replacement certificate meeting the requirements of this Section 8.1(a);
- (b) a certificate of compliance issued in respect of the Lessor in its jurisdiction of incorporation, and an equivalent certificate from the appropriate authority in each other jurisdiction in

which qualification is necessary in order for the Lessor to own or lease its property and conduct its business, each to be certified as of a recent date;

- (c) executed copies of this Agreement and copies of the Credit and Collection Policies;
- (d) reports, satisfactory to the Concurrent Lessee acting reasonably, showing the results of searches conducted against the Lessor under applicable personal property security registers in the provinces where the Leased Assets are located, together with executed copies of all discharges or releases of prior security interests relating to Leased Assets that are then to be sold hereunder; provided that the Lessor may establish that any particular registration does not affect any such Leased Assets by delivering a letter or acknowledgment signed by the applicable secured party;
- (e) a copy of verifications statements or other filings filed in each relevant jurisdiction, that are sufficient to perfect the interests of the Concurrent Lessee as the first priority ownership interest in the Leased Assets as against creditors of the Lessor;
- (f) executed copies of all discharges and releases, if any, necessary to discharge or release all security interest and other rights or interest of any Person in the Rights, previously granted by or through the Lessor and which could constitute an Adverse Claim, together with, where applicable, copies of the relevant financing change statements or other discharge statements with the registration particulars stamped thereon; and/or appropriate intercreditor agreements with such other parties in form and substance as the Concurrent Lessee may require; and
- (g) such other approvals, opinions or documents as the Concurrent Lessee may reasonably request.

## Article 9 - MISCELLANEOUS

### 9.1 Amendments and Waivers

- (a) This Agreement may be amended, supplemented, modified, restated or replaced by written instrument only signed by the Lessor and the Concurrent Lessee.
- (b) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing signed by such party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

### 9.2 Binding Effect; Assignability

This Agreement shall be binding upon and enure to the benefit of the Lessor and the Concurrent Lessee, and their respective successors and assigns.

The Lessor shall not have the right to assign any interest herein without the consent of the Concurrent Lessee, provided however that the Lessor may grant a security interest in all or a portion of the Deferred Rent.

Each of the other parties hereto agrees that, upon such assignment, the assignee or its further assigns may enforce directly, without joinder of the original Concurrent Lessee, the rights set forth in this Agreement. Each of the Lessor and the Concurrent Lessee agrees to grant to any such assignee or its further assigns or its agents such powers of attorney as may be necessary for the exercise of their rights hereunder.

### 9.3 Notices

Any notice, consent, request, agreement, approval, waiver or other communication required or permitted to be given or delivered hereunder shall, unless otherwise stated herein, be in writing (including photocopy, facsimile, electronic mail or other digital communication) and sent, as to each party hereto, at its address set forth under its name on the signature pages hereto, or at such other address as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective when sent.

### 9.4 Indemnification

- (a) The Lessor hereby agrees to indemnify the Concurrent Lessee and each of its directors, officers, employees, trustees, advisors and agents, and to save such Person harmless from and against any and all damages, losses, claims, liabilities, costs and expenses (including reasonable legal fees and disbursements) awarded against or incurred by any such Person arising out of or as a result of:
- (i) any representation or warranty made or deemed to be made by the Lessor in any capacity (whether as Lessor, Servicer or otherwise) (or any of its officers) in or in connection with this Agreement, any of the Leased Assets, or any Related Document, which was incorrect in any material respect when made or deemed made or delivered;
  - (ii) the failure of the Lessor in any capacity (whether as Lessor, Servicer or otherwise) or any Originator to perform or observe any of its respective covenants, duties or obligations hereunder, in respect of or relating to any of the Leased Assets or under any of the Related Documents;
  - (iii) any claim made against the Lessor in any capacity (whether as Lessor, Servicer or otherwise), the Lender or any Originator by any Obligor arising from, in connection with or relating to the performance of observance of any of the Lessor's or Originator's respective covenants, duties or obligations hereunder, in respect of or relating to any of the Leased Assets or under any of the Related Documents;
  - (iv) the failure to vest in and maintain vested in the Concurrent Lessee, the beneficial interest of the Lessor in and to the Leases relating to the Leased Assets and related Collections which are, or are intended to be transferred to the Concurrent Lessee hereunder, free and clear of any Adverse Claim (whether existing at the time of the Concurrent Lease thereof or arising at any time thereafter);
  - (v) the failure by the Lessor in any capacity (whether as Lessor, Servicer or otherwise) to comply with any applicable law, rule, regulation, order, judgment, injunction, award or decree with respect to any part of the Leased Assets, or the non-conformity of any Leased Asset with any applicable law, rule, regulation, order, injunction, award or decree; and
  - (vi) any fine, penalty, sanction, order, or other liability imposed upon or determined against any of the Lessor in any capacity (whether as Lessor, Servicer or otherwise) the Lender or any Originator by any Governmental Authority in connection with or relating to any Leased Asset;
- (b) The Lessor shall not be liable to the Concurrent Lessee hereunder for any damages, losses, claims, liabilities, costs or expenses resulting solely from the failure of any Obligor to discharge its payment obligations (except as specifically provided in Section 9.4(a)).

- (c) The Lessor and the Concurrent Lessee each agree to provide reasonable assistance to the other party, at the request of such other party and, in either case, at the Lessor's expense, in any action, suit or proceeding brought by or against, or any investigation involving such requesting party relating to any of the transactions contemplated hereby or to any part of the Leased Assets. If the Lessor has acknowledged its liability under Section 9.4(a) in respect of any damages, losses, claims, liabilities, costs or expenses in connection with any such action, suit, proceeding or investigation, and, in the sole determination of the Concurrent Lessee, acting reasonably, the Lessor has the financial ability to pay such damages, losses, claims, liabilities, costs and expenses, the Lessor will have the right, on behalf of the Concurrent Lessee but at the Lessor's expense, to defend such action, suit or proceeding, or participate in such investigation, with counsel selected by it, and will have sole discretion as to whether to litigate, appeal or settle.
- (d) The obligations of the Lessor under this Section 9.4 will survive this Agreement and remain in full force and effect for a period up to and including the date that is six years from the Final Collection Date.

9.5 Time of Essence

Time will be of the essence of this Agreement.

9.6 Failure to Perform

If the Lessor fails to perform any of its agreements or obligations hereunder, the Concurrent Lessee may (but will not be required to) itself perform, or cause to be performed, such agreement or obligation at, in the case of any such failure to perform by the Lessor, the cost of the Lessor.

9.7 Confidentiality

Each party hereto will maintain on a confidential basis (except as otherwise permitted hereunder or as required by applicable law) all information relating to the other party provided to it hereunder by the other parties; provided, however, that this Section shall not apply to any information which (i) was lawfully in the public domain at the time of communication to the first party, (ii) lawfully enters the public domain through no fault of the first party subsequent to the time of communication to the first party, (iii) was lawfully in possession of the first party free of any obligation of confidence at the time of communication to the first party, (iv) was lawfully communicated to the first party free of any obligation of confidence subsequent to the time of initial communication to the first party or (v) was lawfully communicated to any Person free from any obligation of confidence subsequent to the time of communication to the first party.

9.8 Further Assurances

The parties hereto agree, from time to time, to enter into such further agreements and to execute all such further instruments as may be reasonably necessary or desirable to give full effect to the terms of this Agreement and to the ability of the Concurrent Lessee to exercise or enforce any of its rights and remedies hereunder.

9.9 Remedies

The remedies herein provided are cumulative and not exclusive of any remedies provided at law.



9.10 Execution in Counterparts

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

*[Signature Page Follows]*

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

**SIMPLY GREEN HOME SERVICES INC., as Lessor and Servicer**

By: \_\_\_\_\_

Name:

Title:

Address: 2225 Sheppard Avenue East, Suite 800,  
Toronto, M2J 5C2

Attention: President and CEO

Fax No.: 647-846-7475

**PEOPLES TRUST COMPANY, as Concurrent Lessee**

By:  \_\_\_\_\_  
DocuSigned by: D26D0498C68E4A5...

Name: Samson Lim

Title: EVP & CFO

By:  \_\_\_\_\_  
DocuSigned by: 4CEB2B4BF70B4F8...

Name: Bill Moffatt

Title: C.O.O.

Address: 1400-888 Dunsmuir Street  
Vancouver, BC V6C 3K4

Attention: With a copy to General Counsel and  
Executive VP & Chief Financial Officer

Fax No.: 604-331-3469

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

**SIMPLY GREEN HOME SERVICES INC.**, as Lessor and Servicer

By: 

Name: Lawrence Krimker  
Title: President

Address: 2225 Sheppard Avenue East, Suite 800,  
Toronto, M2J 5C2

Attention: President and CEO

Fax No.: 647-846-7475

**PEOPLES TRUST COMPANY**, as Concurrent Lessee

By: \_\_\_\_\_

Name:  
Title:

By:

Name:  
Title:

Address: 1400-888 Dunsmuir Street  
Vancouver, BC V6C 3K4

Attention: With a copy to General Counsel and  
Executive VP & Chief Financial Officer

Fax No.: 604-331-3469

### SCHEDULE "A"

#### FORM OF CONCURRENT LEASE NOTICE

To: Peoples Trust Company ("Concurrent Lessee")

Re: Concurrent Lease Agreement dated as of June 9, 2021 among Concurrent Lessee and the undersigned (the "Concurrent Lease Agreement")

The undersigned hereby gives notice of a concurrent lease pursuant to Section 2.1 of the Concurrent Lease Agreement as follows:

Closing Date:

Cut-Off Date:

Leased Assets: Attached Schedule A

The undersigned hereby represents and warrants that the Lease Assets described in the attached Schedule A are Eligible Assets as of the related Cut-off Date. The undersigned further confirms that all representations and warranties of the Lessor contained in the Concurrent Lease Agreement are true and correct, no Servicer Termination Event has occurred that is continuing, and the Lessor is in compliance with all covenants under the Concurrent Lease Agreement.

Capitalized terms used and not defined in this Concurrent Lease Notice have the meanings set forth in the Concurrent Lease Agreement.

#### SIMPLY GREEN HOME SERVICES INC.

By: \_\_\_\_\_

Name:

Title:

Accepted:

#### PEOPLES TRUST COMPANY, as Concurrent Lessee

By:  \_\_\_\_\_  
DocuSigned by: D28D6408C68E4A6...

Name: Samson Lim

Title: EVP & CFO

By:  \_\_\_\_\_  
DocuSigned by: 4CEB2E4BF70B458

Name: Bill Moffatt

Title: C.O.O.

Schedule A to Concurrent Lease Notice -- Attach list of Lease Assets

**SCHEDULE "B"**

**LESSOR'S ADDRESSES**

Location of Records:

2225 Sheppard Avenue East, Suite  
800, Toronto, M2J 5C2

**SCHEDULE "C"**  
**FORM OF PORTFOLIO REPORT**

(Form attached.)

## SCHEDULE "D"

### CREDIT MONITORING FEE PERCENTAGE CRITERIA

Total Credit Monitoring Fees collected to date	A
Less Total Concurrent Lease net loss experience to date	B
Less Estimated net loss on Outstanding Balance	C
Surplus / (Deficit)	D
Surplus / (Deficit) expressed as % of Funding (Credit Monitoring Fee Percentage * D/A)	





**This is Exhibit “J”  
to the Affidavit of Michael Lombard sworn  
remotely before me on November 6, 2023**

DocuSigned by:

*Katherine Yurkovich*

BF436400C72D4F9...

---

A commissioner for taking affidavits

**CROWN CREST CAPITAL TRUST**

as Lessor and Servicer

and

**PEOPLES TRUST COMPANY**

as Concurrent Lessee

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**SECOND AMENDED AND RESTATED CONCURRENT LEASE AGREEMENT**

April 15, 2019

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## SECOND AMENDED AND RESTATED CONCURRENT LEASE AGREEMENT

**CONCURRENT LEASE AGREEMENT**, dated as of April 15, 2019 (this **Agreement**), between **Crown Crest Funding Corp.** (the **Trustee**), in its capacity as trustee of **Crown Crest Capital Trust**, a duly formed and validly existing trust under the laws of the Province of Ontario (together with its successors and assigns, the **Lessor**) and **Peoples Trust Company**, a trust company existing under the laws of Canada (**Concurrent Lessee**).

**WHEREAS** the Lessor, the Concurrent Lessee and Simply Green Home Services Inc., as guarantor, entered into a Concurrent Lease Agreement made as of November 30, 2018 (the **Original Agreement**), pursuant to which the Lessor leases certain Leased Assets from time to time to the Concurrent Lessee and the Concurrent Lessee leases such Leased Assets from the Lessor;

**AND WHEREAS** the Lessor and the Concurrent Lessee amended and restated the Original Agreement, including by removing Simply Green Home Services Inc. as guarantor, by an Amended and Restated Concurrent Lease Agreement made as of December 31, 2018 (the **Amended and Restated Agreement**).

**AND WHEREAS** the Lessor and the Concurrent Lessee wish to further amend and restate the Amended and Restated Agreement on and subject to the terms and conditions of this Agreement.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the mutual covenants and agreements of the parties herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### Article 1 - DEFINITIONS AND PRINCIPLES OF INTERPRETATION

#### 1.1 Definitions

Words with initial capital letters in this Agreement (including the above recitals) shall have the meanings set out below:

**Additional Term** means, in respect of a Concurrent Lease, the balance, if any, of the remaining term of the related Lease after the Lease End Date, less one day; provided that the balance of the remaining term may not exceed the lesser of (i) the remaining useful life of the applicable Lease Asset and (ii) 15 months.

**Additional Term Investment** means, on any day, the Initial Additional Term Prepaid Rent less (i) the sum of all amounts paid to the Concurrent Lessee on account of the Concurrent Lessee's Proportionate Share in respect of the Additional Term, less (ii) any Funding Costs allocable to the Additional Term Investment, less (iii) the Rent Rebate allocable to the Additional Term Investment paid by the Lessor in respect of all Concurrent Leases that are ATPR Leases terminated from time to time.

**Administrative Costs** means, in respect of any Lease, all late fees, extension fees and other administrative or similar costs, charges and expenses billed to the applicable Obligor in accordance with the Lessor's customary practice and approved by the Concurrent Lessee, acting reasonably.

**Advance Rate** means 90%.

**Adverse Claim** means a security interest, lien, charge, encumbrance or other right or claim, including any filing or registration made in respect thereof, of or through any Person (other than the Concurrent Lessee).

**Agreement** means this agreement, together with the schedules hereto, as the same may be amended, supplemented, modified, restated or replaced from time to time, and the expressions **hereof, herein, hereunder, and hereby** and similar expressions refer to this agreement and not to any specific article, section, paragraph, subparagraph or clause hereof.

**Amortization Event** means the occurrence of any of the following events:

- (a) on any Reporting Date as of the end of the related Collection Period, either:
  - (i) the Average Delinquency Rate exceeds 6.5%;
  - (ii) the Average Loss Rate exceeds 2.75%; or
- (b) a Servicer Termination Event.

**Amortization Period** means the period commencing on the date of occurrence of an Amortization Event and ending on the earlier of (i) the date such Amortization Event is waived by the Concurrent Lessee, in its sole discretion, and (ii) the date on which no further amounts are payable to the Concurrent Lessee hereunder.

**Approved Equipment** shall mean storage water heaters, tankless water heaters, water filtration and/or treatment systems, Heating Recovery Ventilation ('HRV') and/or High-efficiency particulate arrestance ('HEPA') systems, furnace and air conditioning ('HVAC') equipment and boiler systems, smart home products as well as such other types or classes of consumer equipment as may be agreed to by the Lessor and approved by the Concurrent Lessee in writing.

**ATPR Funding Rate** means, in respect of a Concurrent Lease and a Settlement Period, an annual interest rate equivalent to the average of BMO Prime for the 30 days in effect prior to each Closing Date plus 1.7% per annum, provided that from and after each 5th anniversary of the date of this Agreement, BMO Prime for the related Concurrent Leases and the calculation Funding Costs shall be adjusted to BMO Prime in effect on such 5th anniversary plus 1.7% per annum

**ATPR Scheduled Leases** means the Leases, the related Approved Equipment of which is the subject of a Concurrent Lease at such time, designated by the Lessor to the Concurrent Lessee by notice in writing on the date of this Agreement, as such schedule may be amended by the Lessor on any Settlement Date, provided that, for greater certainty, to the extent any Lease that is an ATPR Scheduled Lease ceases to be subject to a Concurrent Lease hereunder, such Lease shall thereafter cease to be an ATPR Scheduled Lease.

**Average Delinquency Rate** means for any Reporting Date, the arithmetic mean of the Delinquency Rates for each of the three Collection Periods immediately prior or (a) in the case of the first Reporting Date, the Delinquency Rate for the first Collection Period and (b) in the case of the second Reporting Date, the arithmetic mean of the Delinquency Rates for each of the two Collection Periods immediately prior.

**Average Loss Rate** means for any Reporting Date, the arithmetic mean of the Loss Rates for each of the three Collection Periods immediately prior or (a) in the case of the first Reporting Date, the Loss Rate for the first Collection Period and (b) in the case of the second Reporting Date, the arithmetic mean of the Loss Rates for each of the two Collection Periods immediately prior.

**Blocked Account Agreement** means the blocked account agreement entered into between the Trustee, the Lessor and The Toronto-Dominion Bank, as the same may be amended, restated, supplemented or replaced from time to time.

**BMO Prime** means, at any time, the posted “prime rate” of interest charged by Bank of Montreal for its commercial loans that are made in Canadian dollars.

**Business Day** means any day other than a Saturday, Sunday, or public holiday on which banks are required or permitted to be closed in the Province of Ontario or the Province of British Columbia.

**Charged-Off Asset** means any Lease (i) for which the Servicer has become aware that an Insolvency Event has occurred in respect of the related Obligor or (ii) that is or is required to be charged-off as uncollectible by the Servicer in accordance with the Credit and Collection Policies it being acknowledged that under the Credit and Collection Policies a Lease would be charged-off as uncollectible upon the Servicer becoming aware that an Insolvency Event had occurred in respect of the related Obligor; provided that a Lease will cease to be a Charged-Off Asset if all outstanding amounts are paid in full by the Obligor.

**Closing Date** means, in respect of a Concurrent Lease, the date specified as such in the applicable Concurrent Lease Notice.

**Collection Period** means a calendar month, provided that the initial Collection Period shall commence on the Cut-Off Date in respect of the initial Concurrent Lease and the final Collection Period shall end on (and include) the Final Collection Date.

**Collections** means without duplication (i) in respect of any Leased Asset, all cash collections and other cash proceeds in respect thereof and of the related Rights and Receivables (excluding Administrative Costs and Sales Taxes but including payments of rent, interest and principal) received after the applicable Cut-Off Date, (ii) any Deemed Collections in respect of such Leased Assets, and (iii) the net proceeds of any disposition of the related Leased Asset, except where the proceeds of disposition are payable directly to the Concurrent Lessee.

**Collections Account** means the account established and maintained in the name of the Lessor as the account owner at The Toronto-Dominion Bank (Branch ID: 14822, Account Number: 5293714) or such other account as is designated by notice to the Lessor as the Collections Account for the purposes hereof, which account shall at all times be subject to a Blocked Account Agreement in form and substance acceptable to the Concurrent Lessee.

**Concurrent Lease** means each concurrent lease of Approved Equipment entered into in accordance with Article 2.

**Concurrent Lease Entitlements** has the meaning ascribed thereto in Section 2.6.

**Concurrent Lease Notice** means the offer by the Lessor to lease Lease Assets to the Concurrent Lessee in the form attached hereto as Schedule “A”.

**Concurrent Lessee’s Proportionate Share** means, in respect of the Collections for a Lease, (i) for a Lease that is a ATPR Scheduled Lease, a percentage equal to the proportion of the Scheduled Payments plus all payments of escalations plus all regularly scheduled payments to be made by the Obligor during the Additional Term for such Lease required to fully amortize the sum of Prepaid Rent and Initial ATPR for such Lease over the sum of the Prescribed Term and the Additional Term at the weighted average of the Funding Rate and ATPR Funding Rate and (ii) for a Lease that is not a ATPR Scheduled Lease, a percentage equal to the proportion of the Scheduled Payments plus all payments of escalations for such Lease required to fully amortize the Prepaid Rent over the Prescribed Term at the Funding Rate.

**Credit and Collection Policies** means the Lessor’s credit, collection and administration policies and procedures relating to its portfolio of loans, as represented in the Lessor’s operating



procedures manual, which for greater certainty, has been reviewed and approved by the Concurrent Lessee.

**Credit Monitoring Fee** means, for a Concurrent Lease on a Closing Date, an amount equal to 3% of the Prepaid Rent, plus, if applicable, 3% of the Initial Additional Term Prepaid Rent.

**Cut-Off Date** means the date specified as such in the Concurrent Lease Notice.

**Deemed Collections** means amounts required to be deposited to the Collections Account pursuant to Section 6.5 hereof.

**Deferred Rent** has the meaning set forth in Section 2.4.

**Delinquency Rate** means, for any Collection Period, the sum of the outstanding principal balances of Leased Assets other than Charged-Off Assets that are Delinquent Assets at the end of such Collection Period, divided by the Pool Balance at the end of such Collection Period.

**Delinquent Asset** means a Lease where any amount payable thereunder or any portion thereof is more than 30 days past due.

**Discount Rate** means, in respect of a Concurrent Lease, a discount rate equivalent to 4 % per annum, provided that the Concurrent Lessee may adjust the Discount Rate on January 2 of any calendar year by notice in writing delivered not less than 30 days before such date in respect of Concurrent Leases to be entered into after such date. Any increase in the Discount Rate cannot exceed any net increase in BMO Prime during the calendar year then ended.

**Eligible Asset** means any Lease:

- (a) in respect of which the Obligor thereunder is a Person who is resident in Canada and is not (i) an affiliate of the Lessor or the Concurrent Lessee; (ii) the Government of Canada or any agency or instrumentality thereof or any federal crown corporation other than those listed as exempt under applicable legislation from restrictions or requirements for consent or notice on the assignment of receivables in respect of which they are obligors; or (iii) any provincial government or agency thereof if the enforceability against such government or agency of an assignment of debts owing thereby is subject to any pre-condition which has not been fulfilled;
- (b) which is not a Charged-Off Asset or a Delinquent Asset;
- (c) that has a fair market value that is greater than or equal to its face value;
- (d) which is payable to an address in Canada only and is denominated and payable in Canadian Dollars and in respect of which the Obligor has been directed to remit payments to the Collections Account;
- (e) which has been duly authorized, executed and delivered by the parties thereto, has been entered into in compliance with all applicable laws (including any licensure laws applicable to Lessor), and, together with all related Rights (including any guarantee, indemnity or agreement referred to in clause (g) of the definition of Rights), is in full force and effect and constitutes the legal, valid and binding obligation of the related Obligor enforceable against such Obligor in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject to equitable principles of general application (regardless of whether enforcement is sought in a proceeding at law or in equity);

- (f) which is not subject to any dispute, set-off, counterclaim or defense whatsoever, no prepayments have been made thereunder and which is owned by the Lessor and free of any Adverse Claim and has not been extended or otherwise modified except in the ordinary course of business and in accordance with the Credit and Collection Policies;
- (g) in respect of which the Lessor is not in default in the performance of any of the covenants of the Lessor thereunder;
- (h) the terms of which do not contravene any laws, rules or regulations applicable thereto (including, without limitation, such laws, rules, or regulations relating to usury, truth in lending, credit business practices, cost of borrowing, consumer protection, equal credit opportunity, fair debt collection practices and privacy), except where such contravention would not materially adversely affect the collectability or enforceability of the related Rights;
- (i) in which the perfection of the Lessor's rights complies with the requirements of the Credit and Collection Policies in all material respects it being acknowledged that Lease Assets that are Low Value Leases do not require perfection of the Lessor's rights;
- (j) the related Obligor is not the subject of any Insolvency Event (except where such Insolvency Event occurred prior to the origination of the Receivable and such origination was consistent with the Credit and Collection Policies) or, to the best of the Lessor's knowledge, there are no such proceedings pending against such Obligor;
- (k) in respect of which the related Rights may be assigned in whole or in part without the consent of the related Obligor;
- (l) which is documented pursuant to a form of contract which is similar in all material respects to one of the forms of contract that have previously been delivered to and accepted by the Concurrent Lessee, acting reasonably;
- (m) in respect of which immediately prior to the lease hereunder the Lessor is the legal and beneficial owner of the Lease Asset, the related Receivables and Rights free and clear of any Adverse Claim;
- (n) in respect of which after the Concurrent Lease of the related Equipment to the Concurrent Lessee, the Concurrent Lessee would be the sole legal and beneficial owner of the related Concurrent Lease Entitlements with full right to transfer, sell and encumber such Concurrent Lease Entitlements free and clear of any lien;
- (o) that has not been satisfied, subordinated, waived or rescinded;
- (p) that has not been compromised, adjusted or modified except in accordance with the Credit and Collection Policies;
- (q) that was generated in the ordinary course of business;
- (r) except in the case of Low Value Leases, for which all filings or recordings with respect to the Lessor's interest therein and the related Leases and Rights necessary by law or reasonably prudent and desirable for the perfection and protection of such interests including any further filings, recordings or renewals thereof, have been effected by the Lessor (**Lien Registration**); and
- (s) which satisfies such other criteria as may be added by the Concurrent Lessee in accordance with Section 5.4 from time to time.

**ETA** means Part IX of the *Excise Tax Act* (Canada).

**Excess LV Delinquencies** is defined in Section 6.2(l).

**Excess LV Delinquencies Reimbursement** is defined in Section 6.2(l).

**Final Collection Date** means the date on which all Leases subject to Concurrent Leases have been terminated, fully collected and/or written off as uncollectible pursuant to the Credit and Collection Policies.

**Finance Charge Collections** means Collections in respect of interest and fees (other than Administrative Costs).

**Funding Costs**, means, in respect of a Settlement Period, the sum of (a) the product of (i) the Investment as of the first day of the Settlement Period and (ii) the weighted average Funding Rate for all Concurrent Leases and the related Settlement Period, plus (b) the product of (i) the Additional Term Investment as of the first day of the Settlement Period, and (ii) the ATPR Funding Rate.

**Funding Rate** means, in respect of a Concurrent Lease and a Settlement Period, an annual interest rate equivalent to the average of BMO Prime for the 30 days in effect prior to each Closing Date plus 1.3% per annum, provided that from and after the 5<sup>th</sup> anniversary of each Closing Date, BMO Prime for the related Concurrent Leases and the calculation Funding Costs shall be adjusted to BMO Prime in effect on such 5<sup>th</sup> anniversary plus 1.3% per annum.

**GAAP** means generally accepted accounting principles from time to time approved by the Chartered Professional Accountants of Canada or any successor body, applicable as at the date in question and applied on a consistent basis.

**Governmental Authority** means any federal, state, provincial, regional, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

**GST/HST** means the goods and services tax, harmonized sales tax, and all other amounts payable under the ETA or pursuant to any similar value added tax legislation in any other jurisdiction of Canada or is similar thereto.

**Initial Additional Term Prepaid Rent** means, at any time, the aggregate, for each ATPR Scheduled Lease, of the product of (i) the Advance Rate and (ii) the sum of the net present values of each unpaid rental payments coming due over the entire term, ending on the last day of the Additional Term, of the related ATPR Scheduled Lease, excluding all Scheduled Payments, but including all escalations in the rental payments the Lessor is entitled to, discounted to the date of determination at the Discount Rate.

**Insolvency Event** means, in respect of any Person, such Person shall generally not pay its debts as they become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceedings shall be instituted by or against, as the case may be, seeking to adjudicate it as bankrupt or insolvent or seeking liquidation, winding up, reorganization arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of insolvent debtors, or seeking the entry of an order for relief by the appointment of a receiver, trustee, custodian or similar official for its or a substantial part of its property and, if such proceeding has been instituted against such Person, while being contested in good faith by such Person, such proceeding has not been stayed or dismissed within 45 days or a receiver, trustee, custodian or other similar official is appointed for it or any substantial part of its property; or a

receiver being privately appointed in respect of a substantial part of the assets of such Person; or such Person, takes any corporate action to authorize any of the actions described above.

**Investment** means at any time the sum of all Prepaid Rent paid (or deemed to have been made) by the Concurrent Lessee to the Lessor, less (i) the sum of all amounts paid to the Concurrent Lessee on account of the Concurrent Lessee's Proportionate Share allocable to the Investment, less (ii) any Funding Costs allocable to the Investment, less (iii) the Rent Rebate allocable to the Investment paid by the Lessor in respect of all Concurrent Leases terminated from time to time.

**ITA** means the *Income Tax Act* (Canada) and includes any corresponding, applicable provincial income tax statute, and for greater certainty, where this Agreement refers to a specific provision of the ITA, such reference includes a reference to any corresponding provision of an applicable provincial income tax statute.

**Lease** means a lease or rental agreement or similar agreement (including a sub-metering agreement) for the lease or sale of Approved Equipment originated by an Originator.

**Lease Asset** means a Lease together with the related Rights.

**Lease End Date** means, in respect of any Lease and Concurrent Lease, the Settlement Date immediately following the scheduled date of the last Scheduled Payment under the related Lease.

**Leased Assets** means the Approved Equipment concurrently leased or purported to be concurrently leased by the Concurrent Lessee hereunder (other than Concurrent Leases terminated hereunder).

**Loss Rate** means in respect of a Collection Period, net losses in respect of Leases subject to Concurrent Leases divided by the original outstanding net present value of the Leases subject to Concurrent Leases subject to losses during such Collection Period.

**Low Value Lease** means a Lease Asset in respect of which the related Approved Equipment is a water heater or other equipment where the original monthly rental payment (excluding taxes) is less than \$45 or a tankless water heater where the original monthly rental payment (excluding taxes) is less than \$65.

**Material Adverse Effect** means, in respect of any Person or any Lease subject to a Concurrent Lease any effect on it which could reasonably be expected to have an adverse impact on (i) in the case of such Person the ability of such Person to perform its obligations hereunder or under any Related Document, or (ii) the enforceability or collectability of such Lease or (iii) the value of such Lease.

**Obligor** means in respect of any Lease, the Person or Persons obligated to make payments thereunder.

**Originator** means in respect of any Lease, the original lessor.

**Outstanding Balance** means, in respect of a Concurrent Lease, the product of (i) the Advance Rate, and (ii) the sum of the net present values of each unpaid Scheduled Payment plus, if applicable, each unpaid regularly scheduled payment to be made by the Obligor during the Additional Term under the related Lease, discounted to the date of determination at the applicable Discount Rate.

**Person** means an individual, partnership, corporation, trust, joint venture, unincorporated association, government (or any agency or political subdivision thereof) or other entity.

**Pool Balance** means at any time the aggregate Outstanding Balance of all Concurrent Leases other than in respect of Charged-Off Assets or Lease Assets where the related Concurrent Lease has been terminated.

**Portfolio Report** means a report substantially in the form attached hereto as Schedule "C", delivered by the Lessor to the Concurrent Lessee pursuant to Section 6.2(m)).

**PPSA** means the *Personal Property Security Act* (British Columbia) or the comparable legislation of the other provinces of Canada including, in Québec, the Civil Code of Québec.

**Prepaid Rent** means the lump sum rent required to prepay the original monthly rental payments due under any Concurrent Leases pursuant to Article 2, which shall be equal to the product of (i) the Advance Rate and (ii) the sum of the net present values of each unpaid Scheduled Payment of the applicable Lease Asset, discounted to the related Closing Date at the applicable Discount Rate.

**Prescribed Term** means, in respect of any Lease at any time, the lesser of 165 months and the remaining term of such Lease at such time.

**PST** means amounts payable under any statute in Canada imposing a single stage retail sales tax.

**Receivables** means, in respect of any Lease, all moneys payable with respect to such Lease Asset including all scheduled periodic payments, principal, interest, interchange, extra charges, fees and penalties and other moneys payable by the related Obligor (exclusive of Administrative Costs) during the period from but excluding the Cut-Off Date, to the date when all amounts have been paid under such Lease.

**Records** means, in respect of any Lease subject to a Concurrent Lease, all contracts (including those evidencing such Lease), books, records, reports and other documents and information (including, to the extent obtainable by way of existing software controlled by the Lessor, hard copies of all data maintained in databases of the Lessor, tapes and disks) maintained by or on behalf of the Lessor in respect of the Lease and the related Obligor.

**Related Documents** means any agreement, document, exhibit, notice or other communication which has at any time been delivered by the Lessor to the Concurrent Lessee pursuant hereto, including all agreements and documents required hereunder.

**Rental Amount** means in respect of a Lease, the original regularly-scheduled monthly rental payment amount of the Obligor thereunder plus any escalations to the Closing Date.

**Rent Rebate** means, at any time with respect to any Concurrent Lease in respect of which the Concurrent Lessee made a payment of Prepaid Rent and, if applicable, Initial Additional Term Prepaid Rent, an amount equal to the product of (i) the Advance Rate and (ii) the sum of the net present values of each unpaid Scheduled Payment plus, if applicable, each unpaid regularly scheduled payment to be made by the Obligor during the Additional Term arising under the related Lease, discounted to the date of determination at the applicable Discount Rate.

**Replacement Servicer** means any Person appointed by the Concurrent Lessee to replace the initial or any subsequent Servicer upon the occurrence of a Servicer Termination Event.

**Replacement Servicer Fee** has the meaning given to it in Section 7.3.

**Reporting Date** means in respect of a Collection Period the second Business Day preceding the related Settlement Date.

**Rights** means, in respect of any Lease, the following:

- (a) all rights and benefits accruing to the Lessor under such Lease, including all right, title and interest in and to the related receivables;
- (b) all of the Lessor's right, title and interest in and to the related Approved Equipment;
- (c) all right in or to payments (including both proceeds and, to the extent the Lessor has any rights therein, premium refunds) under any insurance policies maintained by the related Obligor pursuant to the terms of such Lease or by the Lessor in respect of such Lease;
- (d) all claims, demands, actions, damages and indemnities owing to the Lessor under such Lease;
- (e) the right of the Lessor to ask, demand, sue for, collect, receive and enforce any and all sums payable under the Lease and to enforce all other covenants, obligations, rights and remedies thereunder with respect thereto;
- (f) all of the right, title and interest of the Lessor in, to and under all prepayments made after the Cut-Off Date, guarantees, promissory notes and indemnities (including all security interests and all property subject thereto) from time to time supporting or securing payment or performance of the related Obligor's obligations in respect of the Lease, whether pursuant to the Lease or otherwise;
- (g) the related Records; and
- (h) all proceeds of or relating to any of the foregoing.

**Sales Taxes** means all federal, provincial and other sales, goods and services, value added, use or other transfer taxes, and all other similar taxes whatsoever, including GST/HST and PST.

**Scheduled Payment** means, in respect of a Lease, the Rental Amount payable by the Obligor thereunder during a term not exceeding the lesser of (i) the remaining term of the Lease, (ii) 165 months and (iii) the remainder of the Prescribed Term.

**Servicer** means Lessor in its capacity as servicer hereunder and any Replacement Servicer.

**Servicing Fee** means in respect of any Settlement Date, a fee not exceeding 0.40% per annum of the Pool Balance at such time.

**Servicer Termination Event** has the meaning set forth in Section 7.1.

**Settlement Date** means, in respect of a Collection Period, the 15<sup>th</sup> calendar day of the calendar month (or the next Business Day if such day is not a Business Day) following the calendar month related to such Collection Period.

**Settlement Period** means in respect of a Settlement Date, the period commencing on and including the immediately preceding Settlement Date to but excluding such Settlement Date, provided that the first Settlement Period shall commence on and include the date of the Original Agreement and the final Settlement Date shall end on and exclude the Final Collection Date.

## 1.2 Extended Meanings

In this Agreement, words importing the singular number include the plural and vice versa and words importing gender include each gender. Unless the context requires otherwise, any

reference herein to any Person shall be construed to include such Person's successors and permitted assigns.

### 1.3 Headings and Table of Contents

The table of contents does not form part of this Agreement. Article and Section headings are not to be considered part of this Agreement, are included solely for convenience of reference and do not define, limit or enlarge the construction or interpretation hereof.

### 1.4 References to Sections, Articles and Schedules

Unless otherwise provided, all references herein to Sections, Articles or Schedules are references to Sections, Articles and Schedules of or to this Agreement.

### 1.5 References to Statutes

Unless otherwise provided, all references herein to any statute or any provision thereof shall mean such statute or provision as amended, restated or re-enacted from time to time.

### 1.6 Certain Phrases

Unless otherwise provided herein, the words "including", "includes" and "include" mean "including (or includes or include) without limitation".

### 1.7 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein (without regard to the conflict of laws rules of the Province of British Columbia).

### 1.8 Invalidity of Provisions

Save and except for any provision or covenant contained herein which is fundamental to the subject matter of this Agreement (including those that relate to the payment of moneys), the invalidity or unenforceability of any provision or covenant hereof or herein contained will not affect the validity or enforceability of any other provision or covenant hereof or herein contained and any such invalid or unenforceable provision or covenant will be deemed to be severable.

### 1.9 Computation of Time Periods

Unless otherwise provided herein, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding".

### 1.10 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

### 1.11 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation or presentation is required to be made for the purpose of this Agreement, such determination, consolidation, computation or presentation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed to in writing by the parties, be made in accordance with GAAP applied on a consistent basis. Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be to GAAP applicable as at the date on which such determination, consolidation, computation or presentation is made or required to be made.

### 1.12 Currency

Unless otherwise provided, all amounts herein are stated in Canadian Dollars.

### 1.13 Entire Agreement

This Agreement contains the entire agreement between the parties relative to the subject matter hereof and supersedes all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations, and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein.

### 1.14 Schedules

The following schedules annexed hereto are incorporated herein by reference and are deemed to be part hereof:

Schedule "A" – Form of Concurrent Lease Notice

Schedule "B" – Lessor's Addresses

Schedule "C" – Form of Portfolio Report (or such other format as mutually agreed upon by the parties)

## **Article 2 - CONCURRENT LEASE**

### 2.1 Grant of Concurrent Lease

(a) Upon the terms and subject to the conditions set forth herein, the Lessor may from time to time prior to the occurrence of an Amortization Event, by delivering a completed Concurrent Lease Notice, offer to concurrently lease Approved Equipment to the Concurrent Lessee at least 5 Business Days before a proposed Closing Date. The Concurrent Lessee shall indicate its acceptance of the offer to concurrently lease Approved Equipment by countersigning the Concurrent Lease Notice delivered by the Lessor on or before the proposed Closing Date.

(b) On each Closing Date, Lessor shall hereby lease to Concurrent Lessee, free and clear of all security interests, liens or other adverse claims other than the leasehold interests of the relevant Obligors, and Concurrent Lessee shall hereby lease from Lessor, the Approved Equipment as listed on the related Concurrent Lease Notice delivered by Lessor to Concurrent Lessee) with effect as of the Closing Date. It is hereby expressly acknowledged and agreed that the interest of the Concurrent Lessee under each Concurrent Lease in and to the related Approved Equipment is that of a lessee only, and that title to and ownership in all such Approved Equipment shall, subject to Section 2.6, remain vested in the Lessor. It is hereby further expressly acknowledged and agreed



that, as of each Closing Date and until the applicable Final Collection Date, the beneficial ownership of the interest of the Lessor in respect of each Lease relating to Leased Assets and the related Collections will automatically vest in the Concurrent Lessee and the Lessor will hold in trust for the benefit of the Concurrent Lessee the interest of the Lessor under each such Lease and related Collections. It is hereby further expressly acknowledged and agreed that, notwithstanding the grant by the Lessor to the Concurrent Lessee of each Concurrent Lease, the rights of the lessee Obligors with respect to the possession and use of the Approved Equipment shall continue and be the same as under their respective Leases.

- (c) On each Closing Date, the Lessor will pay to the Concurrent Lessee the Credit Monitoring Fee for each Concurrent Lease listed in the applicable Concurrent Lease Notice. The Concurrent Lessee may set off the Credit Monitoring Fee payable for a Concurrent Lease against the Prepaid Rent for that Concurrent Lease paid by the Concurrent Lessee on the Closing Date.
- (d) In its capacity as lessor to the Concurrent Lessee and so that the Concurrent Lessee will not be in violation of its obligation as lessor to the Obligors or any of them, the Lessor hereby covenants and agrees to and in favour of the Concurrent Lessee that at all times during the term of each Concurrent Lease, the Lessor will, in all material respects, comply with and perform each term, condition, representation, warranty and covenant of the lessor contained in each Lease and will not take or omit to take any action in its capacity as owner of the Approved Equipment and lessor under any Concurrent Lease and which would cause any material failure by it to so comply with and perform each term, condition, representation, warranty and covenant required to be complied with or performed by the lessor under each Lease.
- (e) In its capacity as lessee under each Concurrent Lease, the Concurrent Lessee hereby covenants and agrees, to and in favour of the Lessor, to cause and require each Obligor to comply with and perform each term, condition, representation, warranty and covenant required to be complied with or performed by an Obligor under the relevant Lease.

## 2.2 Terms of Concurrent Leases

- (a) The term of each Concurrent Lease in respect of an item of Approved Equipment shall be deemed to commence at the close of business on the related Closing Date and, unless terminated or deemed terminated earlier in accordance with the provisions hereof, shall terminate on the Lease End Date for the related Lease.
- (b) Notwithstanding Section 2.2(a), the Concurrent Lessee shall have the right to extend the term of all Concurrent Leases outstanding on the date of this Agreement beyond the relevant Lease End Dates to the end of the Additional Term by giving the Lessor notice.

It is hereby expressly acknowledged and agreed that the Lessor's title and ownership of the Approved Equipment owned by it shall be subject to the rights of the Concurrent Lessee under each Concurrent Lease with respect to such Approved Equipment, and, consequently, except as otherwise provided herein, upon the termination of the Lease relating to any Approved Equipment (whether upon the expiry of the Term thereof, as a result of a default by the Obligor thereunder or otherwise), the Concurrent Lessee shall, until the expiry of the term of the Concurrent Lease relating to such Approved Equipment, have the exclusive right to possess, use and lease such Approved Equipment as provided for in this Article 2. Except as provided herein, neither the Concurrent Lessee nor the Lessor shall be entitled to terminate the Concurrent Lease in respect of any or all of the Approved Equipment.

### 2.3 Rent for Concurrent Lease

In consideration of the grant by the Lessor to the Concurrent Lessee of each Concurrent Lease, the Concurrent Lessee shall pay to the Lessor, on the first day of each calendar month after the Closing Date during the term of each Concurrent Lease, as monthly rent, an amount equal to 99.99% of the sum of all payments forming part of the Scheduled Payments to be made in respect of the Leases of Leased Assets in respect thereof during the related Collection Period. Any Taxes will be added to any amount so paid if applicable.

### 2.4 Prepaid and Deferred Rent

The Lessor acknowledges and agrees that the Concurrent Lessee may satisfy and discharge its obligations to make all monthly rent payments required by Section 2.3 by (a) paying to the Lessor, on the related Closing Date, as a prepayment of rent, a sum equal to the Prepaid Rent, (b) paying to the Lessor the amounts specified pursuant to and in accordance with Section 3.1 as deferred rent (the Deferred Rent), each of which payments shall be made without the need on the part of the Lessor to provide the Concurrent Lessee with any invoices. The Concurrent Lessee shall be deemed to have elected to make the payments specified in (a) and (b) if it pays the Prepaid Rent on the related Closing Date. In the event the Concurrent Lessee elects to extend the terms of the Concurrent Leases outstanding on the date of this Agreement to the end of the Additional Term in accordance with Section 2.2(b), the Concurrent Lessee may pay to the Lessor, upon the exercise of its right to extend the terms, as a prepayment of rent, a sum equal to the Initial Additional Term Prepaid Rent. Concurrently with the payment of the Initial Additional Term Prepaid Rent for an ATPR Scheduled Lease, the Lessor will pay to the Concurrent Lessee the Credit Monitoring Fee for that ATPR Scheduled Lease. Any Taxes will be added to any of the foregoing amounts so paid if applicable.

### 2.5 Acknowledgment

The Lessor acknowledges and agrees that, as a consequence of the grant and demise of rights by it to the Concurrent Lessee under this Agreement, and in consideration of the obligation and the liability of the Concurrent Lessee to pay to the Lessor the rent (including any payment by the Concurrent Lessee of Prepaid Rent), as provided for in this Article 2, the Concurrent Lessee shall be entitled, among other things, to receive all Scheduled Payments under the Leases, the Leased Assets relating to which is concurrently leased to the Concurrent Lessee hereunder, as of and from the close of business on the related Closing Date.

### 2.6 Security Interest

As continuing security for the due and timely payment from time to time by the Lessor of all obligations of the Lessor, the Lessor hereby grants, pledges and charges, to and in favour of the Concurrent Lessee, a first charge and security interest in and to all of the Lessor's right, title and interest, both present and future, in, to and under the following:

- (a) all of the Lessor's right, title and interest in, to and under the Leased Assets and the Leases related thereto including, without limitation, all amounts owed to or received by the Lessor in respect of Collections from any Obligor or other Person, including all liquidation proceeds and subsequent recoveries in respect of the Leased Assets and the related Records;
- (b) all of the Lessor's right, title and interest in and to all Collections made on or after the related Closing Date and the right to make Collections in respect of the remaining Term thereof made on or after the Closing Date including, without limitation, rights, if any, under direct debit agreements with Obligors, and all cheques, notes, instruments of payment and other remittances relating thereto;

- (c) all of the Lessor's right, title and interest in and to the related Rights relating to the Leased Assets; and
- (d) all proceeds from any or all of the foregoing;

(all of such property and rights being collectively referred to herein as the Concurrent Lease Entitlements). The Lessor and the Concurrent Lessee agree that value has been given for the granting by the Lessor of such charge and security interest, that they have not agreed to postpone the time for attachment with respect thereto and that attachment will occur immediately upon the Lessor acquiring rights to receive any such Collections or other amounts.

## 2.7 Concurrent Lessee Rights

The Lessor hereby acknowledges that, as a consequence of the granting of the Concurrent Leases hereunder, the Concurrent Lessee through the Servicer on its behalf, shall have the right, at any time, to:

- (a) notify any Obligor of the Concurrent Lease by the Concurrent Lessee of the Leased Assets;
- (b) to the extent that the Lessor has such rights, contact any Obligor for any purpose, including for the performance of audits and verification analyses, and the determination of account balances and other data maintained by the Servicer;
- (c) direct any Obligor to make all payments on account of any Leases directly to the Concurrent Lessee at an address designated by the Concurrent Lessee or to such third party (including the Servicer) or bank or depository as may be designated by the Concurrent Lessee;
- (d) request any Obligor to change the instructions for any direct debit or electronic funds transfer otherwise payable to the Lessor or the Servicer;
- (e) proceed directly against any Obligor and take any and all other actions, in the Lessor's name or otherwise, necessary or reasonably desirable to collect the Leases, enforce the related Rights or effect any related result; and
- (f) subject to the terms of the related Lease, sell by power of sale any Leased Assets for any price the Concurrent Lessee (or the Servicer on its behalf) deems reasonable in its sole discretion and apply the liquidation proceeds arising from any such sale towards any Rent Rebate arising therefrom.

## 2.8 Application Fee

The Lessor shall pay to the Concurrent Lessee following the completion of each Concurrent Lease an application fee in respect of such Concurrent Lease in the amount equal to 0.15% of the applicable Prepaid Rent of the applicable Lease Asset in respect of the concurrent lease by the Concurrent Lessee from the Lessor.

## 2.9 Payment of GST/HST

The Concurrent Lessee certifies that it is at all relevant times, including at the time of each Concurrent Lease, a registrant under Part IX of the Excise Tax Act (Canada) (the **ETA**) and that its registration number is 10414 3698 RT0001.

## 2.10 Disqualified Assets

Promptly at any time after a Closing Date upon discovering that an eligibility requirement contained in the definition of "Eligible Asset" was not satisfied with respect to any Leased Asset and Concurrent Lease on the Cut-Off Date where the Concurrent Lessee made a payment of Prepaid Rent, the Lessor shall pay to the Concurrent Lessee an amount equal to the Rent Rebate in respect of the Concurrent Lease. Upon the payment of such amount, the related Concurrent Lease of such Leased Asset will be deemed to have been terminated without the need for any further action. Upon payment of such amount, any incorrectness in any representation or warranty or covenant by the Lessor with respect thereto shall be deemed to have been rectified.

## 2.11 Termination Rights

Either the Concurrent Lessee or the Lessor may terminate any Concurrent Lease at the end of each calendar year by notice in writing. Upon such termination, in the event Prepaid Rent was paid in respect of the Concurrent Lease, the Lessor shall be obligated to pay the Rent Rebate in respect thereof and shall have a period of up to 180 days to negotiate a repayment schedule with the Concurrent Lessee. Upon payment in full of the Rent Rebate, the related Concurrent Lease of such Leased Asset will be deemed to have been terminated without the need for any further action.

## 2.12 Intentionally Deleted

## 2.13 Liquidated Leases

The parties acknowledge that the Servicer is obligated and exclusively entitled, in accordance with this Agreement, to enforce a defaulted Lease by using its normal practices to take actual possession of and sell the Leased Assets forming the subject matter of such Lease and, if necessary, by enforcing the related Rights. The Servicer shall also be entitled to purchase such Leased Assets for a price deemed by the Servicer to be reasonable for such Leased Assets. Upon the Servicer's enforcement in respect of the Leased Assets which are subject to a Concurrent Lease, the Concurrent Lessee shall, subject to the following sentence, require the Lessor to terminate the related Concurrent Lease. The Concurrent Lease shall be terminated with respect to such Leased Assets, as of the date on which the Servicer completes the sale of the Leased Assets to a purchaser thereof. Upon such termination, the Lessor shall be obligated to pay to the Concurrent Lessee, on the date such sale is effected, as a refund of a portion of the Prepaid Rent and, if applicable, the Initial Additional Term Prepaid Rent paid by the Concurrent Lessee in respect of such Leased Assets by payment to the Collections Account, the liquidation proceeds from the related Leased Assets and any recoveries against the related Obligor received by the Servicer, and recourse against the Lessor shall be limited to the liquidation proceeds from the related Leased Assets and recoveries against the related Obligor received by the Servicer, and the Lessor irrevocably directs the Servicer to apply such amounts as Collections in accordance with Article 3.

## 2.14 Sale of Leased Assets

Each party hereto acknowledges that the Servicer may, in accordance with the terms of the related Lease, allow other Persons to purchase the Leased Assets that are subject to a Concurrent Lease hereunder prior to the expiry of a Concurrent Lease. If Leased Assets that are subject to a Concurrent Lease hereunder are sold at any time, then the Concurrent Lease shall be terminated with respect to such Leased Assets as of the date on which the Servicer completes the sale of the Leased Assets to a purchaser thereof. Upon any such termination where the purchaser is the Obligor, the Lessor shall be obligated to pay to the Concurrent Lessee a refund of a portion of the Prepaid Rent and, if applicable, the Initial Additional Term Prepaid Rent paid by the Concurrent Lessee in respect of such Leased Assets, by payment into the Collections Account of the proceeds of the sale of the Leased Assets on the date such sale is effected. Upon

any such termination where the purchaser is not the Obligor, the Lessor shall be obligated to pay to the Concurrent Lessee a refund of a portion of the Prepaid Rent and, if applicable, the Initial Additional Term Prepaid Rent paid by the Concurrent Lessee in respect of such Leased Assets, by payment to the Concurrent Lessee of an amount equal to the Rent Rebate relating to such Concurrent Lease on the date such sale is effected. The Servicer will not agree to any purchase of Leased Assets that would result in the termination of a Concurrent Lease, including without limitation as part of a transaction that involves an Obligor agreeing to lease new Approved Equipment under a new lease, without first obtaining the consent of the Concurrent Lessee.

### **Article 3 - APPLICATION OF COLLECTIONS**

#### **3.1 Settlement Procedures**

Collections of the Leases subject to Concurrent Leases shall be administered by the Servicer in accordance with the terms of this Agreement. The Lessor shall provide to the Servicer (if other than the Lessor) on a timely basis all information needed for such administration, including notice of the occurrence of any Amortization Event. The Servicer will allocate Collections received from each Obligor in accordance with the Credit and Collection Policies. On each Settlement Date, Collections for the related Collection Period with respect to each Lease subject to a Concurrent Lease, will be applied as follows:

- (a) first, during an Amortization Period only, to the Servicer, the Servicing Fee or following a Servicer Termination Event, to the Replacement Servicer, if any, the Replacement Servicer Fee, in each case to the extent allocable to such Lease;
- (b) second, to be retained by the Concurrent Lessee, the Concurrent Lessee's Proportionate Share of any Collections in respect of the Lease; and
- (c) third, to the Lessor, the remainder as Deferred Rent.

### **Article 4 - REPRESENTATIONS AND WARRANTIES**

#### **4.1 Representations and Warranties of the Lessor**

The Lessor represents and warrants to the Concurrent Lessee as of the date of the Original Agreement and as of each Closing Date (except as otherwise specified below) that:

- (a) it is (i) a trust validly existing under the laws of the Province of Ontario; and (ii) duly qualified to carry on business in each jurisdiction in which the failure to be so qualified would reasonably be expected to have a Material Adverse Effect;
- (b) it has full power and capacity to enter into this Agreement and to do all acts and things as are required or contemplated of it hereunder and thereunder;
- (c) it has taken all necessary action to authorize the execution, delivery and performance of this Agreement and to do all acts and things as are required or contemplated of it hereunder and thereunder;
- (d) there are no actions, suits or proceedings pending or to the knowledge of any officer of the Lessor, threatened against or affecting the Lessor or any of its undertakings and assets at law, in equity or before any arbitrator or before or by any governmental department, body, commission, board, bureau, agency or instrumentality having jurisdiction in the premises in respect of which there is a reasonable possibility of a determination adverse to the Lessor which would reasonably be expected to have a Material Adverse Effect and the Lessor is not in default in respect of any applicable law,

rule, regulation, order, judgment, injunction, award or decree as a result of which a Material Adverse Effect would reasonably be expected to occur;

- (e) this Agreement has been duly executed and delivered by the Lessor and constitutes a legally binding obligation of the Lessor enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally and to equitable principles of general application (regardless of whether enforcement is sought in a proceeding at law or in equity);
- (f) the execution and delivery of this Agreement and compliance with its terms and conditions will not (i) result in a violation of the constating documents or by-laws of the Lessor; (ii) result in a violation of any applicable law, rule, regulation, order, judgment, injunction, award or decree; (iii) result in a breach of, or constitute a default under, any loan agreement, indenture, trust deed or any other agreement or instrument to which the Lessor is a party or by which it is bound which would reasonably be expected to have a Material Adverse Effect; or (iv) require any approval or consent of, or any notice to or filing with, any Governmental Authority or agency having jurisdiction except such as has already been given, filed or obtained, as the case may be;
- (g) no default has occurred and is outstanding under any loan agreement, indenture, trust deed or any other agreement or instrument to which the Lessor is a party or by which it is bound which would reasonably be expected to have a Material Adverse Effect;
- (h) its principal place of business, chief executive office and registered office are located at the address set forth under its name on the signature pages hereto and the offices where it keeps all Records held by it are located at the addresses set out in Schedule "B" hereto or such other addresses as the Lessor shall from time to time notify the Concurrent Lessee;
- (i) it is not a non-resident of Canada within the meaning of the ITA;
- (j) the Lessor has delivered to the Concurrent Lessee all financial information received by the Lessor in respect of each Eligible Asset;
- (k) all federal, provincial and local and foreign national, state, provincial, regional and local and all other tax returns of the Lessor required by applicable law to be filed have been duly filed, and all federal, provincial and local and foreign national, state, provincial, regional and local and all other taxes, assessments and other governmental charges or levies upon the Lessor and its property, income, profits and assets which are due and payable have been paid. The charges, accruals and reserves on the books of the Lessor in respect of federal, provincial and local taxes and foreign national, state, provincial, regional and local taxes for all fiscal years and portions thereof since the organization of the Lessor, are in the judgment of the Lessor adequate in all material respect;
- (l) all written information, reports, certificates, financial statements and other papers and data produced by or on behalf of the Lessor and furnished to the Concurrent Lessee, including those in respect of Eligible Assets, were, at the time the same were so furnished, complete and correct in all material respects to the extent necessary to give the recipient a true and accurate knowledge of the subject matter, and, no fact is known to the Lessor which has had, or could reasonably be expected to in the future have, a Material Adverse Effect;
- (m) the Lessor is not an "Insolvent Person" as defined in the *Bankruptcy and Insolvency Act* (Canada), and shall not have unreasonably small capital to carry out its businesses as conducted or as proposed to be conducted;

- (n) each Lease Asset in respect of which the related Equipment is offered to be concurrently leased to the Concurrent Lessee hereunder is an Eligible Asset as of the Cut-Off Date; and
- (o) no Amortization Event or Servicer Termination Event has occurred that is continuing.

#### 4.2 Representations and Warranties of the Concurrent Lessee

The Concurrent Lessee represents and warrants to the Lessor as of the date of the Original Agreement that:

- (a) the Concurrent Lessee is (i) a trust company duly organized and validly existing under the *Trust and Loan Companies Act* (Canada); and (ii) duly qualified to carry on business in each jurisdiction in which the failure to do so would reasonably be expected to have a Material Adverse Effect;
- (b) the Concurrent Lessee has full power and capacity to enter into this Agreement and to do all acts and things as are required or contemplated of it hereunder;
- (c) the Concurrent Lessee has taken all necessary action to authorize the execution, delivery and performance of this Agreement and to do all acts and things as are required or contemplated of it hereunder;
- (d) there are no actions, suits or proceedings pending or to the knowledge of any officer of the Concurrent Lessee, threatened against or affecting the Concurrent Lessee or any of its undertakings and assets at law, in equity or before any arbitrator or before or by any governmental department, body, commission, board, bureau, agency or instrumentality having jurisdiction in the premises in respect of which there is a reasonable possibility of a determination adverse to the Concurrent Lessee which would reasonably be expected to have a Material Adverse Effect and the Concurrent Lessee is not in default in respect of any applicable law, rule, regulation, order, judgment, injunction, award or decree as a result of which a Material Adverse Effect would reasonably be expected to occur;
- (e) this Agreement has been duly executed and delivered by it and constitutes a legally binding obligation of the Concurrent Lessee enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally and to equitable principles of general application (regardless of whether enforcement is sought in a proceeding at law or in equity);
- (f) the execution and delivery of this Agreement and compliance with its terms and conditions will not (i) result in a violation of its constituting documents; (ii) result in a violation of any applicable law, rule, regulation, order, judgment, injunction, award or decree; (iii) result in a breach of, or constitute a default under, any loan agreement, indenture, trust deed or any other agreement or instrument to which the Concurrent Lessee is a party or by which it is bound which would reasonably be expected to have a Material Adverse Effect; or (iv) require any approval or consent of, or any notice to or filing with, any Governmental Authority or agency having jurisdiction except such as has already been given, filed or obtained, as the case may be; and
- (g) no default has occurred and is outstanding under any loan agreement, indenture, trust deed or any other agreement or instrument to which the Concurrent Lessee is a party or by which it is bound which would reasonably be expected to have a Material Adverse Effect.

#### 4.3 Survival

Representations, warranties and statements of the Lessor and the Concurrent Lessee (or any of them or of any of their respective officers) set forth herein have been relied upon by the Concurrent Lessee, shall not merge on the completion of the execution and delivery of this Agreement or on the completion of any Concurrent Lease and shall survive thereafter.

### **Article 5 - COVENANTS**

#### 5.1 Delivery of Files and Records

The Servicer will hold the Records relating to the applicable Leased Assets on behalf of the Concurrent Lessee, and will provide a copy of such Records to the Concurrent Lessee upon request.

#### 5.2 Further Assurances

- (a) Each of the Lessor and the Concurrent Lessee will from time to time make, do, execute, endorse, acknowledge and deliver or cause and procure to be made, done, executed, endorsed, acknowledged, filed, registered and delivered any and all further acts and assurances, including without limitation, any conveyance, deed, transfer, assignment or other instrument in writing as, in the opinion of either of such Persons, may be necessary or desirable to give effect to this Agreement and the transactions provided for in this Agreement and will take all such other action as may be required or desirable for more effectually and completely vesting all Rights acquired by the Concurrent Lessee.
- (b) Each of the Lessor and Concurrent Lessee from the period commencing on the Closing Date until the termination of this Agreement, shall maintain in force insurance coverage in areas and amounts customary for its industry.

#### 5.3 General Covenants of the Lessor

The Lessor covenants with the Concurrent Lessee:

- (a) to preserve and maintain its existence, rights, franchises and privileges and to qualify and remain qualified to carry on business in each jurisdiction in which the failure to do so would reasonably be expected to have a Material Adverse Effect;
- (b) to not, except as expressly permitted herein (i) sell, assign (by operation of law or otherwise) or dispose of any part of the Leased Assets; (ii) take any action which may cause the validity, effectiveness or enforceability of the Leased Assets or the related Rights to be impaired; or (iii) take or omit to take any action which may cause an Adverse Claim to attach or extend to or otherwise burden any part of the Leased Assets;
- (c) to comply with all laws (including, without limitation, privacy laws) rules, regulations, orders, judgments, injunctions, awards or decrees applicable to the Lessor or the Leased Assets except where the failure to do so would not reasonably be expected to have a Material Adverse Effect;
- (d) to promptly notify the Concurrent Lessee at least twenty (20) Business Days prior to changing its name from that which is stated in its constating documents;
- (e) to promptly notify the Concurrent Lessee at least twenty (20) Business Days prior to changing the jurisdiction in which its principal place of business, chief executive office or registered office is located;



- (f) to promptly notify the Concurrent Lessee of any amendment, limitation or restriction of any license issued to the Lessor by a regulatory authority relating to the carrying on by the Lessor of its business if such amendment, limitation or restriction would have a Material Adverse Effect;
- (g) to notify the Concurrent Lessee forthwith of the occurrence of any Amortization Event or Servicer Termination Event or of any event which, with the giving of notice of the passage of time, or both, could become an Amortization Event or Servicer Termination Event;
- (h) to not amend or waive the Credit and Collection Policies without the prior written consent of the Concurrent Lessee;
- (i) to not establish or maintain a defined benefit pension plan;
- (j) to make notations in its books, records, documents and instruments relating to the Leased Assets to evidence the interest of the Concurrent Lessee therein; and
- (k) to timely and fully perform and comply with all material terms, covenants and other provisions of the contracts relating to the Leased Assets, including without limitation the Leased Assets, required to be performed by and observed by the Lessor thereunder.

#### 5.4 Amendments to Definition of Eligible Asset

If, at any time, the Concurrent Lessee determines, acting reasonably, that there has been a material change in the information contained in a Portfolio Report from the information contained in any previous Portfolio Report, then the Concurrent Lessee may elect by notice to the Lessor to amend the definition of Eligible Asset so that it contains one or more of the following additional requirements:

- (a) in respect of which there is a parts and labor warranty on the related Leased as issued by a third party insurer that is approved in writing by the Concurrent Lessee (acting reasonably) or the Lessor has otherwise made arrangements with a third party (other than the Obligor or the Lessor) to ensure that any repair and servicing of the related Approved Equipment is conducted and completed as required from time to time; and
- (b) if the Lease is a Low Value Lease, the Outstanding Balance of such Lease, together with the Outstanding Balance of all Leases relating to Leased Assets that are Low Value Leases, does not exceed 35% of the Outstanding Balance of all Leased Assets at such time;

and the definition of Eligible Asset will be deemed to have been amended from the time of delivery of notice of any such election by the Concurrent Lessee to the Lessor.

## **Article 6 - SERVICING OF PORTFOLIO**

#### 6.1 Appointment of the Lessor as Servicer

- (a) The Concurrent Lessee hereby appoints the Servicer to be its exclusive agent for the purposes of servicing the Leased Assets as set out in this Article 6 (it being acknowledged that the Concurrent Lease made hereunder is made on a fully-serviced basis in accordance with this Agreement) and the Lessor hereby accepts such appointment.
- (b) The Lessor may subcontract with a subservicer or sub-originator, provided that such subservicer or sub-originator shall be approved by the Concurrent Lessee acting

reasonably, for the servicing or subservicing of the Leased Assets; provided, however, that the Lessor will remain liable to the Concurrent Lessee for the performance of the duties and obligations so subcontracted and all other duties and obligations of the Lessor set forth in this Article 6.

- (c) Except as provided hereunder, the Servicer shall have the exclusive right to service the Leased Assets and the Concurrent Lessee shall not contact any Obligor or inform any Obligor of its interests in the Leased Assets or otherwise take any steps to modify any Leased Assets.

## 6.2 Servicing of Leased Assets

During the term of this Agreement, unless a Replacement Servicer is designated by the Concurrent Lessee pursuant to Section 7.2, the Lessor covenants to service the Leased Assets with reasonable care using that degree of skill and attention that it exercises with respect to comparable receivables that it services for itself and others and in accordance with the Credit and Collection Policies, and subject to and in accordance with the provisions of this Agreement. Without limiting the generality of the foregoing, the Lessor, unless a Replacement Servicer is designated by the Concurrent Lessee pursuant to Section 7.2, shall and covenants to:

- (a) deposit Collections to the Collections Account (which will, until remitted, be held in trust for the Concurrent Lessee) in respect of such Settlement Period in accordance with Section 6.3;
- (b) hold the Records in trust for the Concurrent Lessee and at any time and from time to time during regular business hours permit the Concurrent Lessee, its agents or representatives upon five (5) Business Days' prior notice to (i) examine and make copies of all such Records in the possession (or under the control) of the Lessor; and (ii) visit the offices and properties of the Lessor for the purpose of examining such Records and discussing matters relating to the Leased Assets and the Lessor's performance under the Leased Assets or hereunder with any of the Lessor's officers or employees having knowledge of such matters;
- (c) maintain and implement prudent and reasonable administrative and operating procedures (including an ability to recreate the Records in the event of the destruction of the originals thereof) and keep and maintain all books, records, documents and other information reasonably necessary or advisable for the identification and collection of the Leased Assets (including records adequate to permit all collections of and reductions or adjustments);
- (d) timely and fully perform and comply with all terms, covenants and other provisions of the Leased Assets required to be performed and observed by it or the Concurrent Lessee;
- (e) comply in all respects with the Credit and Collection Policies in regard to each Leased Asset;
- (f) not, without the prior written consent of the Concurrent Lessee, make any change in the Credit and Collection Policies;
- (g) not extend, amend or otherwise modify or waive any term or condition of any Leased Asset unless permitted in accordance with the terms of the Credit and Collection Policies;
- (h) use its commercially reasonable efforts to collect all Receivables payable in respect of the Leased Assets in accordance with all applicable laws, rules and regulations, the provisions hereof and the Credit and Collection Policies;

- (i) make all payments payable by it to government agencies and others where a statutory lien or deemed trust might arise having priority over the Concurrent Lessee's interest in any part of the Leased Assets; provided that the Lessor may protest the payment of any such amounts if it is acting in good faith and it either provides the Concurrent Lessee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Concurrent Lessee, acting reasonably, that its interests are not prejudiced thereby;
- (j) as soon as possible, effect all filings or recordings with respect to the Concurrent Lessee's interest in all Rights necessary by law or reasonably prudent or desirable for the perfection and protection of such interest and all appropriate renewals or amendments thereof;
- (k) promptly, from time to time, furnish to the Concurrent Lessee such documents, records, information or reports in respect of the Leased Assets or the conditions or operations, financial or otherwise, of the Lessor as may be in existence in written form or, if available in databases maintained by the Lessor, as may be produced with existing software as the Concurrent Lessee may from time to time reasonably request;
- (l) If the Delinquency Rate calculated in respect of Low Value Leases that are Leased Assets exceeds, for any Reporting Period and the two (2) immediately preceding Reporting Periods, 10% (the amount of any excess being the **Excess LV Delinquencies**), the Lessor shall pay to the Concurrent Lessee, for each Reporting Period (that is, each calendar month) during which such excess exists, an amount equal to \$2,500 (the **Excess LV Delinquencies Reimbursement**), which shall represent a reimbursement for the Concurrent Lessee for the costs incurred by the Concurrent Lessee with respect to the monitoring, analyzing and reporting on the Excess LV Delinquencies. The Lessor and the Concurrent Lessee hereby agree that any such Excess LV Delinquencies Reimbursement is not and shall not be deemed to be a penalty or a fee in any way, but a true representation of the costs that the Concurrent Lessee shall incur in respect of the monitoring, analyzing and reporting on the Excess LV Delinquencies.

For greater certainty, an Excess LV Delinquencies Reimbursement may be payable by the Lessor to the Concurrent Lessee for the same Reporting Period.

- (m) on or before each Reporting Date, prepare and deliver to the Concurrent Lessee a Portfolio Report relating to the Receivables payable in respect of the Leased Assets as of the close of business on the last day of the immediately preceding Collection Period; and
- (n) to monitor the level of complaints arising from the Leased Assets received by it and take commercially reasonable steps to address such complaints. If, at any given time, the level of unresolved complaints exceeds 1% (being the percentage of active Obligors with unresolved complaints to total active Obligors) or if the level of total complaints (whether resolved or not) exceeds 5% (as the percentage of active Obligors who have made a complaint to total active Obligors), such excess shall be reported to the next meeting of the board of directors of Crown Crest Capital Management Corp. for a discussion on required management actions in respect of the interests of the Obligors.

### 6.3 Deposit of Collections

All Collections shall be deposited by the Servicer in the Collections Account within two (2) Business Days of the date of receipt by the Servicer (or, in the case of Deemed Collections, on the date of deemed receipt).

#### 6.4 Power of Attorney

The Concurrent Lessee hereby constitutes and appoints the Servicer the true and lawful attorney of the Concurrent Lessee, with full power of substitution, to execute, deliver and register, for and on behalf of and in the name of the Concurrent Lessee, such documents, instruments or agreements which may be necessary or desirable to enable the Servicer to perform its obligations set out in this Agreement. The Servicer agrees that it will not exercise such power of attorney for any other purpose whatsoever. Such power of attorney is coupled with an interest.

#### 6.5 Deemed Collections

If, on any day prior to the date on which both the Concurrent Lessee's Investment and the Additional Term Investment are reduced to nil, any Receivable payable in respect of any Leased Asset (i) is extended by the Lessor beyond its original term in a manner inconsistent with the Credit and Collection Policies, (ii) has its Scheduled Payment or any other regularly scheduled payment to be made by the Obligor during the Additional Term reduced by the Lessor in a manner inconsistent with the Credit and Collection Policies, (iii) is reduced or cancelled as a result of any breach by the Lessor of the terms of such Leased Asset, (iv) is reduced or cancelled as a result of a set-off in respect of any claim by the applicable Obligor against the Lessor or the Concurrent Lessee other than as a result of an act or omission of the Concurrent Lessee (whether such claim arises out of the same or a related transaction or an unrelated transaction), (v) is reduced to reflect any adjustment for returns, billing errors, NSF cheques, fraudulent charges and similar payment reconciliations, (vi) is otherwise reduced or cancelled by the Lessor or any subservicer, or (vii) if any fine, penalty, sanction, order or other liability is imposed upon or determined against any of the Lessor, the Concurrent Lessee or any Originator in connection with or relating to any Leased Asset, the Lessor shall be deemed to have received for the Concurrent Lessee's account on the last day of the Collection Period during which such day occurred, a Collection of such Receivable in the amount of such reduction or cancellation, and shall deposit to the Collections Account on the immediately following Settlement Date such amount.

#### 6.6 Payment Terms

- (a) All amounts to be paid or deposited by the Lessor, the Replacement Servicer or the Concurrent Lessee hereunder will be paid or deposited on the day when due in same day funds.
- (b) The Lessor will make all payments required to be made hereunder without deduction or set-off (except as expressly permitted hereunder) regardless of any defense or counterclaim.

### **Article 7 - SERVICER TERMINATION**

#### 7.1 Servicer Termination Events

The happening of any of the following shall constitute a Servicer Termination Event hereunder:

- (a) The Lessor defaults in the payment of any amount due to the Concurrent Lessee hereunder and such default remains unremedied for a period of three (3) Business Days after written notice of such default has been given to the Lessor;
- (b) The Lessor defaults in the observance or performance in any manner of any of its covenants or obligations contained in this Agreement in any material respect (other than those obligations referred to in paragraph (a) above) and, if such default is capable of rectification and remains unremedied for a period of thirty (30) days after the earlier of (i)

the date on which written notice of such default has been given to the Lessor by the Concurrent Lessee and (ii) the date on which the Lessor has actual notice of such default;

- (c) any representation or warranty made by the Lessor in or pursuant to this Agreement proves to have been false or incorrect when made in any material respect, and, if the circumstances giving rise to such incorrect representation or warranty are capable of rectification, such representation or warranty remains uncorrected for a period of 30 days after the earlier of (i) the date on which written notice has been given to the Lessor by the Concurrent Lessee specifying the incorrectness and demanding that the circumstances giving rise thereto be rectified and (ii) the date on which the Lessor had actual knowledge of such incorrectness; or
- (d) an Insolvency Event shall occur in respect of the Lessor.

## 7.2 Designation of Replacement Servicer

- (a) If a Servicer Termination Event has occurred and is continuing, the Concurrent Lessee may designate a Replacement Servicer to succeed the Lessor with respect to the Leased Assets on such terms as it may consider reasonable, provided that any such Person so designated shall agree to perform the duties and obligations of the Lessor provided for in Article 6.
- (b) Upon the appointment of a Replacement Servicer pursuant to Section 7.2(a), the Lessor will, on demand and at its expense: (i) assemble all Records and make them available to the Replacement Servicer; (ii) notify all Obligors (x) of the sale, assignment and transfer to the Concurrent Lessee of the Leased Assets; and (y) to remit all payments due under such Leased Assets to the Replacement Servicer; and (iii) segregate, in a manner reasonably acceptable to the Concurrent Lessee, all cash, cheques and other instruments constituting Collections which are received by it from time to time and remit the same to the Replacement Servicer duly endorsed or with duly executed instruments of transfer, if applicable.

## 7.3 Replacement Servicer Fee

A Replacement Servicer appointed pursuant to Section 7.2 shall be entitled to a reasonable fee for services rendered, such fee to be determined by the Concurrent Lessee with the Replacement Servicer to a maximum, in respect of any Collection Period, of 15% of the Collections remitted to the Collections Account during such Collection Period (the **Replacement Servicer Fee**). Such Replacement Servicer Fee and any out-of-pocket expenses incurred by the Replacement Servicer in connection with its duties as Replacement Servicer, together with any applicable Sales Taxes, shall be payable to the Replacement Servicer in accordance with this Agreement.

## 7.4 Leased Assets

If a Servicer Termination Event has occurred and is continuing, the legal right, title and interest to any Leased Assets related to any Leased Asset which are held by the Lessor in trust for the Concurrent Lessee shall automatically transfer to the Concurrent Lessee upon notice from the Concurrent Lessee to the Lessor.

## 7.5 Power of Attorney

- (a) The Lessor hereby grants to the Concurrent Lessee, to become effective immediately upon the occurrence of a Servicer Termination Event, an irrevocable power of attorney and hereby irrevocably appoints the Concurrent Lessee as the Lessor's attorney-in-fact,

with full power of substitution, to take in the place and stead of and in the name of the Lessor or in the Concurrent Lessee's own name from time to time at the Concurrent Lessee's discretion, acting reasonably, such actions as the Lessor may be obligated to take hereunder or as the Concurrent Lessee may deem necessary or advisable to collect, endorse, negotiate or otherwise realize on any Leased Asset including any related Receivable, any negotiable instrument, or any other right of any kind, held or owned by the Lessor and transferred, assigned or delivered to or received by the Concurrent Lessee as payment on account or otherwise in respect of any of the Leased Assets, including:

- (i) to evidence or protect the Concurrent Lessee's interest in the Leased Assets and to execute and file, in the Lessor's name and on the Lessor's behalf, such recording, registration, financing or similar statements (including any amendments, renewals and continuation statements) under applicable laws;
  - (ii) to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for moneys due and to become due in connection with the Receivables or otherwise owed to the Concurrent Lessee;
  - (iii) to receive, endorse and collect any cheques, drafts or other instruments, documents and chattel paper in connection with moneys due and to become due in connection with the Receivables forming part of the Leased Assets or otherwise owed to the Concurrent Lessee;
  - (iv) to file any claims or take any action or institute any proceedings that the Concurrent Lessee may deem to be necessary or desirable for the collection of any Receivable; and
  - (v) to prepare, execute, deliver, and/or register in the Lessor's name and on the Lessor's behalf, such instruments and documents (including assignments) necessary or desirable in furtherance of the foregoing.
- (b) The power of attorney granted hereby shall be expressly coupled with an interest in favour of the Concurrent Lessee. The powers of attorney and other rights and privileges granted hereby shall survive any dissolution, liquidation or winding-up of the Lessor.

## **Article 8 - CONDITIONS PRECEDENT**

### **8.1 Conditions to Effectiveness**

This Agreement shall become effective on the date of the Original Agreement if the following conditions precedent have been satisfied or waived on or prior to such date and/or the Concurrent Lessee shall have received from the Lessor the following documents, in form and substance satisfactory to the Concurrent Lessee:

- (a) a certificate of an officer of the Lessor, dated the date of the Original Agreement certifying (A) that attached thereto is a true and complete copy of the Certificate and Articles of Incorporation and any amendments thereto, and the by-laws of the Lessor, each as in effect on the date of such certificate; (B) that attached thereto is a true and complete copy of a resolution adopted by the Lessor's board of directors authorizing the execution, delivery and performance of this Agreement and the other Related Documents, and that such resolution has not been modified, rescinded or amended and is in full force and effect; and (C) as to the incumbency and true specimen signature of each of the Lessor's officers executing this Agreement or any of the Related Documents, on which certificate the Concurrent Lessee shall be entitled to conclusively rely until such time as the

Concurrent Lessee receives from Lessor a replacement certificate meeting the requirements of this Section 8.1(a);

- (b) a certificate of compliance issued in respect of the Lessor in its jurisdiction of incorporation, and an equivalent certificate from the appropriate authority in each other jurisdiction in which qualification is necessary in order for the Lessor to own or lease its property and conduct its business, each to be certified as of a recent date;
- (c) executed copies of this Agreement and copies of the Credit and Collection Policies;
- (d) reports, satisfactory to the Concurrent Lessee acting reasonably, showing the results of searches conducted against the Lessor under applicable personal property security registers in the provinces where the Leased Assets are located, together with executed copies of all discharges or releases of prior security interests relating to Leased Assets that are then to be sold hereunder; provided that the Lessor may establish that any particular registration does not affect any such Leased Assets by delivering a letter or acknowledgment signed by the applicable secured party;
- (e) a copy of verifications statements or other filings filed in each relevant jurisdiction, that are sufficient to perfect the interests of the Concurrent Lessee as the first priority ownership interest in the Leased Assets as against creditors of the Lessor;
- (f) executed copies of all discharges and releases, if any, necessary to discharge or release all security interest and other rights or interest of any Person in the Rights, previously granted by or through the Lessor and which could constitute an Adverse Claim, together with, where applicable, copies of the relevant financing change statements or other discharge statements with the registration particulars stamped thereon; and/or appropriate intercreditor agreements with such other parties in form and substance as the Concurrent Lessee may require; and
- (g) such other approvals, opinions or documents as the Concurrent Lessee may reasonably request.

## **Article 9 - MISCELLANEOUS**

### **9.1 Amendments and Waivers**

- (a) This Agreement may be amended, supplemented, modified, restated or replaced by written instrument only signed by the Lessor and the Concurrent Lessee.
- (b) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing signed by such party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

### **9.2 Binding Effect; Assignability**

This Agreement shall be binding upon and enure to the benefit of the Lessor and the Concurrent Lessee, and their respective successors and assigns.

The Lessor shall not have the right to assign any interest herein without the consent of the Concurrent Lessee, provided however that the Lessor may grant a security interest in all or a portion of the Deferred Rent.

Each of the other parties hereto agrees that, upon such assignment, the assignee or its further assigns may enforce directly, without joinder of the original Concurrent Lessee, the rights set forth in this Agreement. Each of the Lessor and the Concurrent Lessee agrees to grant to any such assignee or its further assigns or its agents such powers of attorney as may be necessary for the exercise of their rights hereunder.

### 9.3 Notices

Any notice, consent, request, agreement, approval, waiver or other communication required or permitted to be given or delivered hereunder shall, unless otherwise stated herein, be in writing (including photocopy, facsimile, electronic mail or other digital communication) and sent, as to each party hereto, at its address set forth under its name on the signature pages hereto, or at such other address as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective when sent.

### 9.4 Indemnification

- (a) The Lessor hereby agrees to indemnify the Concurrent Lessee and each of its directors, officers, employees, trustees, advisors and agents, and to save such Person harmless from and against any and all damages, losses, claims, liabilities, costs and expenses (including reasonable legal fees and disbursements) awarded against or incurred by any such Person arising out of or as a result of:
- (i) any representation or warranty made or deemed to be made by the Lessor in any capacity (whether as Lessor, Servicer or otherwise) (or any of its officers) in or in connection with this Agreement, any of the Leased Assets, or any Related Document, which was incorrect in any material respect when made or deemed made or delivered;
  - (ii) the failure of the Lessor in any capacity (whether as Lessor, Servicer or otherwise) or any Originator to perform or observe any of its respective covenants, duties or obligations hereunder, in respect of or relating to any of the Leased Assets or under any of the Related Documents;
  - (iii) any claim made against the Lessor in any capacity (whether as Lessor, Servicer or otherwise), the Lender or any Originator by any Obligor arising from, in connection with or relating to the performance of observance of any of the Lessor's or Originator's respective covenants, duties or obligations hereunder, in respect of or relating to any of the Leased Assets or under any of the Related Documents;
  - (iv) the failure to vest in and maintain vested in the Concurrent Lessee, the beneficial interest of the Lessor in and to the Leases relating to the Leased Assets and related Collections which are, or are intended to be transferred to the Concurrent Lessee hereunder, free and clear of any Adverse Claim (whether existing at the time of the Concurrent Lease thereof or arising at any time thereafter);
  - (v) the failure by the Lessor in any capacity (whether as Lessor, Servicer or otherwise) to comply with any applicable law, rule, regulation, order, judgment, injunction, award or decree with respect to any part of the Leased Assets, or the non-conformity of any Leased Asset with any applicable law, rule, regulation, order, injunction, award or decree; and
  - (vi) any fine, penalty, sanction, order, or other liability imposed upon or determined against any of the Lessor in any capacity (whether as Lessor, Servicer or



otherwise) the Lender or any Originator by any Governmental Authority in connection with or relating to any Leased Asset;

- (b) The Lessor shall not be liable to the Concurrent Lessee hereunder for any damages, losses, claims, liabilities, costs or expenses resulting solely from the failure of any Obligor to discharge its payment obligations (except as specifically provided in Section 9.4(a)).
- (c) The Lessor and the Concurrent Lessee each agree to provide reasonable assistance to the other party, at the request of such other party and, in either case, at the Lessor's expense, in any action, suit or proceeding brought by or against, or any investigation involving such requesting party relating to any of the transactions contemplated hereby or to any part of the Leased Assets. If the Lessor has acknowledged its liability under Section 9.4(a) in respect of any damages, losses, claims, liabilities, costs or expenses in connection with any such action, suit, proceeding or investigation, and, in the sole determination of the Concurrent Lessee, acting reasonably, the Lessor has the financial ability to pay such damages, losses, claims, liabilities, costs and expenses, the Lessor will have the right, on behalf of the Concurrent Lessee but at the Lessor's expense, to defend such action, suit or proceeding, or participate in such investigation, with counsel selected by it, and will have sole discretion as to whether to litigate, appeal or settle.
- (d) The obligations of the Lessor under this Section 9.4 will survive this Agreement and remain in full force and effect for a period up to and including the date that is six years from the Final Collection Date.

#### 9.5 Time of Essence

Time will be of the essence of this Agreement.

#### 9.6 Failure to Perform

If the Lessor fails to perform any of its agreements or obligations hereunder, the Concurrent Lessee may (but will not be required to) itself perform, or cause to be performed, such agreement or obligation at, in the case of any such failure to perform by the Lessor, the cost of the Lessor.

#### 9.7 Confidentiality

Each party hereto will maintain on a confidential basis (except as otherwise permitted hereunder or as required by applicable law) all information relating to the other party provided to it hereunder by the other parties; provided, however, that this Section shall not apply to any information which (i) was lawfully in the public domain at the time of communication to the first party, (ii) lawfully enters the public domain through no fault of the first party subsequent to the time of communication to the first party, (iii) was lawfully in possession of the first party free of any obligation of confidence at the time of communication to the first party, (iv) was lawfully communicated to the first party free of any obligation of confidence subsequent to the time of initial communication to the first party or (v) was lawfully communicated to any Person free from any obligation of confidence subsequent to the time of communication to the first party.

#### 9.8 Further Assurances

The parties hereto agree, from time to time, to enter into such further agreements and to execute all such further instruments as may be reasonably necessary or desirable to give full effect to the terms of this Agreement and to the ability of the Concurrent Lessee to exercise or enforce any of its rights and remedies hereunder.

9.9 Remedies

The remedies herein provided are cumulative and not exclusive of any remedies provided at law.

9.10 Amendment and Restatement

This Agreement amends and restates the Original Agreement as of the date first written above.

9.11 Execution in Counterparts

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

[The signature pages follow.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

**CROWN CREST FUNDING CORP., in its capacity as trustee of CROWN CREST CAPITAL TRUST, as Lessor and Servicer**

By: 

Name: Lyudmila Krimker

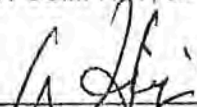

Title: President

Address: 1201-200 Yorkland Street  
Toronto, ON M2J 5C1

Attention: President and CEO

Fax No.: 647-846-7475

**PEOPLES TRUST COMPANY, as Concurrent Lessee**

By:  

Name: **Waheed Hirji** **Raymond Brooker**

Title: Chief Operations Officer **SVP Retail Lending**

Address: 1400-888 Dunsmuir Street  
Vancouver, BC V6C 3K4

Attention: With a copy to General Counsel and  
Executive VP & Chief Financial Officer

Fax No.: 604-331-3469

**SCHEDULE "A"**

**FORM OF CONCURRENT LEASE NOTICE**

**To: Peoples Trust Company ("Concurrent Lessee")**

**Re: Second Amended and Restated Concurrent Lease Agreement** dated as of April 15, 2019 among Concurrent Lessee and the undersigned (the "**Concurrent Lease Agreement**")

The undersigned hereby gives notice of a concurrent lease pursuant to Section 2.1 of the Concurrent Lease Agreement as follows:

Closing Date:

Cut-Off Date:

Leased Assets: Attached Schedule A

The undersigned hereby represents and warrants that the Lease Assets described in the attached Schedule A are Eligible Assets as of the related Cut-off Date. The undersigned further confirms that all representations and warranties of the Lessor contained in the Concurrent Lease Agreement are true and correct, no Servicer Termination Event has occurred that is continuing, and the Lessor is in compliance with all covenants under the Concurrent Lease Agreement.

Capitalized terms used and not defined in this Concurrent Lease Notice have the meanings set forth in the Concurrent Lease Agreement.

**CROWN CREST FUNDING CORP.**, in its capacity as trustee of **CROWN CREST CAPITAL TRUST**, as Lessor and Servicer, by its authorized agent, **CROWN CREST CAPITAL MANAGEMENT CORP.**

By: \_\_\_\_\_

Name:

Title:

**Accepted:**

**PEOPLES TRUST COMPANY**, as Concurrent Lessee

By: \_\_\_\_\_

Name:

Title:

Schedule A to Concurrent Lease Notice – Attach list of Lease Assets

**SCHEDULE "B"**

**LESSOR'S ADDRESSES**

Location of Records:

1201-200 Yorkland Street  
Toronto, ON M2J 5C1

**SCHEDULE "C"**  
**FORM OF PORTFOLIO REPORT**

(Form attached.)

**This is Exhibit "K"**  
**to the Affidavit of Michael Lombard sworn**  
**remotely before me on November 6, 2023**

DocuSigned by:

*Katherine Yurkovich*

BE136400C72D4E9

---

A commissioner for taking affidavits



**CROWN CREST CAPITAL TRUST**

as Lessor and Servicer

and

**PEOPLES TRUST COMPANY**

as Concurrent Lessee

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**THIRD AMENDED AND RESTATED CONCURRENT LEASE AGREEMENT**

April 15, 2019

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## THIRD AMENDED AND RESTATED CONCURRENT LEASE AGREEMENT

**CONCURRENT LEASE AGREEMENT**, dated as of April 15, 2019 (this **Agreement**), between **Crown Crest Funding Corp.** (the **Trustee**), in its capacity as trustee of **Crown Crest Capital Trust**, a trust duly formed and validly existing trust under the laws of the Province of Ontario (together with its successors and assigns, the **Lessor**) and **Peoples Trust Company**, a trust company existing under the laws of Canada (**Concurrent Lessee**).

**WHEREAS** the Lessor, the Concurrent Lessee and Simply Green Home Services Inc., as guarantor entered into a Concurrent Lease Agreement made as of February 13, 2018, as amended by an Amended and Restated Concurrent Lease Agreement made as of November 30, 2018 (the **Amended and Restated Agreement**), and as further amended by a Second Amended and Restated Concurrent Lease Agreement made as of December 31, 2018 (the **Second Amended and Restated Agreement**), pursuant to which the Lessor leases certain Leased Assets from time to time to the Concurrent Lessee and the Concurrent Lessee leases such Leased Assets from the Lessor;

**AND WHEREAS** the Lessor and the Concurrent Lessee wish to further amend and restate the Second Amended and Restated Agreement on and subject to the terms and conditions of this Agreement.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the mutual covenants and agreements of the parties herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### Article 1 - DEFINITIONS AND PRINCIPLES OF INTERPRETATION

#### 1.1 Definitions

Words with initial capital letters in this Agreement (including the above recitals) shall have the meanings set out below:

**Additional Term** means, in respect of a Concurrent Lease, the balance, if any, of the remaining term of the related Lease after the Lease End Date, less one day; provided that the balance of the remaining term may not exceed the lesser of (i) the useful life of the applicable Lease Asset and (ii) 60 months.

**Additional Term Investment** means, at any time, the sum of the Initial Additional Term Prepaid Rent, minus the amount of all ATPR Amortization on any prior Settlement Date, plus the amount of any Subsequent Additional Term Prepaid Rent on any Settlement Date.

**Administrative Costs** means, in respect of any Lease, all late fees, extension fees and other administrative or similar costs, charges and expenses billed to the applicable Obligor in accordance with the Lessor's customary practice and approved by the Concurrent Lessee, acting reasonably.

**Advance Rate** means 90%.

**Adverse Claim** means a security interest, lien, charge, encumbrance or other right or claim, including any filing or registration made in respect thereof, of or through any Person (other than the Concurrent Lessee).

**Agreement** means this agreement, together with the schedules hereto, as the same may be amended, supplemented, modified, restated or replaced from time to time, and the expressions **hereof**, **herein**, **hereunder**, and **hereby** and similar expressions refer to this agreement and not to any specific article, section, paragraph, subparagraph or clause hereof.

**Amortization Event** means the occurrence of any of the following events:

- (a) on any Reporting Date as of the end of the related Collection Period, either:
  - (i) the Average Delinquency Rate exceeds 6.5%;
  - (ii) the Average Loss Rate exceeds 2.75%;
- (b) a Servicer Termination Event; or
- (c) an Event of Default under the Credit Agreement that has been declared by the Concurrent Lessee, in writing.

**Amortization Period** means the period commencing on the date of occurrence of an Amortization Event and ending on the earlier of (i) the date such Amortization Event is waived by the Concurrent Lessee, in its sole discretion, and (ii) the date on which no further amounts are payable to the Concurrent Lessee hereunder.

**Approved Equipment** shall mean storage water heaters, tankless water heaters, water filtration and/or treatment systems, Heating Recovery Ventilation ('HRV') and/or High-efficiency particulate arrestance ('HEPA') systems, furnace and air conditioning ('HVAC') equipment and boiler systems, sub-metering equipment, smart home products as well as such other types or classes of consumer equipment as may be agreed to by the Lessor under Program Agreements and approved by the Concurrent Lessee in writing.

**Approved Originator** shall have the meaning ascribed thereto in the Credit Agreement.

**ATPR Amortization** means, on any Settlement Date, the amount, if any, by which the Additional Term Investment exceeds the product of (i) the Advance Rate and (ii) the sum of the net present values of each unpaid rental payments coming due over the entire term, ending on the last day of the Additional Term, of the ATPR Scheduled Leases on the immediately preceding Settlement Date, excluding all Scheduled Payments, but including all escalations in the rental payments the Lessor is entitled to, discounted to the date of determination at the Discount Rate.

**ATPR Funding Rate** means, in respect of a Concurrent Lease and a Settlement Period, an annual interest rate equivalent to the average of BMO Prime for the 30 days in effect prior to each Closing Date plus 1.7% per annum, provided that from and after each 5th anniversary of the date of the Amended and Restated Agreement, BMO Prime for the related Concurrent Leases and the calculation Funding Costs shall be adjusted to BMO Prime in effect on such 5th anniversary plus 1.7% per annum

**ATPR Scheduled Leases** means the Leases, the related Approved Equipment of which is the subject of a Concurrent Lease at such time, designated by the Lessor to the Concurrent Lessee by notice in writing on the date of the Amended and Restated Agreement, as such schedule may be amended by the Lessor on any Settlement Date, provided that, for greater certainty, to the extent any Lease that is an ATPR Scheduled Lease ceases to be subject to a Concurrent Lease hereunder, such Lease shall thereafter cease to be an ATPR Scheduled Lease.

**Average Delinquency Rate** means for any Reporting Date, the arithmetic mean of the Delinquency Rates for each of the three Collection Periods immediately prior or (a) in the case of the first Reporting Date, the Delinquency Rate for the first Collection Period and (b) in the case of the second Reporting Date, the arithmetic mean of the Delinquency Rates for each of the two Collection Periods immediately prior.

**Average Loss Rate** means for any Reporting Date, the arithmetic mean of the Loss Rates for each of the three Collection Periods immediately prior or (a) in the case of the first Reporting Date, the Loss Rate for the first Collection Period and (b) in the case of the second Reporting Date, the arithmetic mean of the Loss Rates for each of the two Collection Periods immediately prior.

**Blocked Account Agreement** means the blocked account agreement made as of December 1, 2016 between the Trustee, the Lessor and The Toronto-Dominion Bank, as the same may be amended, restated, supplemented or replaced from time to time.

**BMO Prime** means, at any time, the posted "prime rate" of interest charged by Bank of Montreal for its commercial loans that are made in Canadian dollars.

**Business Day** means any day other than a Saturday, Sunday, or public holiday on which banks are required or permitted to be closed in the Province of Ontario or the Province of British Columbia.

**Charged-Off Asset** means any Lease (i) for which the Servicer has become aware that an Insolvency Event has occurred in respect of the related Obligor or (ii) that is or is required to be charged-off as uncollectible by the Servicer in accordance with the Credit and Collection Policies it being acknowledged that under the Credit and Collection Policies a Lease would be charged-off as uncollectible upon the Servicer becoming aware that an Insolvency Event had occurred in respect of the related Obligor; provided that a Lease will cease to be a Charged-Off Asset if all outstanding amounts are paid in full by the Obligor.

**Closing Date** means, in respect of a Concurrent Lease, the date specified as such in the applicable Concurrent Lease Notice.

**Collection Period** means a calendar month, provided that the initial Collection Period shall commence on the Cut-Off Date in respect of the initial Concurrent Lease and the final Collection Period shall end on (and include) the Final Collection Date.

**Collections** means without duplication (i) in respect of any Leased Asset, all cash collections and other cash proceeds in respect thereof and of the related Rights and Receivables (excluding Administrative Costs and Sales Taxes but including payments of rent, interest and principal) received after the applicable Cut-Off Date, (ii) any Deemed Collections in respect of such Leased Assets, and (iii) the net proceeds of any disposition of the related Leased Asset, except where the proceeds of disposition are payable directly to the Concurrent Lessee.

**Collections Account** means the account established and maintained in the name of the Lessor as the account owner at The Toronto-Dominion Bank (Branch ID: 14822, Account Number: 5293714) or such other account as is designated by notice to the Lessor as the Collections Account for the purposes hereof, which account shall at all times be subject to a Blocked Account Agreement in form and substance acceptable to the Concurrent Lessee.

**Concurrent Lease** means each concurrent lease of Approved Equipment entered into in accordance with Article 2.

**Concurrent Lease Entitlements** has the meaning ascribed thereto in Section 2.6.

**Concurrent Lease Notice** means the offer by the Lessor to lease Lease Assets to the Concurrent Lessee in the form attached hereto as Schedule "A".

**Concurrent Lessee's Proportionate Share** means, in respect of the Collections for a Lease, (i) for a Lease that is a ATPR Scheduled Lease or a Second ATPR Scheduled Lease, a percentage

equal to the proportion of the Scheduled Payments plus all payments of escalations plus all regularly scheduled payments to be made by the Obligor during the Additional Term or Second Additional Term, as applicable, for such Lease required to fully amortize the sum of Prepaid Rent, Initial Additional Term Prepaid Rent, Subsequent Additional Term Prepaid Rent and Second Additional Term Prepaid Rent, as applicable, for such Lease over the sum of the Prescribed Term and the Additional Term or Second Additional Term, as applicable, at the weighted average of the Funding Rate and ATPR Funding Rate or Second ATPR Funding Rate, as applicable, and (ii) for a Lease that is not a ATPR Scheduled Lease or a Second ATPR Scheduled Lease, a percentage equal to the proportion of the Scheduled Payments plus all payments of escalations for such Lease required to fully amortize the Prepaid Rent over the Prescribed Term at the Funding Rate.

**Credit and Collection Policies** means the Lessor's credit, collection and administration policies and procedures relating to its portfolio of loans, as represented in the Lessor's operating procedures manual, which for greater certainty, has been reviewed and approved by the Concurrent Lessee.

**Credit Monitoring Fee** means, for a Concurrent Lease on a Closing Date, an amount equal to 3% of the Prepaid Rent plus, if applicable, 3% of the Initial Additional Term Prepaid Rent or Second Additional Term Prepaid Rent.

**Credit Agreement** means the warehouse line of credit agreement made as of December 1, 2016 between the Lessor, as borrower, Crown Crest Capital Management Corp., as guarantor, and the Concurrent Lessee as lender, as the same has been and may be amended, restated, supplemented or otherwise modified from time to time.

**Cut-Off Date** means the date specified as such in the Concurrent Lease Notice.

**Deemed Collections** means amounts required to be deposited to the Collections Account pursuant to Section 6.5 hereof.

**Deferred Rent** has the meaning set forth in Section 2.4.

**Delinquency Rate** means, for any Collection Period, the sum of the outstanding principal balances of Leased Assets other than Charged-Off Assets that are Delinquent Assets at the end of such Collection Period, divided by the Pool Balance at the end of such Collection Period.

**Delinquent Asset** means a Lease where any amount payable thereunder or any portion thereof is more than 30 days past due.

**Discount Rate** means, in respect of a Concurrent Lease, a discount rate equivalent to 4% per annum, provided that the Concurrent Lessee may adjust the Discount Rate on January 2 of any calendar year by notice in writing delivered not less than 30 days before such date in respect of Concurrent Leases to be entered into after such date. Any increase in the Discount Rate cannot exceed any net increase in BMO Prime during the calendar year then ended.

**Eligible Asset** means any Lease:

- (a) in respect of which the Obligor thereunder is a Person who is resident in Canada and is not (i) an affiliate of the Lessor or the Concurrent Lessee; (ii) the Government of Canada or any agency or instrumentality thereof or any federal crown corporation other than those listed as exempt under applicable legislation from restrictions or requirements for consent or notice on the assignment of receivables in respect of which they are obligors; or (iii) any provincial government or agency thereof if the enforceability against such government or agency of an assignment of debts owing thereby is subject to any pre-condition which has not been fulfilled;

- (b) which is not a Charged-Off Asset or a Delinquent Asset;
- (c) that has a fair market value that is greater than or equal to its face value;
- (d) which is payable to an address in Canada only and is denominated and payable in Canadian Dollars and in respect of which the Obligor has been directed to remit payments to the Collections Account;
- (e) which has been duly authorized, executed and delivered by the parties thereto, has been entered into in compliance with all applicable laws (including any licensure laws applicable to Lessor), and, together with all related Rights (including any guarantee, indemnity or agreement referred to in clause (g) of the definition of Rights), is in full force and effect and constitutes the legal, valid and binding obligation of the related Obligor enforceable against such Obligor in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject to equitable principles of general application (regardless of whether enforcement is sought in a proceeding at law or in equity);
- (f) which is not subject to any dispute, set-off, counterclaim or defense whatsoever, no prepayments have been made thereunder and which is owned by the Lessor and free of any Adverse Claim and has not been extended or otherwise modified except in the ordinary course of business and in accordance with the Credit and Collection Policies;
- (g) in respect of which the Lessor or the Originator is not in default in the performance of any of the covenants of the Lessor or the Originator thereunder;
- (h) the terms of which do not contravene any laws, rules or regulations applicable thereto (including, without limitation, such laws, rules, or regulations relating to usury, truth in lending, credit business practices, cost of borrowing, consumer protection, equal credit opportunity, fair debt collection practices and privacy), except where such contravention would not materially adversely affect the collectability or enforceability of the related Rights;
- (i) in which the perfection of the Lessor's rights complies with the requirements of the Credit and Collection Policies in all material respects it being acknowledged that Lease Assets that are Low Value Leases do not require perfection of the Lessor's rights;
- (j) the related Obligor is not the subject of any Insolvency Event (except where such Insolvency Event occurred prior to the origination of the Receivable and such origination was consistent with the Credit and Collection Policies) or, to the best of the Lessor's knowledge, there are no such proceedings pending against such Obligor;
- (k) in respect of which the related Rights may be assigned in whole or in part without the consent of the related Obligor;
- (l) which is documented pursuant to a form of contract which is similar in all material respects to one of the forms of contract that have previously been delivered to and accepted by the Concurrent Lessee, acting reasonably;
- (m) in respect of which immediately prior to the lease hereunder the Lessor is the legal and beneficial owner of the Lease Asset, the related Receivables and Rights free and clear of any Adverse Claim;
- (n) in respect of which after the Concurrent Lease of the related Equipment to the Concurrent Lessee, the Concurrent Lessee would be the sole legal and beneficial owner



of the related Concurrent Lease Entitlements with full right to transfer, sell and encumber such Concurrent Lease Entitlements free and clear of any lien;

- (o) that has not been satisfied, subordinated, waived or rescinded;
- (p) that has not been compromised, adjusted or modified except in accordance with the Credit and Collection Policies;
- (q) that was generated in the ordinary course of business;
- (r) except in the case of Low Value Leases, for which all filings or recordings with respect to the Lessor's interest therein and the related Leases and Rights necessary by law or reasonably prudent and desirable for the perfection and protection of such interests including any further filings, recordings or renewals thereof, have been effected by the Lessor (**Lien Registration**);
- (s) in respect of which the related Originator is an Approved Originator;
- (t) the related Obligor's credit score at the time of origination was not less than 500, provided that the related Obligor may have no measured credit score in respect of a Low Value Lease if evidence has been obtained of the related Obligor's ownership of the residential property at which the related Leased Assets has been installed; and
- (u) which satisfies such other criteria as may be added by the Concurrent Lessee in accordance with Section 5.4 from time to time.

**ETA** means Part IX of the *Excise Tax Act* (Canada).

**Excess LS Delinquencies** is defined in Section 6.2(l).

**Excess LS Delinquencies Reimbursement** is defined in Section 6.2(l).

**Excess LV Delinquencies** is defined in Section 6.2(l).

**Excess LV Delinquencies Reimbursement** is defined in Section 6.2(l).

**Final Collection Date** means the date on which all Leases subject to Concurrent Leases have been terminated, fully collected and/or written off as uncollectible pursuant to the Credit and Collection Policies.

**Finance Charge Collections** means Collections in respect of interest and fees (other than Administrative Costs).

**Funding Costs**, means, in respect of a Settlement Period, the sum of (a) the product of (i) the Investment as of the first day of the Settlement Period and (ii) the weighted average Funding Rate for all Concurrent Leases and the related Settlement Period, plus (b) the product of (i) the Additional Term Investment as of the first day of the Settlement Period, and (ii) the ATPR Funding Rate, plus (c) the product of (i) the Second Additional Term Investment as of the first day of the Settlement Period, and (ii) the Second ATPR Funding Rate.

**Funding Rate** means, in respect of a Concurrent Lease and a Settlement Period, an annual interest rate equivalent to the average of BMO Prime for the 30 days in effect prior to each Closing Date plus 1.3% per annum, provided that from and after the 5<sup>th</sup> anniversary of each Closing Date, BMO Prime for the related Concurrent Leases and the calculation Funding Costs shall be adjusted to BMO Prime in effect on such 5<sup>th</sup> anniversary plus 1.3% per annum.

**GAAP** means generally accepted accounting principles from time to time approved by the Chartered Professional Accountants of Canada or any successor body, applicable as at the date in question and applied on a consistent basis.

**Governmental Authority** means any federal, state, provincial, regional, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

**GST/HST** means the goods and services tax, harmonized sales tax, and all other amounts payable under the ETA or pursuant to any similar value added tax legislation in any other jurisdiction of Canada or is similar thereto.

**Initial Additional Term Prepaid Rent** means, at any time, the aggregate, for each ATPR Scheduled Lease, of the product of (i) the Advance Rate and (ii) the sum of the net present values of each unpaid rental payments coming due over the entire term, ending on the last day of the Additional Term, of the related ATPR Scheduled Lease, excluding all Scheduled Payments, but including all escalations in the rental payments the Lessor is entitled to, discounted to the date of determination at the Discount Rate.

**Insolvency Event** means, in respect of any Person, such Person shall generally not pay its debts as they become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceedings shall be instituted by or against, as the case may be, seeking to adjudicate it as bankrupt or insolvent or seeking liquidation, winding up, reorganization arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of insolvent debtors, or seeking the entry of an order for relief by the appointment of a receiver, trustee, custodian or similar official for its or a substantial part of its property and, if such proceeding has been instituted against such Person, while being contested in good faith by such Person, such proceeding has not been stayed or dismissed within 45 days or a receiver, trustee, custodian or other similar official is appointed for it or any substantial part of its property; or a receiver being privately appointed in respect of a substantial part of the assets of such Person; or such Person, takes any corporate action to authorize any of the actions described above.

**Investment** means at any time the sum of all Prepaid Rent paid (or deemed to have been made) by the Concurrent Lessee to the Lessor, less (i) the sum of all amounts paid to the Concurrent Lessee on account of the Concurrent Lessee's Proportionate Share allocable to the Investment, less (ii) any Funding Costs allocable to the Investment, less (iii) the Rent Rebate allocable to the Investment paid by the Lessor in respect of all Concurrent Leases terminated from time to time.

**ITA** means the *Income Tax Act* (Canada) and includes any corresponding, applicable provincial income tax statute, and for greater certainty, where this Agreement refers to a specific provision of the ITA, such reference includes a reference to any corresponding provision of an applicable provincial income tax statute.

**Lease** means a lease or rental agreement or similar agreement (including a sub-metering agreement) for the lease or sale of Approved Equipment originated by an Originator.

**Lease Asset** means a Lease together with the related Rights.

**Lease End Date** means, in respect of any Lease and Concurrent Lease, the Settlement Date immediately following the scheduled date of the last Scheduled Payment under the related Lease.

**Leased Assets** means the Approved Equipment concurrently leased or purported to be concurrently leased by the Concurrent Lessee hereunder (other than Concurrent Leases terminated hereunder).

**Loss Rate** means in respect of a Collection Period, net losses in respect of Leases subject to Concurrent Leases divided by the original outstanding net present value of the Leases subject to Concurrent Leases subject to losses during such Collection Period.

**Low Score Leases** means Leases in respect of which the beacon score of the related Obligor is less than 600 but greater than 500 on the date such Lease is originated.

**Low Value Lease** means a Lease Asset in respect of which the related Approved Equipment is a water heater or other equipment where the original monthly rental amount (excluding taxes) is less than \$45 or a tankless water heater where the original monthly rental amount (excluding taxes) is less than \$65.

**Material Adverse Effect** means, in respect of any Person or any Lease subject to a Concurrent Lease any effect on it which could reasonably be expected to have an adverse impact on (i) in the case of such Person the ability of such Person to perform its obligations hereunder or under any Related Document, or (ii) the enforceability or collectability of such Lease or (iii) the value of such Lease.

**Obligor** means in respect of any Lease, the Person or Persons obligated to make payments thereunder.

**Originator** has the meaning ascribed thereto in the Credit Agreement.

**Outstanding Balance** means, in respect of a Concurrent Lease, the product of (i) the Advance Rate, and (ii) the sum of the net present values of each unpaid Scheduled Payment plus, if applicable, each unpaid regularly scheduled payment to be made by the Obligor during the Additional Term or Second Additional Term under the related Lease, discounted to the date of determination at the applicable Discount Rate.

**Person** means an individual, partnership, corporation, trust, joint venture, unincorporated association, government (or any agency or political subdivision thereof) or other entity.

**Pool Balance** means at any time the aggregate Outstanding Balance of all Concurrent Leases other than in respect of Charged-Off Assets or Lease Assets where the related Concurrent Lease has been terminated.

**Portfolio Report** means a report substantially in the form attached hereto as Schedule "C", delivered by the Lessor to the Concurrent Lessee pursuant to Section 6.2(l)).

**PPSA** means the *Personal Property Security Act* (British Columbia) or the comparable legislation of the other provinces of Canada including, in Québec, the Civil Code of Québec.

**Prepaid Rent** means the lump sum rent required to prepay the original monthly rental amount due under any Concurrent Leases pursuant to Article 2, which shall be equal to the product of (i) the Advance Rate and (ii) the sum of the net present values of each unpaid Scheduled Payment of the applicable Lease Asset, discounted to the related Closing Date at the applicable Discount Rate.

**Prescribed Term** means, in respect of any Lease at any time, the lesser of 10 years and the remaining term of such Lease at such time less one day.

**Program Agreements** has the meaning ascribed thereto in the Credit Agreement.

**PST** means amounts payable under any statute in Canada imposing a single stage retail sales tax.

**Receivables** means, in respect of any Lease, all moneys payable with respect to such Lease Asset including all scheduled periodic payments, principal, interest, interchange, extra charges, fees and penalties and other moneys payable by the related Obligor (exclusive of Administrative Costs) during the period from but excluding the Cut-Off Date, to the date when all amounts have been paid under such Lease.

**Records** means, in respect of any Lease subject to a Concurrent Lease, all contracts (including those evidencing such Lease), books, records, reports and other documents and information (including, to the extent obtainable by way of existing software controlled by the Lessor, hard copies of all data maintained in databases of the Lessor, tapes and disks) maintained by or on behalf of the Lessor in respect of the Lease and the related Obligor.

**Related Documents** means any agreement, document, exhibit, notice or other communication which has at any time been delivered by the Lessor to the Concurrent Lessee pursuant hereto, including all agreements and documents required hereunder.

**Rental Amount** means in respect of a Lease, the original regularly-scheduled monthly rental payment amount of the Obligor thereunder.

**Rent Rebate** means, at any time with respect to any Concurrent Lease in respect of which the Concurrent Lessee made a payment of Prepaid Rent and, if applicable, Initial Additional Term Prepaid Rent or Second Additional Term Prepaid Rent, an amount equal to the product of (i) the Advance Rate and (ii) the sum of the net present values of each unpaid Scheduled Payment plus, if applicable, each unpaid regularly scheduled payment to be made by the Obligor during the Additional Term or Second Additional Term arising under the related Lease, discounted to the date of determination at the applicable Discount Rate.

**Replacement Servicer** means any Person appointed by the Concurrent Lessee to replace the initial or any subsequent Servicer upon the occurrence of a Servicer Termination Event.

**Replacement Servicer Fee** has the meaning given to it in Section 7.3.

**Reporting Date** means in respect of a Collection Period the second Business Day preceding the related Settlement Date.

**Rights** means, in respect of any Lease, the following:

- (a) all rights and benefits accruing to the Lessor under such Lease, including all right, title and interest in and to the related receivables;
- (b) all of the Lessor's right, title and interest in and to the related Approved Equipment;
- (c) all right in or to payments (including both proceeds and, to the extent the Lessor has any rights therein, premium refunds) under any insurance policies maintained by the related Obligor pursuant to the terms of such Lease or by the Lessor in respect of such Lease;
- (d) all claims, demands, actions, damages and indemnities owing to the Lessor under such Lease;
- (e) the right of the Lessor to ask, demand, sue for, collect, receive and enforce any and all sums payable under the Lease and to enforce all other covenants, obligations, rights and remedies thereunder with respect thereto;
- (f) all of the right, title and interest of the Lessor in, to and under all prepayments made after the Cut-Off Date, guarantees, promissory notes and indemnities (including all security

interests and all property subject thereto) from time to time supporting or securing payment or performance of the related Obligor's obligations in respect of the Lease, whether pursuant to the Lease or otherwise;

(g) the related Records; and

(h) all proceeds of or relating to any of the foregoing.

**Sales Taxes** means all federal, provincial and other sales, goods and services, value added, use or other transfer taxes, and all other similar taxes whatsoever, including GST/HST and PST.

**Scheduled Payment** means, in respect of a Lease, the Rental Amount payable by the Obligor thereunder during a term not exceeding the lesser of (i) the remaining term of the Lease, (ii) ten years and (iii) the remainder of the Prescribed Term.

**Second Additional Term** means, in respect of a Concurrent Lease, the balance, if any, of the remaining term of the related Lease after the Lease End Date, less one day; provided that the balance of the remaining term may not exceed the lesser of (i) the remaining useful life of the applicable Lease Asset and (ii) 60 months.

**Second Additional Term Investment** means, on any day, the Second Additional Term Prepaid Rent less (i) the sum of all amounts paid to the Concurrent Lessee on account of the Concurrent Lessee's Proportionate Share in respect of the Second Additional Term, less (ii) any Funding Costs allocable to the Second Additional Term Investment, less (iii) the Rent Rebate allocable to the Second Additional Term Investment paid by the Lessor in respect of all Concurrent Leases that are Second ATPR Leases terminated from time to time.

**Second Additional Term Prepaid Rent** means, at any time, the aggregate, for each Second ATPR Scheduled Lease, of the product of (i) the Advance Rate and (ii) the sum of the net present values of each unpaid rental payments coming due over the entire term, ending on the last day of the Second Additional Term, of the related Second ATPR Scheduled Lease, excluding all Scheduled Payments, but including all escalations in the rental payments the Lessor is entitled to, discounted to the date of determination at the Discount Rate.

**Second ATPR Funding Rate** means, in respect of a Concurrent Lease and a Settlement Period, an annual interest rate equivalent to the average of BMO Prime for the 30 days in effect prior to each Closing Date plus 1.7% per annum, provided that from and after each 5th anniversary of the date of this Agreement, BMO Prime for the related Concurrent Leases and the calculation Funding Costs shall be adjusted to BMO Prime in effect on such 5th anniversary plus 1.7% per annum

**Second ATPR Scheduled Leases** means the Leases, the related Approved Equipment of which is the subject of a Concurrent Lease at such time, designated by the Lessor to the Concurrent Lessee by notice in writing on the date of this Agreement.

**Security Agreement** has the meaning ascribed thereto in the Credit Agreement.

**Servicer** means Lessor in its capacity as servicer hereunder and any Replacement Servicer.

**Servicing Fee** means in respect of any Settlement Date, a fee not exceeding 0.40% per annum of the Pool Balance at such time.

**Servicer Termination Event** has the meaning set forth in Section 7.1.

**Settlement Date** means, in respect of a Collection Period, the 15<sup>th</sup> calendar day of the calendar month (or the next Business Day if such day is not a Business Day) following the calendar month related to such Collection Period.

**Settlement Period** means in respect of a Settlement Date, the period commencing on and including the immediately preceding Settlement Date to but excluding such Settlement Date, provided that the first Settlement Period shall commence on and include the date of the Original Agreement and the final Settlement Date shall end on and exclude the Final Collection Date.

**Subsequent Additional Term Prepaid Rent** means, on a Settlement Date, the amount (if any) by which (a) the product of (i) the Advance Rate and (ii) the sum of the net present values of each unpaid rental payments coming due over the entire term, ending on the last day of the Additional Term, of the ATPR Scheduled Leases (as updated on such Settlement Date), excluding all Scheduled Payments, but including all escalations in the rental payments the Lessor is entitled to, discounted to the date of determination at the Discount Rate, exceeds (b) the Additional Term Investment immediately prior to such Settlement Date.

## 1.2 Extended Meanings

In this Agreement, words importing the singular number include the plural and vice versa and words importing gender include each gender. Unless the context requires otherwise, any reference herein to any Person shall be construed to include such Person's successors and permitted assigns.

## 1.3 Headings and Table of Contents

The table of contents does not form part of this Agreement. Article and Section headings are not to be considered part of this Agreement, are included solely for convenience of reference and do not define, limit or enlarge the construction or interpretation hereof.

## 1.4 References to Sections, Articles and Schedules

Unless otherwise provided, all references herein to Sections, Articles or Schedules are references to Sections, Articles and Schedules of or to this Agreement.

## 1.5 References to Statutes

Unless otherwise provided, all references herein to any statute or any provision thereof shall mean such statute or provision as amended, restated or re-enacted from time to time.

## 1.6 Certain Phrases

Unless otherwise provided herein, the words "including", "includes" and "include" mean "including (or includes or include) without limitation".

## 1.7 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein (without regard to the conflict of laws rules of the Province of British Columbia).

## 1.8 Invalidity of Provisions

Save and except for any provision or covenant contained herein which is fundamental to the subject matter of this Agreement (including those that relate to the payment of moneys), the

invalidity or unenforceability of any provision or covenant hereof or herein contained will not affect the validity or enforceability of any other provision or covenant hereof or herein contained and any such invalid or unenforceable provision or covenant will be deemed to be severable.

#### 1.9 Computation of Time Periods

Unless otherwise provided herein, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding".

#### 1.10 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

#### 1.11 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation or presentation is required to be made for the purpose of this Agreement, such determination, consolidation, computation or presentation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed to in writing by the parties, be made in accordance with GAAP applied on a consistent basis. Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be to GAAP applicable as at the date on which such determination, consolidation, computation or presentation is made or required to be made.

#### 1.12 Currency

Unless otherwise provided, all amounts herein are stated in Canadian Dollars.

#### 1.13 Entire Agreement

This Agreement contains the entire agreement between the parties relative to the subject matter hereof and supersedes all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations, and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein.

#### 1.14 Schedules

The following schedules annexed hereto are incorporated herein by reference and are deemed to be part hereof:

Schedule "A" – Form of Concurrent Lease Notice

Schedule "B" – Lessor's Addresses

Schedule "C" – Form of Portfolio Report (or such other format as mutually agreed upon by the parties)

## Article 2 - CONCURRENT LEASE

### 2.1 Grant of Concurrent Lease

- (a) Upon the terms and subject to the conditions set forth herein, the Lessor may from time to time prior to the occurrence of an Amortization Event, by delivering a completed Concurrent Lease Notice, offer to concurrently lease Approved Equipment to the Concurrent Lessee at least 5 Business Days before a proposed Closing Date. The Concurrent Lessee shall indicate its acceptance of the offer to concurrently lease Approved Equipment by countersigning the Concurrent Lease Notice delivered by the Lessor on or before the proposed Closing Date.
- (b) On each Closing Date, Lessor shall hereby lease to Concurrent Lessee, free and clear of all security interests, liens or other adverse claims other than the leasehold interests of the relevant Obligors, and Concurrent Lessee shall hereby lease from Lessor, the Approved Equipment as listed on the related Concurrent Lease Notice delivered by Lessor to Concurrent Lessee) with effect as of the Closing Date. It is hereby expressly acknowledged and agreed that the interest of the Concurrent Lessee under each Concurrent Lease in and to the related Approved Equipment is that of a lessee only, and that title to and ownership in all such Approved Equipment shall, subject to Section 2.6, remain vested in the Lessor. It is hereby further expressly acknowledged and agreed that, as of each Closing Date and until the applicable Final Collection Date, the beneficial ownership of the interest of the Lessor in respect of each Lease relating to Leased Assets and the related Collections will automatically vest in the Concurrent Lessee and the Lessor will hold in trust for the benefit of the Concurrent Lessee the interest of the Lessor under each such Lease and related Collections. It is hereby further expressly acknowledged and agreed that, notwithstanding the grant by the Lessor to the Concurrent Lessee of each Concurrent Lease, the rights of the lessee Obligors with respect to the possession and use of the Approved Equipment shall continue and be the same as under their respective Leases.
- (c) <sup>for</sup> On each Closing Date, the Lessor will pay to the Concurrent Lessee the Credit Monitoring Fee for each Concurrent Lease listed in the applicable Concurrent Lease Notice. The Concurrent Lessee may set off the Credit Monitoring Fee payable for a Concurrent Lease against the Prepaid Rent for that Concurrent Lease paid by the Concurrent Lessee on the Closing Date. <sub>adjust</sub>
- (d) In its capacity as lessor to the Concurrent Lessee and so that the Concurrent Lessee will not be in violation of its obligation as lessor to the Obligors or any of them, the Lessor hereby covenants and agrees to and in favour of the Concurrent Lessee that at all times during the term of each Concurrent Lease, the Lessor will, in all material respects, comply with and perform each term, condition, representation, warranty and covenant of the lessor contained in each Lease and will not take or omit to take any action in its capacity as owner of the Approved Equipment and lessor under any Concurrent Lease and which would cause any material failure by it to so comply with and perform each term, condition, representation, warranty and covenant required to be complied with or performed by the lessor under each Lease.
- (e) In its capacity as lessee under each Concurrent Lease, the Concurrent Lessee hereby covenants and agrees, to and in favour of the Lessor, to cause and require each Obligor to comply with and perform each term, condition, representation, warranty and covenant required to be complied with or performed by an Obligor under the relevant Lease.



## 2.2 Terms of Concurrent Leases

- (a) The term of each Concurrent Lease in respect of an item of Approved Equipment shall be deemed to commence at the close of business on the related Closing Date and, unless terminated or deemed terminated earlier in accordance with the provisions hereof, shall terminate on the Lease End Date for the related Lease.
- (b) Notwithstanding Section 2.2(a), the Concurrent Lessee shall, by giving the Lessor notice, have the right to extend (i) the term of all Concurrent Leases outstanding on the date of the Amended and Restated Agreement beyond the relevant Lease End Dates to the end of the Additional Term and (ii) the term of all Concurrent Leases outstanding on the date of this Agreement for which a notice has not been previously given pursuant to this section beyond the relevant Lease End Dates to the end of the Second Additional Term.

It is hereby expressly acknowledged and agreed that the Lessor's title and ownership of the Approved Equipment owned by it shall be subject to the rights of the Concurrent Lessee under each Concurrent Lease with respect to such Approved Equipment, and, consequently, except as otherwise provided herein, upon the termination of the Lease relating to any Approved Equipment (whether upon the expiry of the Term thereof, as a result of a default by the Obligor thereunder or otherwise), the Concurrent Lessee shall, until the expiry of the term of the Concurrent Lease relating to such Approved Equipment, have the exclusive right to possess, use and lease such Approved Equipment as provided for in this Article 2. Except as provided herein, neither the Concurrent Lessee nor the Lessor shall be entitled to terminate the Concurrent Lease in respect of any or all of the Approved Equipment.

## 2.3 Rent for Concurrent Lease

In consideration of the grant by the Lessor to the Concurrent Lessee of each Concurrent Lease, the Concurrent Lessee shall pay to the Lessor, on the first day of each calendar month after the Closing Date during the term of each Concurrent Lease, as monthly rent, an amount equal to 99.99% of the sum of all payments forming part of the Scheduled Payments to be made in respect of the Leases of Leased Assets in respect thereof during the related Collection Period. Any Taxes will be added to any amount so paid if applicable.

## 2.4 Prepaid and Deferred Rent

The Lessor acknowledges and agrees that the Concurrent Lessee may satisfy and discharge its obligations to make all monthly rent payments required by Section 2.3 by (a) paying to the Lessor, on the related Closing Date, as a prepayment of rent, a sum equal to the Prepaid Rent, (b) paying to the Lessor the amounts specified pursuant to and in accordance with Section 3.1 as deferred rent (the **Deferred Rent**), each of which payments shall be made without the need on the part of the Lessor to provide the Concurrent Lessee with any invoices. The Concurrent Lessee shall be deemed to have elected to make the payments specified in (a) and (b) if it pays the Prepaid Rent on the related Closing Date. In the event the Concurrent Lessee elects to extend the terms of the Concurrent Leases outstanding on the date of the Amended and Restated Agreement or on the date of this Agreement, as applicable, to the end of the Additional Term or Second Additional Term, as applicable, in accordance with Section 2.2(b), the Concurrent Lessee may pay to the Lessor, upon the exercise of its right to extend the terms, as a prepayment of rent, a sum equal to the Initial Additional Term Prepaid Rent plus the Subsequent Additional Term Prepaid Rent as determined on each Settlement Date thereafter or the Second Additional Term Prepaid Rent, as applicable. Concurrently with the payment of the Initial Additional Term Prepaid Rent for an ATPR Scheduled Lease, or the Second Additional Term Prepaid Rent for a Second ATPR Scheduled Lease, the Lessor will pay to the Concurrent Lessee the Credit Monitoring Fee for that ATPR Scheduled Lease or Second ATPR Scheduled Lease. Any Taxes will be added to any of the foregoing amounts so paid if applicable.

## 2.5 Acknowledgment

The Lessor acknowledges and agrees that, as a consequence of the grant and demise of rights by it to the Concurrent Lessee under this Agreement, and in consideration of the obligation and the liability of the Concurrent Lessee to pay to the Lessor the rent (including any payment by the Concurrent Lessee of Prepaid Rent), as provided for in this Article 2, the Concurrent Lessee shall be entitled, among other things, to receive all Scheduled Payments under the Leases, the Leased Assets relating to which is concurrently leased to the Concurrent Lessee hereunder, as of and from the close of business on the related Closing Date.

## 2.6 Security Interest

As continuing security for the due and timely payment from time to time by the Lessor of all obligations of the Lessor, the Lessor hereby grants, pledges and charges, to and in favour of the Concurrent Lessee, a first charge and security interest in and to all of the Lessor's right, title and interest, both present and future, in, to and under the following:

- (a) all of the Lessor's right, title and interest in, to and under the Leased Assets and the Leases related thereto including, without limitation, all amounts owed to or received by the Lessor in respect of Collections from any Obligor or other Person, including all liquidation proceeds and subsequent recoveries in respect of the Leased Assets and the related Records;
- (b) all of the Lessor's right, title and interest in and to all Collections made on or after the related Closing Date and the right to make Collections in respect of the remaining Term thereof made on or after the Closing Date including, without limitation, rights, if any, under direct debit agreements with Obligors, and all cheques, notes, instruments of payment and other remittances relating thereto;
- (c) all of the Lessor's right, title and interest in and to the related Rights relating to the Leased Assets; and
- (d) all proceeds from any or all of the foregoing;

(all of such property and rights being collectively referred to herein as the **Concurrent Lease Entitlements**). The Lessor and the Concurrent Lessee agree that value has been given for the granting by the Lessor of such charge and security interest, that they have not agreed to postpone the time for attachment with respect thereto and that attachment will occur immediately upon the Lessor acquiring rights to receive any such Collections or other amounts.

## 2.7 Concurrent Lessee Rights

The Lessor hereby acknowledges that, as a consequence of the granting of the Concurrent Leases hereunder, the Concurrent Lessee through the Servicer on its behalf, shall have the right, at any time, to:

- (a) notify any Obligor of the Concurrent Lease by the Concurrent Lessee of the Leased Assets;
- (b) to the extent that the Lessor has such rights, contact any Obligor for any purpose, including for the performance of audits and verification analyses, and the determination of account balances and other data maintained by the Servicer;
- (c) direct any Obligor to make all payments on account of any Leases directly to the Concurrent Lessee at an address designated by the Concurrent Lessee or to such third

party (including the Servicer) or bank or depository as may be designated by the Concurrent Lessee;

- (d) request any Obligor to change the instructions for any direct debit or electronic funds transfer otherwise payable to the Lessor or the Servicer;
- (e) proceed directly against any Obligor and take any and all other actions, in the Lessor's name or otherwise, necessary or reasonably desirable to collect the Leases, enforce the related Rights or effect any related result; and
- (f) subject to the terms of the related Lease, sell by power of sale any Leased Assets for any price the Concurrent Lessee (or the Servicer on its behalf) deems reasonable in its sole discretion and apply the liquidation proceeds arising from any such sale towards any Rent Rebate arising therefrom.

## 2.8 Application Fee

The Lessor shall pay to the Concurrent Lessee following the completion of each Concurrent Lease or each extension of a Concurrent Lease for a Second Additional Term, an application fee in respect of such Concurrent Lease in the amount equal to 0.15% of the applicable Prepaid Rent or Second Additional Term Prepaid Rent, as applicable, of the applicable Lease Asset in respect of the concurrent lease or extension by the Concurrent Lessee from the Lessor.

## 2.9 Limitation

Notwithstanding the foregoing, no Closing Date may occur during the period between December 15 and January 2, inclusive of such dates.

## 2.10 Payment of GST/HST

The Concurrent Lessee certifies that it is at all relevant times, including at the time of each Concurrent Lease, a registrant under Part IX of the Excise Tax Act (Canada) (the ETA) and that its registration number is 10414 3698 RT0001.

## 2.11 Disqualified Assets

Promptly at any time after a Closing Date upon discovering that an eligibility requirement contained in the definition of "Eligible Asset" was not satisfied with respect to any Leased Asset and Concurrent Lease on the Cut-Off Date where the Concurrent Lessee made a payment of Prepaid Rent, the Lessor shall pay to the Concurrent Lessee an amount equal to the Rent Rebate in respect of the Concurrent Lease. Upon the payment of such amount, the related Concurrent Lease of such Leased Asset will be deemed to have been terminated without the need for any further action. Upon payment of such amount, any incorrectness in any representation or warranty or covenant by the Lessor with respect thereto shall be deemed to have been rectified.

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*x*

## 2.12 Limited Exclusivity

For so long as any Loans remain outstanding, under and as defined in the Credit Agreement, the Lessor will not sell, assign or convey any Lease Assets to any other Person provided that in the event that Lessor has requested that the Concurrent Lessee concurrently lease Lease Assets pursuant to this Agreement and the Concurrent Lessee does not accept the related Concurrent Lease Request and complete the related Concurrent Lease, the Lessor shall be free to sell, assign or convey such Lease Assets to any Person that is approved by the Concurrent Lessee, (provided that Concurrent Lessee shall only withhold such approval if it reasonably believes a sale, assignment or conveyance of such Lease Assets to such Person would cause significant

reputational harm to Concurrent Lessee), free and clear of any claim of the Concurrent Lessee hereunder or under the Security Agreement, provided that the proceeds of such purchase, assignment or conveyance are not less than the Outstanding Balance thereof, and such proceeds shall be paid by the Lessor to the Concurrent Lessee, within 5 Business Days of the receipt thereof, as a repayment of the indebtedness owing under the Credit Agreement.

#### 2.13 Termination Rights

Either the Concurrent Lessee or the Lessor may terminate any Concurrent Lease at the end of each calendar year by notice in writing. Upon such termination, in the event Prepaid Rent was paid in respect of the Concurrent Lease, the Lessor shall be obligated to pay the Rent Rebate in respect thereof and shall have a period of up to 180 days to negotiate a repayment schedule with the Concurrent Lessee. Upon payment in full of the Rent Rebate, the related Concurrent Lease of such Leased Asset will be deemed to have been terminated without the need for any further action.

#### 2.14 Intentionally Deleted

#### 2.15 Liquidated Leases

The parties acknowledge that the Servicer is obligated and exclusively entitled, in accordance with this Agreement, to enforce a defaulted Lease by using its normal practices to take actual possession of and sell the Leased Assets forming the subject matter of such Lease and, if necessary, by enforcing the related Rights. The Servicer shall also be entitled to purchase such Leased Assets for a price deemed by the Servicer to be reasonable for such Leased Assets. Upon the Servicer's enforcement in respect of the Leased Assets which are subject to a Concurrent Lease, the Concurrent Lessee shall, subject to the following sentence, require the Lessor to terminate the related Concurrent Lease. The Concurrent Lease shall be terminated with respect to such Leased Assets as of the date on which the Servicer completes the sale of the Leased Assets to a purchaser thereof. Upon such termination, the Lessor shall be obligated to pay to the Concurrent Lessee, on the date such sale is effected, as a refund of a portion of the Prepaid Rent and, if applicable, the Initial Additional Term Prepaid Rent and any Subsequent Additional Term Prepaid Rent, or any Second Additional Term Prepaid Rent, paid by the Concurrent Lessee in respect of such Leased Assets, by payment to the Collections Account, the liquidation proceeds from the related Leased Assets and any recoveries against the related Obligor received by the Servicer, and recourse against the Lessor shall be limited to the liquidation proceeds from the related Leased Assets and recoveries against the related Obligor received by the Servicer, and the Lessor irrevocably directs the Servicer to apply such amounts as Collections in accordance with Article 3.

#### 2.16 Sale of Leased Assets

Each party hereto acknowledges that the Servicer may, in accordance with the terms of the related Lease, allow other Persons to purchase the Leased Assets that are subject to a Concurrent Lease hereunder prior to the expiry of a Concurrent Lease. If Leased Assets that are subject to a Concurrent Lease hereunder are sold at any time, then the Concurrent Lease shall be terminated with respect to such Leased Assets as of the date on which the Servicer completes the sale of the Leased Assets to a purchaser thereof. Upon any such termination where the purchaser is the Obligor, the Lessor shall be obligated to pay to the Concurrent Lessee a refund of a portion of the Prepaid Rent and, if applicable, the Initial Additional Term Prepaid Rent and any Subsequent Additional Term Prepaid Rent paid by the Concurrent Lessee in respect of such Leased Assets, by payment into the Collections Account of the proceeds of the sale of the Leased Assets on the date such sale is effected. Upon any such termination where the purchaser is not the Obligor, the Lessor shall be obligated to pay to the Concurrent Lessee a refund of a portion of the Prepaid Rent and, if applicable, the Initial Additional Term Prepaid Rent and any Subsequent Additional Term Prepaid Rent, or any Second Additional Term Prepaid Rent, paid by

the Concurrent Lessee in respect of such Leased Assets, by payment to the Concurrent Lessee of an amount equal to the Rent Rebate relating to such Concurrent Lease on the date such sale is effected. The Servicer will not agree to any purchase of Leased Assets that would result in the termination of a Concurrent Lease, including without limitation as part of a transaction that involves an Obligor agreeing to lease new Approved Equipment under a new lease, without first obtaining the consent of the Concurrent Lessee.

### **Article 3 - APPLICATION OF COLLECTIONS**

#### **3.1 Settlement Procedures**

Collections of the Leases subject to Concurrent Leases shall be administered by the Servicer in accordance with the terms of this Agreement. The Lessor shall provide to the Servicer (if other than the Lessor) on a timely basis all information needed for such administration, including notice of the occurrence of any Amortization Event. The Servicer will allocate Collections received from each Obligor in accordance with the related Program Agreements and the Credit and Collection Policies. On each Settlement Date, Collections for the related Collection Period with respect to each Lease subject to a Concurrent Lease, will be applied as follows:

- (a) first, during an Amortization Period only, to the Servicer, the Servicing Fee or following a Servicer Termination Event, to the Replacement Servicer, if any, the Replacement Servicer Fee, in each case to the extent allocable to such Lease;
- (b) second, to be retained by the Concurrent Lessee, the Concurrent Lessee's Proportionate Share of any Collections in respect of the Lease; and
- (c) third, to the Lessor, the remainder as Deferred Rent.

#### **3.2 [Reserved]**

#### **3.3 Subsequent Additional Term Prepaid Rent**

On each Settlement Date after the Concurrent Lessee has elected to pay the Initial Additional Term Prepaid Rent, the Lessor shall deliver to the Concurrent Lessee an updated schedule of ATPR Scheduled Leases. The amount of any Subsequent Additional Term Prepaid Rent determined following the application of funds pursuant to Section 3.1 and such updated schedule shall be paid by the Concurrent Lessee to the Lessor. The Servicer shall be entitled to net the amount of any such Subsequent Additional Term Prepaid Rent owing by the Concurrent Lessee on a Settlement Date against amounts otherwise due to the Concurrent Lessee pursuant to Section 3.1 and pay such amounts directly to the Lessor.

### **Article 4 - REPRESENTATIONS AND WARRANTIES**

#### **4.1 Representations and Warranties of the Lessor**

The Lessor represents and warrants to the Concurrent Lessee as of the date of the Original Agreement and as of each Closing Date (except as otherwise specified below) that:

- (a) it is (i) a trust validly existing under the laws of the Province of Ontario; and (ii) duly qualified to carry on business in each jurisdiction in which the failure to be so qualified would reasonably be expected to have a Material Adverse Effect;
- (b) it has full power and capacity to enter into this Agreement and to do all acts and things as are required or contemplated of it hereunder and thereunder;

- (c) it has taken all necessary action to authorize the execution, delivery and performance of this Agreement and to do all acts and things as are required or contemplated of it hereunder and thereunder;
- (d) there are no actions, suits or proceedings pending or to the knowledge of any officer of the Lessor, threatened against or affecting the Lessor or any of its undertakings and assets at law, in equity or before any arbitrator or before or by any governmental department, body, commission, board, bureau, agency or instrumentality having jurisdiction in the premises in respect of which there is a reasonable possibility of a determination adverse to the Lessor which would reasonably be expected to have a Material Adverse Effect and the Lessor is not in default in respect of any applicable law, rule, regulation, order, judgment, injunction, award or decree as a result of which a Material Adverse Effect would reasonably be expected to occur;
- (e) this Agreement has been duly executed and delivered by the Lessor and constitutes a legally binding obligation of the Lessor enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally and to equitable principles of general application (regardless of whether enforcement is sought in a proceeding at law or in equity);
- (f) the execution and delivery of this Agreement and compliance with its terms and conditions will not (i) result in a violation of the constating documents or by-laws of the Lessor; (ii) result in a violation of any applicable law, rule, regulation, order, judgment, injunction, award or decree; (iii) result in a breach of, or constitute a default under, any loan agreement, indenture, trust deed or any other agreement or instrument to which the Lessor is a party or by which it is bound which would reasonably be expected to have a Material Adverse Effect; or (iv) require any approval or consent of, or any notice to or filing with, any Governmental Authority or agency having jurisdiction except such as has already been given, filed or obtained, as the case may be;
- (g) no default has occurred and is outstanding under any loan agreement, indenture, trust deed or any other agreement or instrument to which the Lessor is a party or by which it is bound which would reasonably be expected to have a Material Adverse Effect;
- (h) its principal place of business, chief executive office and registered office are located at the address set forth under its name on the signature pages hereto and the offices where it keeps all Records held by it are located at the addresses set out in Schedule "B" hereto or such other addresses as the Lessor shall from time to time notify the Concurrent Lessee;
- (i) it is not a non-resident of Canada within the meaning of the ITA;
- (j) the Lessor has delivered to the Concurrent Lessee all financial information received by the Lessor in respect of each Eligible Asset;
- (k) all federal, provincial and local and foreign national, state, provincial, regional and local and all other tax returns of the Lessor required by applicable law to be filed have been duly filed, and all federal, provincial and local and foreign national, state, provincial, regional and local and all other taxes, assessments and other governmental charges or levies upon the Lessor and its property, income, profits and assets which are due and payable have been paid. The charges, accruals and reserves on the books of the Lessor in respect of federal, provincial and local taxes and foreign national, state, provincial, regional and local taxes for all fiscal years and portions thereof since the organization of the Lessor, are in the judgment of the Lessor adequate in all material respect;

- (l) all written information, reports, certificates, financial statements and other papers and data produced by or on behalf of the Lessor and furnished to the Concurrent Lessee, including those in respect of Eligible Assets, were, at the time the same were so furnished, complete and correct in all material respects to the extent necessary to give the recipient a true and accurate knowledge of the subject matter, and, no fact is known to the Lessor which has had, or could reasonably be expected to in the future have, a Material Adverse Effect;
- (m) the Lessor is not an “Insolvent Person” as defined in the *Bankruptcy and Insolvency Act* (Canada), and shall not have unreasonably small capital to carry out its businesses as conducted or as proposed to be conducted;
- (n) each Lease Asset in respect of which the related Equipment is offered to be concurrently leased to the Concurrent Lessee hereunder is an Eligible Asset as of the Cut-Off Date; and
- (o) no Amortization Event or Servicer Termination Event has occurred that is continuing.

#### 4.2 Representations and Warranties of the Concurrent Lessee

The Concurrent Lessee represents and warrants to the Lessor as of the date of the Original Agreement that:

- (a) the Concurrent Lessee is (i) a trust company duly organized and validly existing under the *Trust and Loan Companies Act* (Canada); and (ii) duly qualified to carry on business in each jurisdiction in which the failure to do so would reasonably be expected to have a Material Adverse Effect;
- (b) the Concurrent Lessee has full power and capacity to enter into this Agreement and to do all acts and things as are required or contemplated of it hereunder;
- (c) the Concurrent Lessee has taken all necessary action to authorize the execution, delivery and performance of this Agreement and to do all acts and things as are required or contemplated of it hereunder;
- (d) there are no actions, suits or proceedings pending or to the knowledge of any officer of the Concurrent Lessee, threatened against or affecting the Concurrent Lessee or any of its undertakings and assets at law, in equity or before any arbitrator or before or by any governmental department, body, commission, board, bureau, agency or instrumentality having jurisdiction in the premises in respect of which there is a reasonable possibility of a determination adverse to the Concurrent Lessee which would reasonably be expected to have a Material Adverse Effect and the Concurrent Lessee is not in default in respect of any applicable law, rule, regulation, order, judgment, injunction, award or decree as a result of which a Material Adverse Effect would reasonably be expected to occur;
- (e) this Agreement has been duly executed and delivered by it and constitutes a legally binding obligation of the Concurrent Lessee enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally and to equitable principles of general application (regardless of whether enforcement is sought in a proceeding at law or in equity);
- (f) the execution and delivery of this Agreement and compliance with its terms and conditions will not (i) result in a violation of its constating documents; (ii) result in a violation of any applicable law, rule, regulation, order, judgment, injunction, award or decree; (iii) result in a breach of, or constitute a default under, any loan agreement,

indenture, trust deed or any other agreement or instrument to which the Concurrent Lessee is a party or by which it is bound which would reasonably be expected to have a Material Adverse Effect; or (iv) require any approval or consent of, or any notice to or filing with, any Governmental Authority or agency having jurisdiction except such as has already been given, filed or obtained, as the case may be; and

- (g) no default has occurred and is outstanding under any loan agreement, indenture, trust deed or any other agreement or instrument to which the Concurrent Lessee is a party or by which it is bound which would reasonably be expected to have a Material Adverse Effect.

#### 4.3 Survival

Representations, warranties and statements of the Lessor and the Concurrent Lessee (or any of them or of any of their respective officers) set forth herein have been relied upon by the Concurrent Lessee, shall not merge on the completion of the execution and delivery of this Agreement or on the completion of any Concurrent Lease and shall survive thereafter.

### **Article 5 - COVENANTS**

#### 5.1 Delivery of Files and Records

The Servicer will hold the Records relating to the applicable Leased Assets on behalf of the Concurrent Lessee, and will provide a copy of such Records to the Concurrent Lessee upon request.

#### 5.2 Further Assurances

- (a) Each of the Lessor and the Concurrent Lessee will from time to time make, do, execute, endorse, acknowledge and deliver or cause and procure to be made, done, executed, endorsed, acknowledged, filed, registered and delivered any and all further acts and assurances, including without limitation, any conveyance, deed, transfer, assignment or other instrument in writing as, in the opinion of either of such Persons, may be necessary or desirable to give effect to this Agreement and the transactions provided for in this Agreement and will take all such other action as may be required or desirable for more effectually and completely vesting all Rights acquired by the Concurrent Lessee.
- (b) Each of the Lessor and Concurrent Lessee from the period commencing on the Closing Date until the termination of this Agreement, shall maintain in force insurance coverage in areas and amounts customary for its industry.

#### 5.3 General Covenants of the Lessor

The Lessor covenants with the Concurrent Lessee:

- (a) to preserve and maintain its existence, rights, franchises and privileges and to qualify and remain qualified to carry on business in each jurisdiction in which the failure to do so would reasonably be expected to have a Material Adverse Effect;
- (b) to not, except as expressly permitted herein (i) sell, assign (by operation of law or otherwise) or dispose of any part of the Leased Assets; (ii) take any action which may cause the validity, effectiveness or enforceability of the Leased Assets or the related Rights to be impaired; or (iii) take or omit to take any action which may cause an Adverse Claim to attach or extend to or otherwise burden any part of the Leased Assets;



- (c) to comply with all laws (including, without limitation, privacy laws) rules, regulations, orders, judgments, injunctions, awards or decrees applicable to the Lessor or the Leased Assets except where the failure to do so would not reasonably be expected to have a Material Adverse Effect;
- (d) to promptly notify the Concurrent Lessee at least twenty (20) Business Days prior to changing its name from that which is stated in its constating documents;
- (e) to promptly notify the Concurrent Lessee at least twenty (20) Business Days prior to changing the jurisdiction in which its principal place of business, chief executive office or registered office is located;
- (f) to promptly notify the Concurrent Lessee of any amendment, limitation or restriction of any license issued to the Lessor by a regulatory authority relating to the carrying on by the Lessor of its business if such amendment, limitation or restriction would have a Material Adverse Effect;
- (g) to notify the Concurrent Lessee forthwith of the occurrence of any Amortization Event or Servicer Termination Event or of any event which, with the giving of notice of the passage of time, or both, could become an Amortization Event or Servicer Termination Event;
- (h) to not amend or waive the Credit and Collection Policies without the prior written consent of the Concurrent Lessee;
- (i) to not establish or maintain a defined benefit pension plan;
- (j) to make notations in its books, records, documents and instruments relating to the Leased Assets to evidence the interest of the Concurrent Lessee therein; and
- (k) to timely and fully perform and comply with all material terms, covenants and other provisions of the contracts relating to the Leased Assets, including without limitation the Leased Assets, required to be performed by and observed by the Lessor thereunder.

#### 5.4 Amendments to Definition of Eligible Asset

If, at any time, the Concurrent Lessee determines, acting reasonably, that there has been a material change in the information contained in a Portfolio Report from the information contained in any previous Portfolio Report, then the Concurrent Lessee may elect by notice to the Lessor to amend the definition of Eligible Asset so that it contains one or more of the following additional requirements:

- (a) in respect of which there is a parts and labor warranty on the related Leased as issued by a third party insurer that is approved in writing by the Concurrent Lessee (acting reasonably) or the Lessor has otherwise made arrangements with a third party (other than the Obligor or the Lessor) to ensure that any repair and servicing of the related Approved Equipment is conducted and completed as required from time to time;
- (b) if the Lease is a Low Score Lease, the Outstanding Balance of such Lease, together with the Outstanding Balance of all Leases relating to Leased Assets that are Low Score Leases, does not exceed 5% of the Outstanding Balance of all Concurrent Leases at such time; and
- (c) if the Lease is a Low Value Lease, the Outstanding Balance of such Lease, together with the Outstanding Balance of all Leases relating to Leased Assets that are Low Value

Leases, does not exceed 35% of the Outstanding Balance of all Leased Assets at such time;

and the definition of Eligible Asset will be deemed to have been amended from the time of delivery of notice of any such election by the Concurrent Lessee to the Lessor.

## **Article 6 - SERVICING OF PORTFOLIO**

### **6.1 Appointment of the Lessor as Servicer**

- (a) The Concurrent Lessee hereby appoints the Servicer to be its exclusive agent for the purposes of servicing the Leased Assets as set out in this Article 6 (it being acknowledged that the Concurrent Lease made hereunder is made on a fully-serviced basis in accordance with this Agreement) and the Lessor hereby accepts such appointment.
- (b) The Lessor may subcontract with a subservicer or sub-originator pursuant to a Program Agreement or otherwise, provided that such subservicer or sub-originator shall be approved by the Concurrent Lessee acting reasonably, for the servicing or subservicing of the Leased Assets; provided, however, that the Lessor will remain liable to the Concurrent Lessee for the performance of the duties and obligations so subcontracted and all other duties and obligations of the Lessor set forth in this Article 6.
- (c) Except as provided hereunder, the Servicer shall have the exclusive right to service the Leased Assets and the Concurrent Lessee shall not contact any Obligor or inform any Obligor of its interests in the Leased Assets or otherwise take any steps to modify any Leased Assets.

### **6.2 Servicing of Leased Assets**

During the term of this Agreement, unless a Replacement Servicer is designated by the Concurrent Lessee pursuant to Section 7.2, the Lessor covenants to service the Leased Assets with reasonable care using that degree of skill and attention that it exercises with respect to comparable receivables that it services for itself and others and in accordance with the Credit and Collection Policies, and subject to and in accordance with the provisions of this Agreement. Without limiting the generality of the foregoing, the Lessor, unless a Replacement Servicer is designated by the Concurrent Lessee pursuant to Section 7.2, shall and covenants to:

- (a) deposit Collections to the Collections Account (which will, until remitted, be held in trust for the Concurrent Lessee) in respect of such Settlement Period in accordance with Section 6.3;
- (b) hold the Records in trust for the Concurrent Lessee and at any time and from time to time during regular business hours permit the Concurrent Lessee, its agents or representatives upon five (5) Business Days' prior notice to (i) examine and make copies of all such Records in the possession (or under the control) of the Lessor; and (ii) visit the offices and properties of the Lessor for the purpose of examining such Records and discussing matters relating to the Leased Assets and the Lessor's performance under the Leased Assets or hereunder with any of the Lessor's officers or employees having knowledge of such matters;
- (c) maintain and implement prudent and reasonable administrative and operating procedures (including an ability to recreate the Records in the event of the destruction of the originals thereof) and keep and maintain all books, records, documents and other information reasonably necessary or advisable for the identification and collection of the Leased

Assets (including records adequate to permit all collections of and reductions or adjustments);

- (d) timely and fully perform and comply with all terms, covenants and other provisions of the Leased Assets required to be performed and observed by it or the Concurrent Lessee;
- (e) comply in all respects with the Credit and Collection Policies in regard to each Leased Asset;
- (f) not, without the prior written consent of the Concurrent Lessee, make any change in the Credit and Collection Policies;
- (g) not extend, amend or otherwise modify or waive any term or condition of any Leased Asset unless permitted in accordance with the terms of the Credit and Collection Policies;
- (h) use its commercially reasonable efforts to collect all Receivables payable in respect of the Leased Assets in accordance with all applicable laws, rules and regulations, the provisions hereof and the Credit and Collection Policies;
- (i) make all payments payable by it to government agencies and others where a statutory lien or deemed trust might arise having priority over the Concurrent Lessee's interest in any part of the Leased Assets; provided that the Lessor may protest the payment of any such amounts if it is acting in good faith and it either provides the Concurrent Lessee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Concurrent Lessee, acting reasonably, that its interests are not prejudiced thereby;
- (j) as soon as possible, effect all filings or recordings with respect to the Concurrent Lessee's interest in all Rights necessary by law or reasonably prudent or desirable for the perfection and protection of such interest and all appropriate renewals or amendments thereof;
- (k) promptly, from time to time, furnish to the Concurrent Lessee such documents, records, information or reports in respect of the Leased Assets or the conditions or operations, financial or otherwise, of the Lessor as may be in existence in written form or, if available in databases maintained by the Lessor, as may be produced with existing software as the Concurrent Lessee may from time to time reasonably request;
- (l) If the Delinquency Rate
  - (i) calculated in respect of Low Score Leases that are Leased Assets exceeds, for any Reporting Period and the two (2) immediately preceding Reporting Periods, 8% (the amount of any excess being the **Excess LS Delinquencies**), the Lessor shall pay to the Concurrent Lessee, for each Reporting Period (that is, each calendar month) during which such excess exists, an amount equal to \$2,500 (the **Excess LS Delinquencies Reimbursement**), which shall represent a reimbursement for the Concurrent Lessee for the costs incurred by the Concurrent Lessee with respect to the monitoring, analyzing and reporting on the Excess LS Delinquencies. The Lessor and the Concurrent Lessee hereby agree that any such Excess LS Delinquencies Reimbursement is not and shall not be deemed to be a penalty or a fee in any way, but a true representation of the costs that the Concurrent Lessee shall incur in respect of the monitoring, analyzing and reporting on the Excess LS Delinquencies; and
  - (ii) calculated in respect of Low Value Leases that are Leased Assets exceeds, for any Reporting Period and the two (2) immediately preceding Reporting Periods,

10% (the amount of any excess being the **Excess LV Delinquencies**), the Lessor shall pay to the Concurrent Lessee, for each Reporting Period (that is, each calendar month) during which such excess exists, an amount equal to \$2,500 (the **Excess LV Delinquencies Reimbursement**), which shall represent a reimbursement for the Concurrent Lessee for the costs incurred by the Concurrent Lessee with respect to the monitoring, analyzing and reporting on the Excess LV Delinquencies. The Lessor and the Concurrent Lessee hereby agree that any such Excess LV Delinquencies Reimbursement is not and shall not be deemed to be a penalty or a fee in any way, but a true representation of the costs that the Concurrent Lessee shall incur in respect of the monitoring, analyzing and reporting on the Excess LV Delinquencies.

For greater certainty, both an Excess LS Delinquencies Reimbursement and an Excess LV Delinquencies Reimbursement may be payable by the Lessor to the Concurrent Lessee for the same Reporting Period.

- (m) on or before each Reporting Date, prepare and deliver to the Concurrent Lessee a Portfolio Report relating to the Receivables payable in respect of the Leased Assets as of the close of business on the last day of the immediately preceding Collection Period; and
- (n) to monitor the level of complaints arising from the Leased Assets received by it and take commercially reasonable steps to address such complaints. If, at any given time, the level of unresolved complaints exceeds 1% (being the percentage of active Obligor with unresolved complaints to total active Obligor) or if the level of total complaints (whether resolved or not) exceeds 5% (as the percentage of active Obligor who have made a complaint to total active Obligor), such excess shall be reported to the next meeting of the board of directors of Crown Crest Capital Management Corp. for a discussion on required management actions in respect of the interests of the Obligor.

### 6.3 Deposit of Collections

All Collections shall be deposited by the Servicer in the Collections Account within two (2) Business Days of the date of receipt by the Servicer (or, in the case of Deemed Collections, on the date of deemed receipt).

### 6.4 Power of Attorney

The Concurrent Lessee hereby constitutes and appoints the Servicer the true and lawful attorney of the Concurrent Lessee, with full power of substitution, to execute, deliver and register, for and on behalf of and in the name of the Concurrent Lessee, such documents, instruments or agreements which may be necessary or desirable to enable the Servicer to perform its obligations set out in this Agreement. The Servicer agrees that it will not exercise such power of attorney for any other purpose whatsoever. Such power of attorney is coupled with an interest.

### 6.5 Deemed Collections

If, on any day prior to the date on which all of the Investment, Additional Term Investment and Second Additional Term Investment are reduced to nil, any Receivable payable in respect of any Leased Asset (i) is extended by the Lessor beyond its original term in a manner inconsistent with the Credit and Collection Policies, (ii) has its Scheduled Payment or any other regularly scheduled payment to be made by the Obligor during the Additional Term reduced by the Lessor in a manner inconsistent with the Credit and Collection Policies, (iii) is reduced or cancelled as a result of any breach by the Lessor of the terms of such Leased Asset, (iv) is reduced or cancelled as a result of a set-off in respect of any claim by the applicable Obligor against the Lessor or the Concurrent Lessee other than as a result of an act or omission of the Concurrent

Lessee (whether such claim arises out of the same or a related transaction or an unrelated transaction), (v) is reduced to reflect any adjustment for returns, billing errors, NSF cheques, fraudulent charges and similar payment reconciliations, (vi) is otherwise reduced or cancelled by the Lessor or any servicer, or (vii) if any fine, penalty, sanction, order or other liability if imposed upon or determined against any of the Lessor, the Concurrent Lessee or any Originator in connection with or relating to any Leased Asset, the Lessor shall be deemed to have received for the Concurrent Lessee's account on the last day of the Collection Period during which such day occurred, a Collection of such Receivable in the amount of such reduction or cancellation, and shall deposit to the Collections Account on the immediately following Settlement Date such amount.

## 6.6 Payment Terms

- (a) All amounts to be paid or deposited by the Lessor, the Replacement Servicer or the Concurrent Lessee hereunder will be paid or deposited on the day when due in same day funds.
- (b) The Lessor will make all payments required to be made hereunder without deduction or set-off (except as expressly permitted hereunder) regardless of any defense or counterclaim.

## Article 7 - SERVICER TERMINATION

### 7.1 Servicer Termination Events

The happening of any of the following shall constitute a **Servicer Termination Event** hereunder:

- (a) The Lessor defaults in the payment of any amount due to the Concurrent Lessee hereunder and such default remains unremedied for a period of three (3) Business Days after written notice of such default has been given to the Lessor;
- (b) The Lessor defaults in the observance or performance in any manner of any of its covenants or obligations contained in this Agreement in any material respect (other than those obligations referred to in paragraph (a) above) and, if such default is capable of rectification and remains unremedied for a period of thirty (30) days after the earlier of (i) the date on which written notice of such default has been given to the Lessor by the Concurrent Lessee and (ii) the date on which the Lessor has actual notice of such default;
- (c) any representation or warranty made by the Lessor in or pursuant to this Agreement proves to have been false or incorrect when made in any material respect, and, if the circumstances giving rise to such incorrect representation or warranty are capable of rectification, such representation or warranty remains uncorrected for a period of 30 days after the earlier of (i) the date on which written notice has been given to the Lessor by the Concurrent Lessee specifying the incorrectness and demanding that the circumstances giving rise thereto be rectified and (ii) the date on which the Lessor had actual knowledge of such incorrectness;
- (d) an Insolvency Event shall occur in respect of the Lessor; or
- (e) an Event of Default occurs, as such term is defined in the Credit Agreement.

## 7.2 Designation of Replacement Servicer

- (a) If a Servicer Termination Event has occurred and is continuing, the Concurrent Lessee may designate a Replacement Servicer to succeed the Lessor with respect to the Leased Assets on such terms as it may consider reasonable, provided that any such Person so designated shall agree to perform the duties and obligations of the Lessor provided for in Article 6.
- (b) Upon the appointment of a Replacement Servicer pursuant to Section 7.2(a), the Lessor will, on demand and at its expense: (i) assemble all Records and make them available to the Replacement Servicer; (ii) notify all Obligors (x) of the sale, assignment and transfer to the Concurrent Lessee of the Leased Assets; and (y) to remit all payments due under such Leased Assets to the Replacement Servicer; and (iii) segregate, in a manner reasonably acceptable to the Concurrent Lessee, all cash, cheques and other instruments constituting Collections which are received by it from time to time and remit the same to the Replacement Servicer duly endorsed or with duly executed instruments of transfer, if applicable.

## 7.3 Replacement Servicer Fee

A Replacement Servicer appointed pursuant to Section 7.2 shall be entitled to a reasonable fee for services rendered, such fee to be determined by the Concurrent Lessee with the Replacement Servicer to a maximum, in respect of any Collection Period, of 15% of the Collections remitted to the Collections Account during such Collection Period (the **Replacement Servicer Fee**). Such Replacement Servicer Fee and any out-of-pocket expenses incurred by the Replacement Servicer in connection with its duties as Replacement Servicer, together with any applicable Sales Taxes, shall be payable to the Replacement Servicer in accordance with this Agreement.

## 7.4 Leased Assets

If a Servicer Termination Event has occurred and is continuing, the legal right, title and interest to any Leased Assets related to any Leased Asset which are held by the Lessor in trust for the Concurrent Lessee shall automatically transfer to the Concurrent Lessee upon notice from the Concurrent Lessee to the Lessor.

## 7.5 Power of Attorney

- (a) The Lessor hereby grants to the Concurrent Lessee, to become effective immediately upon the occurrence of a Servicer Termination Event, an irrevocable power of attorney and hereby irrevocably appoints the Concurrent Lessee as the Lessor's attorney-in-fact, with full power of substitution, to take in the place and stead of and in the name of the Lessor or in the Concurrent Lessee's own name from time to time at the Concurrent Lessee's discretion, acting reasonably, such actions as the Lessor may be obligated to take hereunder or as the Concurrent Lessee may deem necessary or advisable to collect, endorse, negotiate or otherwise realize on any Leased Asset including any related Receivable, any negotiable instrument, or any other right of any kind, held or owned by the Lessor and transferred, assigned or delivered to or received by the Concurrent Lessee as payment on account or otherwise in respect of any of the Leased Assets, including:
  - (i) to evidence or protect the Concurrent Lessee's interest in the Leased Assets and to execute and file, in the Lessor's name and on the Lessor's behalf, such recording, registration, financing or similar statements (including any amendments, renewals and continuation statements) under applicable laws;

- (ii) to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for moneys due and to become due in connection with the Receivables or otherwise owed to the Concurrent Lessee;
  - (iii) to receive, endorse and collect any cheques, drafts or other instruments, documents and chattel paper in connection with moneys due and to become due in connection with the Receivables forming part of the Leased Assets or otherwise owed to the Concurrent Lessee;
  - (iv) to file any claims or take any action or institute any proceedings that the Concurrent Lessee may deem to be necessary or desirable for the collection of any Receivable; and
  - (v) to prepare, execute, deliver, and/or register in the Lessor's name and on the Lessor's behalf, such instruments and documents (including assignments) necessary or desirable in furtherance of the foregoing.
- (b) The power of attorney granted hereby shall be expressly coupled with an interest in favour of the Concurrent Lessee. The powers of attorney and other rights and privileges granted hereby shall survive any dissolution, liquidation or winding-up of the Lessor.

## **Article 8 - CONDITIONS PRECEDENT**

### **8.1 Conditions to Effectiveness**

This Agreement shall become effective on the date of the Original Agreement if the following conditions precedent have been satisfied or waived on or prior to such date and/or the Concurrent Lessee shall have received from the Lessor the following documents, in form and substance satisfactory to the Concurrent Lessee:

- (a) a certificate of an officer of the Lessor, dated the date of the Original Agreement certifying (A) that attached thereto is a true and complete copy of the Certificate and Articles of Incorporation and any amendments thereto, and the by-laws of the Lessor, each as in effect on the date of such certificate; (B) that attached thereto is a true and complete copy of a resolution adopted by the Lessor's board of directors authorizing the execution, delivery and performance of this Agreement and the other Related Documents, and that such resolution has not been modified, rescinded or amended and is in full force and effect; and (C) as to the incumbency and true specimen signature of each of the Lessor's officers executing this Agreement or any of the Related Documents, on which certificate the Concurrent Lessee shall be entitled to conclusively rely until such time as the Concurrent Lessee receives from Lessor a replacement certificate meeting the requirements of this Section 8.1(a);
- (b) a certificate of compliance issued in respect of the Lessor in its jurisdiction of incorporation, and an equivalent certificate from the appropriate authority in each other jurisdiction in which qualification is necessary in order for the Lessor to own or lease its property and conduct its business, each to be certified as of a recent date;
- (c) executed copies of this Agreement and copies of the Credit and Collection Policies;
- (d) reports, satisfactory to the Concurrent Lessee acting reasonably, showing the results of searches conducted against the Lessor under applicable personal property security registers in the provinces where the Leased Assets are located, together with executed copies of all discharges or releases of prior security interests relating to Leased Assets that are then to be sold hereunder; provided that the Lessor may establish that any

particular registration does not affect any such Leased Assets by delivering a letter or acknowledgment signed by the applicable secured party;

- (e) a copy of verifications statements or other filings filed in each relevant jurisdiction, that are sufficient to perfect the interests of the Concurrent Lessee as the first priority ownership interest in the Leased Assets as against creditors of the Lessor;
- (f) executed copies of all discharges and releases, if any, necessary to discharge or release all security interest and other rights or interest of any Person in the Rights, previously granted by or through the Lessor and which could constitute an Adverse Claim, together with, where applicable, copies of the relevant financing change statements or other discharge statements with the registration particulars stamped thereon; and/or appropriate intercreditor agreements with such other parties in form and substance as the Concurrent Lessee may require; and
- (g) such other approvals, opinions or documents as the Concurrent Lessee may reasonably request.

## **Article 9 - MISCELLANEOUS**

### **9.1 Amendments and Waivers**

- (a) This Agreement may be amended, supplemented, modified, restated or replaced by written instrument only signed by the Lessor and the Concurrent Lessee.
- (b) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing signed by such party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

### **9.2 Binding Effect; Assignability**

This Agreement shall be binding upon and enure to the benefit of the Lessor and the Concurrent Lessee, and their respective successors and assigns.

The Lessor shall not have the right to assign any interest herein without the consent of the Concurrent Lessee, provided however that the Lessor may grant a security interest in all or a portion of the Deferred Rent.

Each of the other parties hereto agrees that, upon such assignment, the assignee or its further assigns may enforce directly, without joinder of the original Concurrent Lessee, the rights set forth in this Agreement. Each of the Lessor and the Concurrent Lessee agrees to grant to any such assignee or its further assigns or its agents such powers of attorney as may be necessary for the exercise of their rights hereunder.

### **9.3 Notices**

Any notice, consent, request, agreement, approval, waiver or other communication required or permitted to be given or delivered hereunder shall, unless otherwise stated herein, be in writing (including photocopy, facsimile, electronic mail or other digital communication) and sent, as to each party hereto, at its address set forth under its name on the signature pages hereto, or at such other address as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective when sent.



#### 9.4 Indemnification

- (a) The Lessor hereby agrees to indemnify the Concurrent Lessee and each of its directors, officers, employees, trustees, advisors and agents, and to save such Person harmless from and against any and all damages, losses, claims, liabilities, costs and expenses (including reasonable legal fees and disbursements) awarded against or incurred by any such Person arising out of or as a result of:
- (i) any representation or warranty made or deemed to be made by the Lessor in any capacity (whether as Lessor, Servicer or otherwise) (or any of its officers) in or in connection with this Agreement, any of the Leased Assets, or any Related Document, which was incorrect in any material respect when made or deemed made or delivered;
  - (ii) the failure of the Lessor in any capacity (whether as Lessor, Servicer or otherwise) or any Originator to perform or observe any of its respective covenants, duties or obligations hereunder, in respect of or relating to any of the Leased Assets or under any of the Related Documents;
  - (iii) any claim made against the Lessor in any capacity (whether as Lessor, Servicer or otherwise), the Lender or any Originator by any Obligor arising from, in connection with or relating to the performance of observance of any of the Lessor's or Originator's respective covenants, duties or obligations hereunder, in respect of or relating to any of the Leased Assets or under any of the Related Documents;
  - (iv) the failure to vest in and maintain vested in the Concurrent Lessee, the beneficial interest of the Lessor in and to the Leases relating to the Leased Assets and related Collections which are, or are intended to be transferred to the Concurrent Lessee hereunder, free and clear of any Adverse Claim (whether existing at the time of the Concurrent Lease thereof or arising at any time thereafter);
  - (v) the failure by the Lessor in any capacity (whether as Lessor, Servicer or otherwise) to comply with any applicable law, rule, regulation, order, judgment, injunction, award or decree with respect to any part of the Leased Assets, or the non-conformity of any Leased Asset with any applicable law, rule, regulation, order, injunction, award or decree; and
  - (vi) any fine, penalty, sanction, order, or other liability imposed upon or determined against any of the Lessor in any capacity (whether as Lessor, Servicer or otherwise) the Lender or any Originator by any Governmental Authority in connection with or relating to any Leased Asset;
- (b) The Lessor shall not be liable to the Concurrent Lessee hereunder for any damages, losses, claims, liabilities, costs or expenses resulting solely from the failure of any Obligor to discharge its payment obligations (except as specifically provided in Section 9.4(a)).
- (c) The Lessor and the Concurrent Lessee each agree to provide reasonable assistance to the other party, at the request of such other party and, in either case, at the Lessor's expense, in any action, suit or proceeding brought by or against, or any investigation involving such requesting party relating to any of the transactions contemplated hereby or to any part of the Leased Assets. If the Lessor has acknowledged its liability under Section 9.4(a) in respect of any damages, losses, claims, liabilities, costs or expenses in connection with any such action, suit, proceeding or investigation, and, in the sole determination of the Concurrent Lessee, acting reasonably, the Lessor has the financial

ability to pay such damages, losses, claims, liabilities, costs and expenses, the Lessor will have the right, on behalf of the Concurrent Lessee but at the Lessor's expense, to defend such action, suit or proceeding, or participate in such investigation, with counsel selected by it, and will have sole discretion as to whether to litigate, appeal or settle.

- (d) The obligations of the Lessor under this Section 9.4 will survive this Agreement and remain in full force and effect for a period up to and including the date that is six years from the Final Collection Date.

9.5 Time of Essence

Time will be of the essence of this Agreement.

9.6 Failure to Perform

If the Lessor fails to perform any of its agreements or obligations hereunder, the Concurrent Lessee may (but will not be required to) itself perform, or cause to be performed, such agreement or obligation at, in the case of any such failure to perform by the Lessor, the cost of the Lessor.

9.7 Confidentiality

Each party hereto will maintain on a confidential basis (except as otherwise permitted hereunder or as required by applicable law) all information relating to the other party provided to it hereunder by the other parties; provided, however, that this Section shall not apply to any information which (i) was lawfully in the public domain at the time of communication to the first party, (ii) lawfully enters the public domain through no fault of the first party subsequent to the time of communication to the first party, (iii) was lawfully in possession of the first party free of any obligation of confidence at the time of communication to the first party, (iv) was lawfully communicated to the first party free of any obligation of confidence subsequent to the time of initial communication to the first party or (v) was lawfully communicated to any Person free from any obligation of confidence subsequent to the time of communication to the first party.

9.8 Further Assurances

The parties hereto agree, from time to time, to enter into such further agreements and to execute all such further instruments as may be reasonably necessary or desirable to give full effect to the terms of this Agreement and to the ability of the Concurrent Lessee to exercise or enforce any of its rights and remedies hereunder.

9.9 Remedies

The remedies herein provided are cumulative and not exclusive of any remedies provided at law.

9.10 Amendment and Restatement

This Agreement amends and restates the Second Amended and Restated Agreement as of the date first written above.

9.11 Execution in Counterparts

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

*[Signature Page Follows]*

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

CROWN CREST FUNDING CORP., in its capacity as trustee of CROWN CREST CAPITAL TRUST, as Lessor and Servicer

By:



Name: Lyudmila Krimker

Title: President

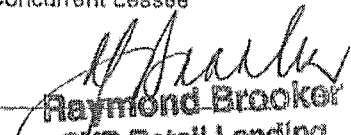
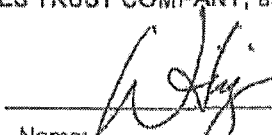
Address: 1201-200 Yorkland Street  
Toronto, ON M2J 5C1

Attention: President and CEO

Fax No.: 647-846-7475

PEOPLES TRUST COMPANY, as Concurrent Lessee

By:



Name: Waheed Hirji  
Title: Chief Operations Officer

Raymond Brooker  
SVP Retail Lending

Address: 1400-888 Dunsmuir Street  
Vancouver, BC V6C 3K4

Attention: With a copy to General Counsel and  
Executive VP & Chief Financial Officer

Fax No.: 604-331-3469

**SCHEDULE "A"**

**FORM OF CONCURRENT LEASE NOTICE**

**To: Peoples Trust Company ("Concurrent Lessee")**

**Re: Third Amended and Restated Concurrent Lease Agreement** dated as of April 15, 2019 among Concurrent Lessee and the undersigned (the "**Concurrent Lease Agreement**")

The undersigned hereby gives notice of a concurrent lease pursuant to Section 2.1 of the Concurrent Lease Agreement as follows:

Closing Date:

Cut-Off Date:

Leased Assets: Attached Schedule A

The undersigned hereby represents and warrants that the Lease Assets described in the attached Schedule A are Eligible Assets as of the related Cut-off Date. The undersigned further confirms that all representations and warranties of the Lessor contained in the Concurrent Lease Agreement are true and correct, no Servicer Termination Event has occurred that is continuing, and the Lessor is in compliance with all covenants under the Concurrent Lease Agreement.

Capitalized terms used and not defined in this Concurrent Lease Notice have the meanings set forth in the Concurrent Lease Agreement.

**CROWN CREST FUNDING CORP.** in its capacity as trustee of **CROWN CREST CAPITAL TRUST**, as Lessor and Servicer, by its authorized agent, **CROWN CREST CAPITAL MANAGEMENT CORP.**

By: \_\_\_\_\_  
Name:  
Title:

**Accepted:**

**PEOPLES TRUST COMPANY**, as Concurrent Lessee

By: \_\_\_\_\_  
Name:  
Title:

Schedule A to Concurrent Lease Notice – Attach list of Lease Assets

**SCHEDULE "B"**

**LESSOR'S ADDRESSES**

Location of Records:

1201-200 Yorkland Street  
Toronto, ON M2J 5C1

**SCHEDULE "C"**  
**FORM OF PORTFOLIO REPORT**

(Form attached.)

**This is Exhibit “L”  
to the Affidavit of Michael Lombard sworn  
remotely before me on November 6, 2023**

DocuSigned by:

*Katherine Yurkovich*

BF136400C72D4F9...

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A commissioner for taking affidavits



## General Security Agreement

THIS SECURITY AGREEMENT dated January 19, 2018, is made

BY:

CROWN CREST FINANCIAL CORP. (the "Debtor")

IN FAVOUR OF:

PEOPLES TRUST COMPANY (the "Secured Party")

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

### 1. Security Interest

As security for the payment and performance of the Obligations (as defined in paragraph 3), the Debtor, subject to the exceptions set out in paragraph 2, does:

1.1 Grant to the Secured Party a security interest in, and mortgages, charges, transfers and assigns absolutely, all of the Debtor's present and after acquired personal property, and all personal property in which the Debtor has rights, of whatever nature or kind and wherever situate, including, without limitation, all of the following now owned or in future owned or acquired by or on behalf of the Debtor:

- (a) all goods, including:
  - (i) all inventory of whatever kind and wherever situate, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in progress, finished goods, returned goods, repossessed goods, and all packaging materials, supplies, and containers relating to or used or consumed in connection with any of the foregoing (collectively the "Inventory");
  - (ii) all equipment of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, fixtures, furniture, furnishings, chattels, motor vehicles, vessels, and other tangible personal property of whatever nature or kind (collectively the "Equipment");
- (b) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action, and demands of every nature and kind however arising or secured including letters of credit and advices of credit, which are now due, owing, or accruing, or growing due to, or owned by, or which may in future

become due, owing, or accruing, or growing due to, or owned by the Debtor (the "Accounts");

- (c) all contractual rights, insurance claims, licences, goodwill, patents, trademarks, trade names, copyrights, and other industrial or intellectual property of the Debtor or in which the Debtor has an interest, all other choses in action of the Debtor of every kind which now are, or which may in future 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, Investment Property, or Money;
- (d) all Money;
- (e) all property described in any schedule at any time in future annexed to this Agreement or agreed to form part of this Agreement;
- (f) the undertaking of the Debtor;
- (g) all Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, and Investment Property now owned or in future owned or acquired by or on behalf of the Debtor (including those returned to or repossessed by the Debtor) and all other goods of the Debtor that are not Equipment, Inventory, or Accounts;
- (h) all Proceeds, renewals, and accretions, and substitutions of any of the foregoing; and
- (i) all deeds, documents, writings, papers, books of account, and other books and electronically recorded data relating to any of the foregoing or by which any of the foregoing is or may in future be secured, evidenced, acknowledged, or made payable.

1.2 Charge as and by way of a floating charge to and in favour of the Secured Party, and grant to the Secured Party a security interest, mortgage, and charge in and to all property, assets, and undertakings of the Debtor, both present and future, of whatever nature or kind and wherever situate, and all Proceeds thereof and therefrom, other than any of its property, assets, and undertakings otherwise validly and effectively subject to the charges and security interests in favour of the Secured Party created under paragraph 1.1 of this Agreement. This charge attaches immediately upon the Debtor acquiring any rights in any of that property.

1.3 Mortgage and charge as and by way of a fixed and specific charge to and in favour of the Secured Party, and assign and transfer to the Secured Party and grant to the Secured Party, by way of mortgage, charge, assignment, and transfer, a security interest in all of the Debtor's right, title, and interest, both present and future, in and to all of its presently owned or held and after acquired or held property which:

- (a) is or in future becomes a fixture, or
- (b) constitutes a licence, quota, permit or other similar right or benefit, or crops.

1.4 The mortgages, charges, assignments, transfers, and security interests created or granted under paragraphs 1.1, 1.2, and 1.3 of this Agreement are collectively called the "Security Interest", and all property, assets, interests, and undertakings (including Proceeds) subject to the Security Interest or otherwise charged or secured by this Agreement or expressed to be charged, assigned or transferred, or secured by any instruments supplemental to this Agreement or in implementation of this Agreement are collectively called the "Collateral".

## **2. Exceptions and Definitions**

The Security Interest granted by this Agreement shall not extend or apply to and the Collateral shall not extend to the last day of the term of any lease or agreement to lease real property, but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign and dispose thereof as the Secured Party shall direct.

The terms "Chattel Paper", "Document of Title", "Equipment", "Consumer Goods", "Instrument", "Intangible", "Investment Property", "Proceeds", "Inventory", "Accessions", "Money", "financing statement", "financing change statement", "verification statement", and "control" shall, unless otherwise defined in this Agreement or otherwise required by the context, be interpreted according to their respective meanings as set out in the British Columbia *Personal Property Security Act*, as amended.

Any reference in this Agreement to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof". The Collateral shall not include consumer goods of the Debtor.

The term "Proceeds", whenever used and interpreted as above, shall by way of example include trade-ins, equipment, cash, bank accounts, notes, chattel paper, goods, contract rights, accounts, and any other personal property or obligation received when such collateral or proceeds are sold, exchanged, collected, or otherwise disposed of. The term "licence" means any licence or similar right at any time owned or held by the Debtor including without limitation a "licence" as defined in the Act, and the meaning of the term "crops" whenever used in this Agreement includes but is not limited to "crops" as defined in the Act.

### **3. Obligations Secured**

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

### **4. Prohibitions**

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

- (a) grant, create, or permit to be created any security interest in, charge, encumbrance, or lien over, or claim against any of its property, assets, or undertakings that rank or could rank in priority to or pari passu with the Security Interest;
- (b) other than pursuant to the terms of a concurrent lease agreement (the "Concurrent Lease Agreement") dated as of the date hereof between the Debtor, Simply Green Home Services Inc., and the Secured Party, grant, sell, or otherwise assign its Chattel Paper; or
- (c) issue or have outstanding at any time any secured or unsecured bonds, debentures, debenture stock, or other evidences of indebtedness of the Debtor or of any predecessor in title of the Debtor issued under a trust deed or other instrument running in favour of a trustee.

### **5. Attachment**

The Debtor acknowledges and confirms that:

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

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

## **6. Representations and Warranties**

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

- (a) the Debtor is duly qualified to conduct its business in each jurisdiction where it does so and all required 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;
- (b) the Debtor lawfully owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens, and claims, save only the charges or security interests, if any, consented to in writing by the Secured Party, and the Debtor has good right and lawful authority to grant a security interest in the Collateral as provided by this Agreement;
- (c) where the Collateral includes Accounts, Chattel Paper, or Instruments, each is enforceable in accordance with its terms against the party obligated thereunder, and that the Debtor has fully and accurately disclosed to the Secured Party the amount owing thereunder and any other relevant information concerning liability for payment thereunder;
- (d) where the Collateral includes Investment Property, the Debtor has not given control of the Investment Property to any person; and
- (e) for goods constituting Collateral, the Debtor has in this Agreement or elsewhere fully and accurately disclosed to the Secured Party the locations thereof and of the business operations and records of the Debtor.

## **7. Covenants of the Debtor**

7.1 The Debtor covenants with the Secured Party that at all times while this Agreement remains in effect the Debtor shall:

- (a) defend the title to the Collateral for the benefit of the Secured Party against the claims and demands of all persons;
- (b) fully and effectually maintain and keep maintained the validity and effectiveness of the Security Interest;
- (c) maintain the Collateral in good order and repair;
- (d) forthwith pay:

- (i) all taxes, assessments, rates, duties, levies, government fees, claims, dues and other charges of every nature that may be lawfully levied, assessed, or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Secured Party may require; and
  - (ii) all security interests, charges, encumbrances, liens and claims that rank or could in any event rank in priority to the Security Interest, other than the charges or security interests, if any, shown in any schedule to this Agreement and those consented to in writing by the Secured Party;
- (e) forthwith reimburse and indemnify the Secured Party for all costs, charges, expenses, and reasonable legal fees and disbursements that may be incurred by the Secured Party in:
  - (i) taking, recovering, keeping possession of, and insuring the Collateral; and
  - (ii) 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 Interest in favour of the Secured Party upon any of the Collateral;
- (g) notify the Secured Party promptly of
  - (i) any change in the information contained in this Agreement relating to the Debtor, its address, its business, or the Collateral, including without limitation any change of name or address of the Debtor and any change in location of any Collateral;
  - (ii) the details of any material acquisition of Collateral;
  - (iii) any material loss or damage to the Collateral;
  - (iv) any material default by any account debtor in payment or other performance of his or her obligations to the Debtor with respect to any Accounts;
  - (v) the return to or repossession by the Debtor of the Collateral where such return or repossession of the Collateral is material in relation to the business of the Debtor; and

- (vi) the details of any claims or litigation affecting the Debtor or the Collateral;
- (h) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Agreement, from being or becoming an accession to other property not covered by this Agreement;
- (i) permit the Secured Party and its representatives, at all reasonable times, with prior written notice to the Debtor, access to all its property, assets, and undertakings and to all its books of account and records for the purpose of inspection, and render all assistance necessary for such inspection; and
- (j) deliver to the Secured Party from time to time promptly upon request:
  - (i) any Documents of Title, Instruments, certificated 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 the Collateral for the purpose of inspecting, auditing, or copying;
  - (iii) account control agreements in respect of Investment Property, in form and substance satisfactory to the Secured Party;
  - (iv) all financial statements prepared by or for the Debtor regarding the Debtor's business;
  - (v) all policies and certificates of insurance relating to the Collateral; and
  - (vi) any information concerning the Collateral, the Debtor, and the Debtor's business and affairs as the Secured Party may reasonably require;
- (k) carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral;
- (l) where the Collateral is Investment Property, shall prevent any party other than the Secured Party from having control;
- (m) duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (n) give immediate notice to the Secured Party in the event of a change of the name, corporate name or trade name of the Debtor;

- (o) duly pay all wages, claims for wages, and other similar liabilities which could create a lien or other charge on the Collateral ranking in priority to or pari passu with the charges created by this Agreement except where the validity of any such claim or liabilities is being contested by the Debtor in good faith and the Debtor has satisfied the Secured Party that the contestation will not involve forfeiture of all or any part of the Collateral and, should the Debtor refuse or omit to pay any such claims or liabilities, the Secured Party may pay them or any of them, and any amount or amounts so paid together with interest thereon shall be repaid by the Debtor to the Secured Party on demand and until so repaid shall be one of the Obligations secured by this Agreement; and
- (p) except as contemplated by the agreement of the parties, prevent the Collateral which is personal property (other than Inventory, if any, sold, leased or otherwise disposed of as permitted hereby) from becoming affixed to land.

7.2 Except as provided in this Agreement or in any other agreement between the parties, without the prior written consent of the Secured Party, the Debtor shall not:

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

7.3 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.

7.4 The Debtor covenants that to the extent that any monies, credit, or other consideration provided by the Secured Party has enabled the Debtor to purchase or acquire rights in any personal property or assets, the Security Interest is and shall remain a purchase money security interest.

## **8. Insurance**

8.1 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 require, and in particular but without limitation maintain insurance on the Collateral to its full insurable value against loss or damage by fire



including extended coverage endorsement, and in the case of motor vehicles and other mobile Collateral, maintain insurance against theft;

- (b) cause the insurance policy or policies required under this Agreement to be assigned to the Secured Party and have as part thereof a standard mortgage clause or a mortgage endorsement, as appropriate; and
- (c) pay all premiums in connection with such insurance, and deliver all such policies to the Secured Party, if it so requires.

8.2 If proceeds of any insurance required under this Agreement become payable, the Secured Party may, in its absolute discretion, apply those proceeds to such part or parts of the Obligations as the Secured Party may see fit, or the Secured Party may release any such insurance proceeds to the Debtor for the purpose of repairing, replacing, or rebuilding, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Agreement.

8.3 The Debtor shall forthwith, on the happening of loss or damage to the Collateral, notify the Secured Party thereof and furnish to the Secured Party at the Debtor's expense any necessary proof and do any necessary act to enable the Secured Party to obtain payment of the insurance proceeds, but nothing contained in this Agreement shall limit the Secured Party's right to submit to the insurer a proof of loss on its own behalf.

8.4 The Debtor irrevocably authorizes and directs the insurer under any policy of insurance required under this Agreement to include the name of the Secured Party as a loss payee on any cheque or draft that may be issued with respect to a claim under and by virtue of such insurance, and the production by the Secured Party to any insurer of a certified copy of this Agreement shall be its full and complete authority for so doing.

8.5 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.

## **9. Use and Verification of Collateral**

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

## **10. Investment Property**

If Collateral at any time includes Investment Property, the Debtor authorizes the Secured Party, at the written request of the Secured Party, to transfer the same or any part of it into its own name or that of its nominee(s) so that the Secured Party or its nominee(s) may appear on record as the sole owner of it, or has sole rights to it, as applicable; provided that, until default, the Secured Party shall deliver promptly to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Investment Property. After default, the Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee(s) as such registered owner and agrees that no proxy issued by the Secured Party to the Debtor or its order as aforesaid shall thereafter be effective.

## **11. Collection of Debts**

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

## **12. Income from and Interest on Collateral**

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

## **13. Increases, Profits, Payments, or Distributions**

- 13.1 Whether or not default has occurred, the Debtor authorizes the Secured Party
  - (a) to receive any increase in or profits on the Collateral (other than money) and to hold the same as part of the Collateral. Money so received shall be treated as income for the purposes of paragraph 12 of this Agreement and dealt with accordingly, and

- (b) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

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

#### **14. Disposition of Monies**

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

#### **15. Performance of Obligations**

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

#### **16. Default**

16.1 Unless waived by the Secured Party, it shall be an event of default (a "default") under this Agreement and the security constituted by this Agreement shall immediately become enforceable if:

- (a) any term, covenant, or representation of this Agreement is breached or if default occurs under any other agreement between the Secured Party and the Debtor; or
- (b) any amount owed to the Secured Party is not paid when due; or
- (c) the Debtor defaults or threatens to default in payment when due or performance of any of the Obligations; or
- (d) the Debtor or any guarantor of the Debtor declares itself to be insolvent, makes an assignment for the benefit of its creditors, is declared bankrupt, declares bankruptcy, makes a proposal, or otherwise takes advantage of provisions

under the *Bankruptcy and Insolvency Act*, the *Companies Creditors' Arrangement Act*, or similar legislation in any jurisdiction, or fails to pay its debts generally as they become due; or

- (e) a receiver or receiver-manager is appointed; or
- (f) the Debtor ceases to carry on all or a substantial part of its business; or
- (g) distress, execution, or seizure of any of the Collateral occurs; or
- (h) there is a change of voting control of the Debtor without the Secured Party's consent; or
- (i) the Debtor changes its name or amalgamates or merges without the Secured Party's consent; or
- (j) the Debtor allows any hazardous materials to be brought upon any lands or premises occupied by the Debtor; or
- (k) the Secured Party in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy.

16.2 It shall be an event of default under this Agreement and the security constituted by this Agreement shall immediately become enforceable if any term, covenant, or representation in any other agreement, contract, or other commitment of the Debtor to the Secured Party is breached or if default should occur under the same.

## **17. Acceleration**

The Secured Party, in its sole discretion, may declare all or any part of the Obligations that are not by their terms payable on demand to be immediately due and payable in the event of any default. The provisions of this paragraph do not and are not intended to affect in any way any rights of the Secured Party with respect to any Obligations that may now or in future be payable on demand.

## **18. Enforcement**

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

- (a) appoint by instrument a receiver, receiver and manager, or receiver-manager (the person so appointed is called the "Receiver") of the Collateral, with or without bond as the Secured Party may determine, and from time to time in its absolute discretion remove such Receiver and appoint another in its stead;
- (b) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents, and its servants from those premises, without becoming liable as a mortgagee in possession;
- (c) preserve, protect, and maintain the Collateral and make such replacements and repairs and additions 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, 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 shall not be entitled to be credited with the proceeds of any such sale, lease, or other disposition until the monies therefor are actually received; and
- (e) exercise all of the rights and remedies of a secured party under applicable law.

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

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

- (a) in payment of all costs, charges, and expenses (including reasonable legal fees and disbursements on a solicitor and 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 under 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 under this Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver excluding the Receiver's borrowings;
- (b) in payment of any sum or sums borrowed by the Receiver from the Secured Party and interest thereon if such sum or sums are secured by the Collateral;
- (c) in or toward payment to the Secured Party of all principal and other monies (except interest) due in respect of the Obligations;
- (d) in or toward payment to the Secured Party of all interest remaining unpaid in respect of the Obligations; and
- (e) in or toward payment of any sum or sums borrowed by the Receiver from any financial institution, corporation, or person other than the Secured Party, and interest thereon if such sum or sums are secured by the Collateral.

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

18.4 The Debtor agrees that the Secured Party may exercise its rights and remedies under this Agreement immediately upon default, except as may be otherwise provided by applicable law, and the Debtor expressly confirms that, except as may be otherwise provided in this Agreement or by applicable law, the Secured Party has not given any covenant, express or implied, and is under no obligation to allow the Debtor any period of time to remedy any default before the Secured Party exercises its rights and remedies under this Agreement.

## **19. Deficiency**

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

## **20. Rights Cumulative**

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

## **21. Liability of Secured Party**

The Secured Party shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Secured Party shall manage the Collateral upon entry, as provided in this Agreement, nor shall the Secured Party be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. The Secured Party shall not be bound to do, observe, or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor, nor shall the Secured Party, in the case of Investment Property, 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 waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party than as contained in this paragraph.

## **22. Appointment of Attorney and Deed**

22.1 The Debtor 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, under this Agreement.

22.2 Whether or not the Debtor attaches its corporate seal, if a corporation, this Agreement is intended to be and is deemed to be a deed given under seal.

## **23. Accounts**

Subject to Part 5 of the Act, upon default, the Secured Party may collect, realize, sell, or otherwise deal with the Accounts or any part of them in such manner, upon such terms and conditions, and at such time or times, as may seem to it advisable, and without notice to the Debtor. Upon default, all monies or other forms of payment received by the Debtor in payment of any Account shall be received and held by the Debtor in trust for the Secured Party.

## **24. Appropriation of Payments**

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

**25. Liability to Advance**

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

**26. Secured Party's Knowledge**

The representations, warranties, covenants and obligations of the Debtor in or under this Agreement shall apply regardless of any independent investigations that the Secured Party may make or cause to be made, or knowledge the Secured Party may have, prior to or following the execution of this Agreement.

**27. 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 paragraph 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, and no delay or omission by the Secured Party in exercising any right or remedy under this Agreement or with respect to any default shall operate as a waiver thereof or of any other right or remedy.

**28. Notice**

Any notice, demand, or other communication required or permitted to be given under this Agreement shall be effectually made or given if delivered by prepaid private courier to the address of each party set out below:

To the Debtor: 200 Yorkland Blvd, Suite 1201, North York, ON M2J 5C1

To the Secured Party: 888 Dunsmuir Street, Suite 1400, Vancouver, B.C. V6C 3K4

or to such other address as either party may designate in the manner set out above. Any notice, demand, or other communication shall be deemed to have been given and received on the day of prepaid private courier delivery.

**29. Extensions**

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



**30. No Merger**

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

**31. Assignment**

The Secured Party may, with written notice to the Debtor, at any time assign, transfer, or grant a security interest in this Agreement and the Security Interest. The Debtor expressly agrees that the assignee, transferee, or secured party, as the case may be, shall have all of the Secured Party's rights and remedies under this Agreement, and the Debtor shall not assert any defence, counterclaim, right of setoff, or otherwise with respect to any claim that the Debtor now has or in future acquires against the Secured Party in any action commenced by such assignee, transferee, or secured party, as the case may be, and shall pay the Obligations to the assignee, transferee, or secured party, as the case may be, as the Obligations become due.

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

**33. Enurement**

This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors, and permitted assigns.

**34. Interpretation**

34.1 In this Agreement:

- (a) "Debtor" and the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used, depending upon whether the Debtor is one or more individuals, corporations, or partnerships and, if more than one, shall apply to and be binding upon each of them jointly and severally; and

(b) "Act" means the British Columbia *Personal Property Security Act* and all regulations thereunder as amended.

34.2 Words and expressions used in this Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act, whether expressed in this Agreement with or without initial capital letters and whether in the singular or the plural, unless otherwise defined in this Agreement or unless the context otherwise requires, and, wherever the context so requires, in this Agreement the singular shall be read as if the plural were expressed, and vice-versa, and the provisions of this Agreement shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm, or corporation.

34.3 Should any provision of this Agreement be declared or held invalid or unenforceable in whole or in part or against or with respect to the Debtor by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of any or all of the remaining provisions of this Agreement, which shall continue in full force and effect and be construed as if this Agreement had been executed without the invalid or unenforceable provision.

34.4 The headings of the paragraphs 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.

34.5 This Agreement shall be governed by the laws of British Columbia.

### **35. Miscellaneous**

35.1 The Debtor authorizes the Secured Party to file such financing statements, financing change statements, and other documents, and do such acts, matters, and things as the Secured Party may deem appropriate, to perfect on an ongoing basis and continue the Security Interest, to protect and preserve the Collateral, and to realize upon the Security Interest.

35.2 The Debtor waives protest of any Instrument constituting Collateral at any time held by the Secured Party on which the Debtor is any way liable and, subject to the provisions of applicable law, notice of any other action taken by the Secured Party.

35.3 The Debtor covenants that it shall not amalgamate with any other company or entity without first obtaining the written consent of the Secured Party. The Debtor acknowledges and agrees that if it amalgamates with any other company or companies, then it is the intention of the parties that the term "Debtor" when used in this Agreement shall apply to each of the amalgamating companies and to the amalgamated company, so that the Security Interest granted by this Agreement:

(a) shall extend to "Collateral" (as that term is defined in this Agreement) owned by each of the amalgamating companies and the amalgamated company at the

time of amalgamation and to any "Collateral" owned or acquired by the amalgamated company thereafter, and

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

35.4 The Debtor authorizes the Secured Party to provide a copy of this Agreement and such other information and documents specified under the Act to any person entitled under the Act to demand and receive them.

**36. Copy of Agreement and Financing Statement**

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

*[Signature Page Follows]*

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date on the first page.

CROWN CREST FINANCIAL CORP.

A handwritten signature in black ink, appearing to be a stylized name, positioned above a horizontal line.

Authorized signatory

**This is Exhibit "M"**  
**to the Affidavit of Michael Lombard sworn**  
**remotely before me on November 6, 2023**

DocuSigned by:

*Katherine Yurkovich*

BF136400C72D4F9...

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A commissioner for taking affidavits

## General Security Agreement

THIS SECURITY AGREEMENT dated April 21, 2021, is made

BY:

SIMPLY GREEN HOME SERVICES INC. (the "Debtor")

IN FAVOUR OF:

PEOPLES TRUST COMPANY (the "Secured Party")

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

### 1. Security Interest

As security for the payment and performance of the Obligations (as defined in paragraph 3), the Debtor, subject to the exceptions set out in paragraph 2, does:

1.1 Grant to the Secured Party a security interest in, and mortgages, charges, transfers and assigns absolutely, all of the Debtor's present and after acquired personal property, and all personal property in which the Debtor has rights, of whatever nature or kind and wherever situate, including, without limitation, all of the following now owned or in future owned or acquired by or on behalf of the Debtor:

- (a) all goods, including:
  - (i) all inventory of whatever kind and wherever situate, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in progress, finished goods, returned goods, repossessed goods, and all packaging materials, supplies, and containers relating to or used or consumed in connection with any of the foregoing (collectively the "Inventory");
  - (ii) all equipment of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, fixtures, furniture, furnishings, chattels, motor vehicles, vessels, and other tangible personal property of whatever nature or kind (collectively the "Equipment");
- (b) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action, and demands of every nature and kind however arising or secured including letters of credit and advices of credit, which are now due, owing, or accruing, or growing due to, or owned by, or which may in future

become due, owing, or accruing, or growing due to, or are legally or beneficially owned by the Debtor (the "Accounts");

- (c) all contractual rights, insurance claims, licences, goodwill, patents, trademarks, trade names, copyrights, and other industrial or intellectual property of the Debtor or in which the Debtor has an interest, all other choses in action of the Debtor of every kind which now are, or which may in future 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, Investment Property, or Money;
- (d) all Money;
- (e) all property described in any schedule at any time in future annexed to this Agreement or agreed to form part of this Agreement;
- (f) the undertaking of the Debtor;
- (g) all Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, and Investment Property now owned or in future owned or acquired by or on behalf of the Debtor (including those returned to or repossessed by the Debtor) and all other goods of the Debtor that are not Equipment, Inventory, or Accounts;
- (h) all Proceeds, renewals, and accretions, and substitutions of any of the foregoing; and
- (i) all deeds, documents, writings, papers, books of account, and other books and electronically recorded data relating to any of the foregoing or by which any of the foregoing is or may in future be secured, evidenced, acknowledged, or made payable.

1.2 Charge as and by way of a floating charge to and in favour of the Secured Party, and grant to the Secured Party a security interest, mortgage, and charge in and to all property, assets, and undertakings of the Debtor, both present and future, of whatever nature or kind and wherever situate, and all Proceeds thereof and therefrom, other than any of its property, assets, and undertakings otherwise validly and effectively subject to the charges and security interests in favour of the Secured Party created under paragraph 1.1 of this Agreement. This charge attaches immediately upon the Debtor acquiring any rights in any of that property.

1.3 Mortgage and charge as and by way of a fixed and specific charge to and in favour of the Secured Party, and assign and transfer to the Secured Party and grant to the Secured Party, by way of mortgage, charge, assignment, and transfer, a security interest in all of the Debtor's right, title, and interest, both present and future, in and to all of its presently owned or held and after acquired or held property which:

- (a) is or in future becomes a fixture, or

(b) constitutes a licence, quota, permit or other similar right or benefit, or crops.

1.4 The mortgages, charges, assignments, transfers, and security interests created or granted under paragraphs 1.1, 1.2, and 1.3 of this Agreement are collectively called the "Security Interest", and all property, assets, interests, and undertakings (including Proceeds) subject to the Security Interest or otherwise charged or secured by this Agreement or expressed to be charged, assigned or transferred, or secured by any instruments supplemental to this Agreement or in implementation of this Agreement are collectively called the "Collateral".

## **2. Exceptions and Definitions**

The Security Interest granted by this Agreement shall not extend or apply to and the Collateral shall not extend to the last day of the term of any lease or agreement to lease real property, but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign and dispose thereof as the Secured Party shall direct.

The terms "Chattel Paper", "Document of Title", "Equipment", "Consumer Goods", "Instrument", "Intangible", "Investment Property", "Proceeds", "Inventory", "Accessions", "Money", "financing statement", "financing change statement", "verification statement", and "control" shall, unless otherwise defined in this Agreement or otherwise required by the context, be interpreted according to their respective meanings as set out in the *British Columbia Personal Property Security Act*, as amended.

Any reference in this Agreement to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof". The Collateral shall not include consumer goods of the Debtor.

The term "Proceeds", whenever used and interpreted as above, shall by way of example include trade-ins, equipment, cash, bank accounts, notes, chattel paper, goods, contract rights, accounts, and any other personal property or obligation received when such collateral or proceeds are sold, exchanged, collected, or otherwise disposed of. The term "licence" means any licence or similar right at any time owned or held by the Debtor including without limitation a "licence" as defined in the Act, and the meaning of the term "crops" whenever used in this Agreement includes but is not limited to "crops" as defined in the Act.

## **3. Obligations Secured**

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



as principal or surety, and for the performance and satisfaction of all obligations of the Debtor to the Secured Party, whether or not contained in this Agreement, and whether the Debtor be bound alone or with another or others (all of which indebtedness, liability, and obligations are collectively the "Obligations").

#### **4. Prohibitions**

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

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

#### **5. Attachment**

The Debtor acknowledges and confirms that:

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

#### **6. Representations and Warranties**

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

- (a) the Debtor is duly qualified to conduct its business in each jurisdiction where it does so and all required 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;
- (b) the Debtor lawfully owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens, and claims, save only the charges or security interests, if any, consented to in

writing by the Secured Party, and the Debtor has good right and lawful authority to grant a security interest in the Collateral as provided by this Agreement;

- (c) where the Collateral includes Accounts, Chattel Paper, or Instruments, each is enforceable in accordance with its terms against the party obligated thereunder, and that the Debtor has fully and accurately disclosed to the Secured Party the amount owing thereunder and any other relevant information concerning liability for payment thereunder;
- (d) where the Collateral includes Investment Property, the Debtor has not given control of the Investment Property to any person; and
- (e) for goods constituting Collateral, the Debtor has in this Agreement or elsewhere fully and accurately disclosed to the Secured Party the locations thereof and of the business operations and records of the Debtor.

## **7. Covenants of the Debtor**

7.1 The Debtor covenants with the Secured Party that at all times while this Agreement remains in effect the Debtor shall:

- (a) defend the title to the Collateral for the benefit of the Secured Party against the claims and demands of all persons;
- (b) fully and effectually maintain and keep maintained the validity and effectiveness of the Security Interest;
- (c) maintain the Collateral in good order and repair;
- (d) forthwith pay:
  - (i) all taxes, assessments, rates, duties, levies, government fees, claims, dues and other charges of every nature that may be lawfully levied, assessed, or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Secured Party may require; and
  - (ii) all security interests, charges, encumbrances, liens and claims that rank or could in any event rank in priority to the Security Interest, other than the charges or security interests, if any, shown in any schedule to this Agreement and those consented to in writing by the Secured Party;
- (e) forthwith reimburse and indemnify the Secured Party for all costs, charges, expenses, and reasonable legal fees and disbursements that may be incurred by the Secured Party in:
  - (i) taking, recovering, keeping possession of, and insuring the Collateral; and

- (ii) 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 Interest in favour of the Secured Party upon any of the Collateral;
- (g) notify the Secured Party promptly of
  - (i) any change in the information contained in this Agreement relating to the Debtor, its address, its business, or the Collateral, including without limitation any change of name or address of the Debtor and any change in location of any Collateral;
  - (ii) the details of any material acquisition of Collateral;
  - (iii) any material loss or damage to the Collateral;
  - (iv) any material default by any account debtor in payment or other performance of his or her obligations to the Debtor with respect to any Accounts;
  - (v) the return to or repossession by the Debtor of the Collateral where such return or repossession of the Collateral is material in relation to the business of the Debtor; and
  - (vi) the details of any claims or litigation affecting the Debtor or the Collateral;
- (h) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Agreement, from being or becoming an accession to other property not covered by this Agreement;
- (i) permit the Secured Party and its representatives, at all reasonable times, with prior written notice to the Debtor, access to all its property, assets, and undertakings and to all its books of account and records for the purpose of inspection, and render all assistance necessary for such inspection; and
- (j) deliver to the Secured Party from time to time promptly upon request:
  - (i) any Documents of Title, Instruments, certificated 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 the Collateral for the purpose of inspecting, auditing, or copying;
  - (iii) account control agreements in respect of Investment Property, in form and substance satisfactory to the Secured Party;
  - (iv) all financial statements prepared by or for the Debtor regarding the Debtor's business;
  - (v) all policies and certificates of insurance relating to the Collateral; and
  - (vi) any information concerning the Collateral, the Debtor, and the Debtor's business and affairs as the Secured Party may reasonably require;
- (k) carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral;
- (l) where the Collateral is Investment Property, shall prevent any party other than the Secured Party from having control;
- (m) duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (n) give immediate notice to the Secured Party in the event of a change of the name, corporate name or trade name of the Debtor;
- (o) duly pay all wages, claims for wages, and other similar liabilities which could create a lien or other charge on the Collateral ranking in priority to or pari passu with the charges created by this Agreement except where the validity of any such claim or liabilities is being contested by the Debtor in good faith and the Debtor has satisfied the Secured Party that the contestation will not involve forfeiture of all or any part of the Collateral and, should the Debtor refuse or omit to pay any such claims or liabilities, the Secured Party may pay them or any of them, and any amount or amounts so paid together with interest thereon shall be repaid by the Debtor to the Secured Party on demand and until so repaid shall be one of the Obligations secured by this Agreement;
- (p) prevent the Collateral (other than Inventory, if any, sold, leased or otherwise disposed of as permitted hereby) from being or becoming an accession to other property not covered by this Agreement; and

- (q) except as contemplated by the agreement of the parties, prevent the Collateral which is personal property (other than Inventory, if any, sold, leased or otherwise disposed of as permitted hereby) from becoming affixed to land.
- 7.2 Except as provided in this Agreement or in any other agreement between the parties, without the prior written consent of the Secured Party, the Debtor shall not:
- (a) sell, lease, or otherwise dispose of the Collateral;
  - (b) release, surrender, or abandon possession of the Collateral; or
  - (c) move or transfer the Collateral from the jurisdiction or jurisdictions in which the Security Interest has been perfected.
- 7.3 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.
- 7.4 The Debtor covenants that to the extent that any monies, credit, or other consideration provided by the Secured Party has enabled the Debtor to purchase or acquire rights in any personal property or assets, the Security Interest is and shall remain a purchase money security interest.

**8. Insurance**

- 8.1 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 require, and in particular but without limitation maintain insurance on the Collateral to its full insurable value against loss or damage by fire including extended coverage endorsement, and in the case of motor vehicles and other mobile Collateral, maintain insurance against theft;
  - (b) cause the insurance policy or policies required under this Agreement to be assigned to the Secured Party and have as part thereof a standard mortgage clause or a mortgage endorsement, as appropriate; and
  - (c) pay all premiums in connection with such insurance, and deliver all such policies to the Secured Party, if it so requires.
- 8.2 If proceeds of any insurance required under this Agreement become payable, the Secured Party may, in its absolute discretion, apply those proceeds to such part or parts of the Obligations as the Secured Party may see fit, or the Secured Party may release any such insurance proceeds to the Debtor for the purpose of repairing, replacing, or rebuilding, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Agreement.

- 8.3 The Debtor shall forthwith, on the happening of loss or damage to the Collateral, notify the Secured Party thereof and furnish to the Secured Party at the Debtor's expense any necessary proof and do any necessary act to enable the Secured Party to obtain payment of the insurance proceeds, but nothing contained in this Agreement shall limit the Secured Party's right to submit to the insurer a proof of loss on its own behalf.
- 8.4 The Debtor irrevocably authorizes and directs the insurer under any policy of insurance required under this Agreement to include the name of the Secured Party as a loss payee on any cheque or draft that may be issued with respect to a claim under and by virtue of such insurance, and the production by the Secured Party to any insurer of a certified copy of this Agreement shall be its full and complete authority for so doing.
- 8.5 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.

## **9. Use and Verification of Collateral**

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

## **10. Investment Property**

If Collateral at any time includes Investment Property, the Debtor authorizes the Secured Party, at the written request of the Secured Party, to transfer the same or any part of it into its own name or that of its nominee(s) so that the Secured Party or its nominee(s) may appear on record as the sole owner of it, or has sole rights to it, as applicable; provided that, until default, the Secured Party shall deliver promptly to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Investment Property. After default, the Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee(s) as such registered owner and agrees that no proxy issued by the Secured Party to the Debtor or its order as aforesaid shall thereafter be effective.

## **11. Collection of Debts**

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

## **12. Income from and Interest on Collateral**

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

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

## **13. Increases, Profits, Payments, or Distributions**

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

(a) to receive any increase in or profits on the Collateral (other than money) and to hold the same as part of the Collateral. Money so received shall be treated as income for the purposes of paragraph 12 of this Agreement and dealt with accordingly, and

(b) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

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

## **14. Disposition of Monies**

Subject to any requirements of applicable law, all monies collected or received by the Secured Party under or in exercise of any right it possesses with respect to Collateral shall be applied on account of the Obligations in such manner as the Secured Party deems best or, at the option of

the Secured Party, may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Secured Party under this Agreement, and any surplus shall be accounted for as required by law.

## **15. Performance of Obligations**

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

## **16. Default**

16.1 Unless waived by the Secured Party, it shall be an event of default (a “default”) under this Agreement and the security constituted by this Agreement shall immediately become enforceable if:

- (a) any term, covenant, or representation of this Agreement is breached or if default occurs under any other agreement between the Secured Party and the Debtor; or
- (b) any amount owed to the Secured Party is not paid when due; or
- (c) the Debtor defaults or threatens to default in payment when due or performance of any of the Obligations; or
- (d) the Debtor or any guarantor of the Debtor declares itself to be insolvent, makes an assignment for the benefit of its creditors, is declared bankrupt, declares bankruptcy, makes a proposal, or otherwise takes advantage of provisions under the *Bankruptcy and Insolvency Act*, the *Companies Creditors’ Arrangement Act*, or similar legislation in any jurisdiction, or fails to pay its debts generally as they become due; or
- (e) a receiver or receiver-manager is appointed; or
- (f) the Debtor ceases to carry on all or a substantial part of its business; or
- (g) distress, execution, or seizure of any of the Collateral occurs; or
- (h) there is a change of voting control of the Debtor without the Secured Party’s consent; or
- (i) the Debtor changes its name or amalgamates or merges without the Secured Party’s consent; or



- (j) the Debtor allows any hazardous materials to be brought upon any lands or premises occupied by the Debtor; or
- (k) the Secured Party in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy.

16.2 It shall be an event of default under this Agreement and the security constituted by this Agreement shall immediately become enforceable if any term, covenant, or representation in any other agreement, contract, or other commitment of the Debtor to the Secured Party is breached or if default should occur under the same.

## **17. Acceleration**

The Secured Party, in its sole discretion, may declare all or any part of the Obligations that are not by their terms payable on demand to be immediately due and payable in the event of any default. The provisions of this paragraph do not and are not intended to affect in any way any rights of the Secured Party with respect to any Obligations that may now or in future be payable on demand.

## **18. Enforcement**

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

- (a) appoint by instrument a receiver, receiver and manager, or receiver-manager (the person so appointed is called the "Receiver") of the Collateral, with or without bond as the Secured Party may determine, and from time to time in its absolute discretion remove such Receiver and appoint another in its stead;
- (b) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents, and its servants from those premises, without becoming liable as a mortgagee in possession;
- (c) preserve, protect, and maintain the Collateral and make such replacements and repairs and additions 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, 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 shall not be entitled to be credited with the proceeds of any such sale, lease, or other disposition until the monies therefor are actually received; and

(e) exercise all of the rights and remedies of a secured party under applicable law.

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

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

(a) in payment of all costs, charges, and expenses (including reasonable legal fees and disbursements on a solicitor and 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 under 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 under this Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver excluding the Receiver's borrowings;

(b) in payment of any sum or sums borrowed by the Receiver from the Secured Party and interest thereon if such sum or sums are secured by the Collateral;

(c) in or toward payment to the Secured Party of all principal and other monies (except interest) due in respect of the Obligations;

(d) in or toward payment to the Secured Party of all interest remaining unpaid in respect of the Obligations; and

(e) in or toward payment of any sum or sums borrowed by the Receiver from any financial institution, corporation, or person other than the Secured Party, and interest thereon if such sum or sums are secured by the Collateral.

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

- 18.4 The Debtor agrees that the Secured Party may exercise its rights and remedies under this Agreement immediately upon default, except as may be otherwise provided by applicable law, and the Debtor expressly confirms that, except as may be otherwise provided in this Agreement or by applicable law, the Secured Party has not given any covenant, express or implied, and is under no obligation to allow the Debtor any period of time to remedy any default before the Secured Party exercises its rights and remedies under this Agreement.

## **19. Deficiency**

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

## **20. Rights Cumulative**

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

## **21. Liability of Secured Party**

The Secured Party shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Secured Party shall manage the Collateral upon entry, as provided in this Agreement, nor shall the Secured Party be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. The Secured Party shall not be bound to do, observe, or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor, nor shall the Secured Party, in the case of Investment Property, 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 waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party than as contained in this paragraph.

## **22. Appointment of Attorney and Deed**

- 22.1 The Debtor 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, under this Agreement.

- 22.2 Whether or not the Debtor attaches its corporate seal, if a corporation, this Agreement is intended to be and is deemed to be a deed given under seal.

**23. Accounts**

Subject to Part 5 of the Act, upon default, the Secured Party may collect, realize, sell, or otherwise deal with the Accounts or any part of them in such manner, upon such terms and conditions, and at such time or times, as may seem to it advisable, and without notice to the Debtor. Upon default, all monies or other forms of payment received by the Debtor in payment of any Account shall be received and held by the Debtor in trust for the Secured Party.

**24. Appropriation of Payments**

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

**25. Liability to Advance**

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

**26. Secured Party's Knowledge**

The representations, warranties, covenants and obligations of the Debtor in or under this Agreement shall apply regardless of any independent investigations that the Secured Party may make or cause to be made, or knowledge the Secured Party may have, prior to or following the execution of this Agreement.

**27. 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 paragraph 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, and no delay or omission by the Secured Party in exercising any right or remedy under this Agreement or with respect to any default shall operate as a waiver thereof or of any other right or remedy.

**28. Notice**

Any notice, demand, or other communication required or permitted to be given under this Agreement shall be effectually made or given if delivered by prepaid private courier to the address of each party set out below:

To the Debtor: 2225 Sheppard Avenue E., Toronto, Ontario M2J 5C2

To the Secured Party: 888 Dunsmuir Street, Suite 1400, Vancouver, B.C. V6C 3K4

or to such other address as either party may designate in the manner set out above. Any notice, demand, or other communication shall be deemed to have been given and received on the day of prepaid private courier delivery.

### **29. Extensions**

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

### **30. No Merger**

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

### **31. Assignment**

The Secured Party may, with written notice to the Debtor, at any time assign, transfer, or grant a security interest in this Agreement and the Security Interest. The Debtor expressly agrees that the assignee, transferee, or secured party, as the case may be, shall have all of the Secured Party's rights and remedies under this Agreement, and the Debtor shall not assert any defence, counterclaim, right of setoff, or otherwise with respect to any claim that the Debtor now has or in future acquires against the Secured Party in any action commenced by such assignee, transferee, or secured party, as the case may be, and shall pay the Obligations to the assignee, transferee, or secured party, as the case may be, as the Obligations become due.

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

### **33. Enurement**

This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors, and permitted assigns.

### **34. Interpretation**

34.1 In this Agreement:

- (a) “Debtor” and the personal pronoun “it” or “its” and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used, depending upon whether the Debtor is one or more individuals, corporations, or partnerships and, if more than one, shall apply to and be binding upon each of them jointly and severally; and
- (b) “Act” means the British Columbia *Personal Property Security Act* and all regulations thereunder as amended.

34.2 Words and expressions used in this Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act, whether expressed in this Agreement with or without initial capital letters and whether in the singular or the plural, unless otherwise defined in this Agreement or unless the context otherwise requires, and, wherever the context so requires, in this Agreement the singular shall be read as if the plural were expressed, and vice-versa, and the provisions of this Agreement shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm, or corporation.

34.3 Should any provision of this Agreement be declared or held invalid or unenforceable in whole or in part or against or with respect to the Debtor by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of any or all of the remaining provisions of this Agreement, which shall continue in full force and effect and be construed as if this Agreement had been executed without the invalid or unenforceable provision.

34.4 The headings of the paragraphs 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.

34.5 This Agreement shall be governed by the laws of British Columbia.

### **35. Miscellaneous**

- 35.1 The Debtor authorizes the Secured Party to file such financing statements, financing change statements, and other documents, and do such acts, matters, and things as the Secured Party may deem appropriate, to perfect on an ongoing basis and continue the Security Interest, to protect and preserve the Collateral, and to realize upon the Security Interest.
- 35.2 The Debtor waives protest of any Instrument constituting Collateral at any time held by the Secured Party on which the Debtor is any way liable and, subject to the provisions of applicable law, notice of any other action taken by the Secured Party.
- 35.3 The Debtor covenants that it shall not amalgamate with any other company or entity without first obtaining the written consent of the Secured Party. The Debtor acknowledges and agrees that if it amalgamates with any other company or companies, then it is the intention of the parties that the term "Debtor" when used in this Agreement shall apply to each of the amalgamating companies and to the amalgamated company, so that the Security Interest granted by this Agreement:
- (a) shall extend to "Collateral" (as that term is defined in this Agreement) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" owned or acquired by the amalgamated company thereafter, and
  - (b) shall secure the "Obligations" (as that term is defined in this Agreement) of each of the amalgamating companies and the amalgamated company to the Secured Party at the time of amalgamation and any "Obligations" of the amalgamated company to the Secured Party arising thereafter. The Security Interest shall attach to "Collateral" owned by each company amalgamating with the Debtor, and by the amalgamated company, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when that Collateral becomes owned or is acquired.
- 35.4 The Debtor authorizes the Secured Party to provide a copy of this Agreement and such other information and documents specified under the Act to any person entitled under the Act to demand and receive them.

### **36. Copy of Agreement and Financing Statement**

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

**[Signature Page Follows]**

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date at the top of the first page.

SIMPLY GREEN HOME SERVICES INC.



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Authorized signatory



**This is Exhibit "N"**  
**to the Affidavit of Michael Lombard sworn**  
**remotely before me on November 6, 2023**

DocuSigned by:

*Katherine Yurkovich*

BE136400C72D4E9

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A commissioner for taking affidavits

## General Security Agreement

THIS SECURITY AGREEMENT dated January 19, 2018, is made

BY:

SIMPLY GREEN HOME SERVICES INC. (the "Debtor")

IN FAVOUR OF:

PEOPLES TRUST COMPANY (the "Secured Party")

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

### 1. Security Interest

As security for the payment and performance of the Obligations (as defined in paragraph 3), the Debtor, subject to the exceptions set out in paragraph 2, does:

1.1 Grant to the Secured Party a security interest in, and mortgages, charges, transfers and assigns absolutely, all of the Debtor's present and after acquired personal property, and all personal property in which the Debtor has rights, of whatever nature or kind and wherever situate, including, without limitation, all of the following now owned or in future owned or acquired by or on behalf of the Debtor:

- (a) all goods, including:
  - (i) all inventory of whatever kind and wherever situate, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in progress, finished goods, returned goods, repossessed goods, and all packaging materials, supplies, and containers relating to or used or consumed in connection with any of the foregoing (collectively the "Inventory");
  - (ii) all equipment of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, fixtures, furniture, furnishings, chattels, motor vehicles, vessels, and other tangible personal property of whatever nature or kind (collectively the "Equipment");
- (b) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action, and demands of every nature and kind however arising or secured including letters of credit and advices of credit, which are now due, owing, or accruing, or growing due to, or owned by, or which may in future

become due, owing, or accruing, or growing due to, or owned by the Debtor (the "Accounts");

- (c) all contractual rights, insurance claims, licences, goodwill, patents, trademarks, trade names, copyrights, and other industrial or intellectual property of the Debtor or in which the Debtor has an interest, all other choses in action of the Debtor of every kind which now are, or which may in future 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, Investment Property, or Money;
  - (d) all Money;
  - (e) all property described in any schedule at any time in future annexed to this Agreement or agreed to form part of this Agreement;
  - (f) the undertaking of the Debtor;
  - (g) all Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, and Investment Property now owned or in future owned or acquired by or on behalf of the Debtor (including those returned to or repossessed by the Debtor) and all other goods of the Debtor that are not Equipment, Inventory, or Accounts;
  - (h) all Proceeds, renewals, and accretions, and substitutions of any of the foregoing; and
  - (i) all deeds, documents, writings, papers, books of account, and other books and electronically recorded data relating to any of the foregoing or by which any of the foregoing is or may in future be secured, evidenced, acknowledged, or made payable.
- 1.2 Charge as and by way of a floating charge to and in favour of the Secured Party, and grant to the Secured Party a security interest, mortgage, and charge in and to all property, assets, and undertakings of the Debtor, both present and future, of whatever nature or kind and wherever situate, and all Proceeds thereof and therefrom, other than any of its property, assets, and undertakings otherwise validly and effectively subject to the charges and security interests in favour of the Secured Party created under paragraph 1.1 of this Agreement. This charge attaches immediately upon the Debtor acquiring any rights in any of that property.
- 1.3 Mortgage and charge as and by way of a fixed and specific charge to and in favour of the Secured Party, and assign and transfer to the Secured Party and grant to the Secured Party, by way of mortgage, charge, assignment, and transfer, a security interest in all of the Debtor's right, title, and interest, both present and future, in and to all of its presently owned or held and after acquired or held property which:

- (a) is or in future becomes a fixture, or
- (b) constitutes a licence, quota, permit or other similar right or benefit, or crops.

1.4 The mortgages, charges, assignments, transfers, and security interests created or granted under paragraphs 1.1, 1.2, and 1.3 of this Agreement are collectively called the "Security Interest", and all property, assets, interests, and undertakings (including Proceeds) subject to the Security Interest or otherwise charged or secured by this Agreement or expressed to be charged, assigned or transferred, or secured by any instruments supplemental to this Agreement or in implementation of this Agreement are collectively called the "Collateral".

## **2. Exceptions and Definitions**

The Security Interest granted by this Agreement shall not extend or apply to and the Collateral shall not extend to the last day of the term of any lease or agreement to lease real property, but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign and dispose thereof as the Secured Party shall direct.

The terms "Chattel Paper", "Document of Title", "Equipment", "Consumer Goods", "Instrument", "Intangible", "Investment Property", "Proceeds", "Inventory", "Accessions", "Money", "financing statement", "financing change statement", "verification statement", and "control" shall, unless otherwise defined in this Agreement or otherwise required by the context, be interpreted according to their respective meanings as set out in the British Columbia *Personal Property Security Act*, as amended.

Any reference in this Agreement to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof". The Collateral shall not include consumer goods of the Debtor.

The term "Proceeds", whenever used and interpreted as above, shall by way of example include trade-ins, equipment, cash, bank accounts, notes, chattel paper, goods, contract rights, accounts, and any other personal property or obligation received when such collateral or proceeds are sold, exchanged, collected, or otherwise disposed of. The term "licence" means any licence or similar right at any time owned or held by the Debtor including without limitation a "licence" as defined in the Act, and the meaning of the term "crops" whenever used in this Agreement includes but is not limited to "crops" as defined in the Act.

### **3. Obligations Secured**

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

### **4. Prohibitions**

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

- (a) grant, create, or permit to be created any security interest in, charge, encumbrance, or lien over, or claim against any of its property, assets, or undertakings that rank or could rank in priority to or pari passu with the Security Interest;
- (b) other than pursuant to the terms of a concurrent lease agreement (the "Concurrent Lease Agreement") dated as of the date hereof between the Debtor, Simply Green Home Services Inc., and the Secured Party, grant, sell, or otherwise assign its Chattel Paper; or
- (c) issue or have outstanding at any time any secured or unsecured bonds, debentures, debenture stock, or other evidences of indebtedness of the Debtor or of any predecessor in title of the Debtor issued under a trust deed or other instrument running in favour of a trustee.

### **5. Attachment**

The Debtor acknowledges and confirms that:

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

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

## **6. Representations and Warranties**

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

- (a) the Debtor is duly qualified to conduct its business in each jurisdiction where it does so and all required 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;
- (b) the Debtor lawfully owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens, and claims, save only the charges or security interests, if any, consented to in writing by the Secured Party, and the Debtor has good right and lawful authority to grant a security interest in the Collateral as provided by this Agreement;
- (c) where the Collateral includes Accounts, Chattel Paper, or Instruments, each is enforceable in accordance with its terms against the party obligated thereunder, and that the Debtor has fully and accurately disclosed to the Secured Party the amount owing thereunder and any other relevant information concerning liability for payment thereunder;
- (d) where the Collateral includes Investment Property, the Debtor has not given control of the Investment Property to any person; and
- (e) for goods constituting Collateral, the Debtor has in this Agreement or elsewhere fully and accurately disclosed to the Secured Party the locations thereof and of the business operations and records of the Debtor.

## **7. Covenants of the Debtor**

7.1 The Debtor covenants with the Secured Party that at all times while this Agreement remains in effect the Debtor shall:

- (a) defend the title to the Collateral for the benefit of the Secured Party against the claims and demands of all persons;
- (b) fully and effectually maintain and keep maintained the validity and effectiveness of the Security Interest;
- (c) maintain the Collateral in good order and repair;
- (d) forthwith pay:

- (i) all taxes, assessments, rates, duties, levies, government fees, claims, dues and other charges of every nature that may be lawfully levied, assessed, or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Secured Party may require; and
  - (ii) all security interests, charges, encumbrances, liens and claims that rank or could in any event rank in priority to the Security Interest, other than the charges or security interests, if any, shown in any schedule to this Agreement and those consented to in writing by the Secured Party;
- (e) forthwith reimburse and indemnify the Secured Party for all costs, charges, expenses, and reasonable legal fees and disbursements that may be incurred by the Secured Party in:
  - (i) taking, recovering, keeping possession of, and insuring the Collateral; and
  - (ii) 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 Interest in favour of the Secured Party upon any of the Collateral;
- (g) notify the Secured Party promptly of
  - (i) any change in the information contained in this Agreement relating to the Debtor, its address, its business, or the Collateral, including without limitation any change of name or address of the Debtor and any change in location of any Collateral;
  - (ii) the details of any material acquisition of Collateral;
  - (iii) any material loss or damage to the Collateral;
  - (iv) any material default by any account debtor in payment or other performance of his or her obligations to the Debtor with respect to any Accounts;
  - (v) the return to or repossession by the Debtor of the Collateral where such return or repossession of the Collateral is material in relation to the business of the Debtor; and

- (vi) the details of any claims or litigation affecting the Debtor or the Collateral;
- (h) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Agreement, from being or becoming an accession to other property not covered by this Agreement;
- (i) permit the Secured Party and its representatives, at all reasonable times, with prior written notice to the Debtor, access to all its property, assets, and undertakings and to all its books of account and records for the purpose of inspection, and render all assistance necessary for such inspection; and
- (j) deliver to the Secured Party from time to time promptly upon request:
  - (i) any Documents of Title, Instruments, certificated 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 the Collateral for the purpose of inspecting, auditing, or copying;
  - (iii) account control agreements in respect of Investment Property, in form and substance satisfactory to the Secured Party;
  - (iv) all financial statements prepared by or for the Debtor regarding the Debtor's business;
  - (v) all policies and certificates of insurance relating to the Collateral; and
  - (vi) any information concerning the Collateral, the Debtor, and the Debtor's business and affairs as the Secured Party may reasonably require;
- (k) carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral;
- (l) where the Collateral is Investment Property, shall prevent any party other than the Secured Party from having control;
- (m) duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (n) give immediate notice to the Secured Party in the event of a change of the name, corporate name or trade name of the Debtor;



- (o) duly pay all wages, claims for wages, and other similar liabilities which could create a lien or other charge on the Collateral ranking in priority to or pari passu with the charges created by this Agreement except where the validity of any such claim or liabilities is being contested by the Debtor in good faith and the Debtor has satisfied the Secured Party that the contestation will not involve forfeiture of all or any part of the Collateral and, should the Debtor refuse or omit to pay any such claims or liabilities, the Secured Party may pay them or any of them, and any amount or amounts so paid together with interest thereon shall be repaid by the Debtor to the Secured Party on demand and until so repaid shall be one of the Obligations secured by this Agreement; and
- (p) except as contemplated by the agreement of the parties, prevent the Collateral which is personal property (other than Inventory, if any, sold, leased or otherwise disposed of as permitted hereby) from becoming affixed to land.

7.2 Except as provided in this Agreement or in any other agreement between the parties, without the prior written consent of the Secured Party, the Debtor shall not:

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

7.3 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.

7.4 The Debtor covenants that to the extent that any monies, credit, or other consideration provided by the Secured Party has enabled the Debtor to purchase or acquire rights in any personal property or assets, the Security Interest is and shall remain a purchase money security interest.

## **8. Insurance**

8.1 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 require, and in particular but without limitation maintain insurance on the Collateral to its full insurable value against loss or damage by fire

including extended coverage endorsement, and in the case of motor vehicles and other mobile Collateral, maintain insurance against theft;

- (b) cause the insurance policy or policies required under this Agreement to be assigned to the Secured Party and have as part thereof a standard mortgage clause or a mortgage endorsement, as appropriate; and
  - (c) pay all premiums in connection with such insurance, and deliver all such policies to the Secured Party, if it so requires.
- 8.2 If proceeds of any insurance required under this Agreement become payable, the Secured Party may, in its absolute discretion, apply those proceeds to such part or parts of the Obligations as the Secured Party may see fit, or the Secured Party may release any such insurance proceeds to the Debtor for the purpose of repairing, replacing, or rebuilding, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Agreement.
- 8.3 The Debtor shall forthwith, on the happening of loss or damage to the Collateral, notify the Secured Party thereof and furnish to the Secured Party at the Debtor's expense any necessary proof and do any necessary act to enable the Secured Party to obtain payment of the insurance proceeds, but nothing contained in this Agreement shall limit the Secured Party's right to submit to the insurer a proof of loss on its own behalf.
- 8.4 The Debtor irrevocably authorizes and directs the insurer under any policy of insurance required under this Agreement to include the name of the Secured Party as a loss payee on any cheque or draft that may be issued with respect to a claim under and by virtue of such insurance, and the production by the Secured Party to any insurer of a certified copy of this Agreement shall be its full and complete authority for so doing.
- 8.5 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.

## **9. Use and Verification of Collateral**

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

## **10. Investment Property**

If Collateral at any time includes Investment Property, the Debtor authorizes the Secured Party, at the written request of the Secured Party, to transfer the same or any part of it into its own name or that of its nominee(s) so that the Secured Party or its nominee(s) may appear on record as the sole owner of it, or has sole rights to it, as applicable; provided that, until default, the Secured Party shall deliver promptly to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Investment Property. After default, the Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee(s) as such registered owner and agrees that no proxy issued by the Secured Party to the Debtor or its order as aforesaid shall thereafter be effective.

## **11. Collection of Debts**

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

## **12. Income from and Interest on Collateral**

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

## **13. Increases, Profits, Payments, or Distributions**

- 13.1 Whether or not default has occurred, the Debtor authorizes the Secured Party
- (a) to receive any increase in or profits on the Collateral (other than money) and to hold the same as part of the Collateral. Money so received shall be treated as income for the purposes of paragraph 12 of this Agreement and dealt with accordingly, and

- (b) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

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

#### **14. Disposition of Monies**

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

#### **15. Performance of Obligations**

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

#### **16. Default**

16.1 Unless waived by the Secured Party, it shall be an event of default (a “default”) under this Agreement and the security constituted by this Agreement shall immediately become enforceable if:

- (a) any term, covenant, or representation of this Agreement is breached or if default occurs under any other agreement between the Secured Party and the Debtor; or
- (b) any amount owed to the Secured Party is not paid when due; or
- (c) the Debtor defaults or threatens to default in payment when due or performance of any of the Obligations; or
- (d) the Debtor or any guarantor of the Debtor declares itself to be insolvent, makes an assignment for the benefit of its creditors, is declared bankrupt, declares bankruptcy, makes a proposal, or otherwise takes advantage of provisions

under the *Bankruptcy and Insolvency Act*, the *Companies Creditors' Arrangement Act*, or similar legislation in any jurisdiction, or fails to pay its debts generally as they become due; or

- (e) a receiver or receiver-manager is appointed; or
- (f) the Debtor ceases to carry on all or a substantial part of its business; or
- (g) distress, execution, or seizure of any of the Collateral occurs; or
- (h) there is a change of voting control of the Debtor without the Secured Party's consent; or
- (i) the Debtor changes its name or amalgamates or merges without the Secured Party's consent; or
- (j) the Debtor allows any hazardous materials to be brought upon any lands or premises occupied by the Debtor; or
- (k) the Secured Party in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy.

16.2 It shall be an event of default under this Agreement and the security constituted by this Agreement shall immediately become enforceable if any term, covenant, or representation in any other agreement, contract, or other commitment of the Debtor to the Secured Party is breached or if default should occur under the same.

## **17. Acceleration**

The Secured Party, in its sole discretion, may declare all or any part of the Obligations that are not by their terms payable on demand to be immediately due and payable in the event of any default. The provisions of this paragraph do not and are not intended to affect in any way any rights of the Secured Party with respect to any Obligations that may now or in future be payable on demand.

## **18. Enforcement**

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

- (a) appoint by instrument a receiver, receiver and manager, or receiver-manager (the person so appointed is called the "Receiver") of the Collateral, with or without bond as the Secured Party may determine, and from time to time in its absolute discretion remove such Receiver and appoint another in its stead;
- (b) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents, and its servants from those premises, without becoming liable as a mortgagee in possession;
- (c) preserve, protect, and maintain the Collateral and make such replacements and repairs and additions 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, 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 shall not be entitled to be credited with the proceeds of any such sale, lease, or other disposition until the monies therefor are actually received; and
- (e) exercise all of the rights and remedies of a secured party under applicable law.

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

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

- (a) in payment of all costs, charges, and expenses (including reasonable legal fees and disbursements on a solicitor and 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 under 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 under this Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver excluding the Receiver's borrowings;
- (b) in payment of any sum or sums borrowed by the Receiver from the Secured Party and interest thereon if such sum or sums are secured by the Collateral;
- (c) in or toward payment to the Secured Party of all principal and other monies (except interest) due in respect of the Obligations;
- (d) in or toward payment to the Secured Party of all interest remaining unpaid in respect of the Obligations; and
- (e) in or toward payment of any sum or sums borrowed by the Receiver from any financial institution, corporation, or person other than the Secured Party, and interest thereon if such sum or sums are secured by the Collateral.

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

18.4 The Debtor agrees that the Secured Party may exercise its rights and remedies under this Agreement immediately upon default, except as may be otherwise provided by applicable law, and the Debtor expressly confirms that, except as may be otherwise provided in this Agreement or by applicable law, the Secured Party has not given any covenant, express or implied, and is under no obligation to allow the Debtor any period of time to remedy any default before the Secured Party exercises its rights and remedies under this Agreement.

## **19. Deficiency**

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

## **20. Rights Cumulative**

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

## **21. Liability of Secured Party**

The Secured Party shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Secured Party shall manage the Collateral upon entry, as provided in this Agreement, nor shall the Secured Party be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. The Secured Party shall not be bound to do, observe, or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor, nor shall the Secured Party, in the case of Investment Property, 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 waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party than as contained in this paragraph.

## **22. Appointment of Attorney and Deed**

22.1 The Debtor 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, under this Agreement.

22.2 Whether or not the Debtor attaches its corporate seal, if a corporation, this Agreement is intended to be and is deemed to be a deed given under seal.

## **23. Accounts**

Subject to Part 5 of the Act, upon default, the Secured Party may collect, realize, sell, or otherwise deal with the Accounts or any part of them in such manner, upon such terms and conditions, and at such time or times, as may seem to it advisable, and without notice to the Debtor. Upon default, all monies or other forms of payment received by the Debtor in payment of any Account shall be received and held by the Debtor in trust for the Secured Party.

## **24. Appropriation of Payments**

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



**25. Liability to Advance**

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

**26. Secured Party's Knowledge**

The representations, warranties, covenants and obligations of the Debtor in or under this Agreement shall apply regardless of any independent investigations that the Secured Party may make or cause to be made, or knowledge the Secured Party may have, prior to or following the execution of this Agreement.

**27. 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 paragraph 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, and no delay or omission by the Secured Party in exercising any right or remedy under this Agreement or with respect to any default shall operate as a waiver thereof or of any other right or remedy.

**28. Notice**

Any notice, demand, or other communication required or permitted to be given under this Agreement shall be effectually made or given if delivered by prepaid private courier to the address of each party set out below:

To the Debtor: 200 Yorkland Blvd, Suite 1201, North York, ON M2J 5C1

To the Secured Party: 888 Dunsmuir Street, Suite 1400, Vancouver, B.C. V6C 3K4

or to such other address as either party may designate in the manner set out above. Any notice, demand, or other communication shall be deemed to have been given and received on the day of prepaid private courier delivery.

**29. Extensions**

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

### **30. No Merger**

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

### **31. Assignment**

The Secured Party may, with written notice to the Debtor, at any time assign, transfer, or grant a security interest in this Agreement and the Security Interest. The Debtor expressly agrees that the assignee, transferee, or secured party, as the case may be, shall have all of the Secured Party's rights and remedies under this Agreement, and the Debtor shall not assert any defence, counterclaim, right of setoff, or otherwise with respect to any claim that the Debtor now has or in future acquires against the Secured Party in any action commenced by such assignee, transferee, or secured party, as the case may be, and shall pay the Obligations to the assignee, transferee, or secured party, as the case may be, as the Obligations become due.

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

### **33. Enurement**

This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors, and permitted assigns.

### **34. Interpretation**

34.1 In this Agreement:

- (a) "Debtor" and the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used, depending upon whether the Debtor is one or more individuals, corporations, or partnerships and, if more than one, shall apply to and be binding upon each of them jointly and severally; and

(b) "Act" means the British Columbia *Personal Property Security Act* and all regulations thereunder as amended.

34.2 Words and expressions used in this Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act, whether expressed in this Agreement with or without initial capital letters and whether in the singular or the plural, unless otherwise defined in this Agreement or unless the context otherwise requires, and, wherever the context so requires, in this Agreement the singular shall be read as if the plural were expressed, and vice-versa, and the provisions of this Agreement shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm, or corporation.

34.3 Should any provision of this Agreement be declared or held invalid or unenforceable in whole or in part or against or with respect to the Debtor by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of any or all of the remaining provisions of this Agreement, which shall continue in full force and effect and be construed as if this Agreement had been executed without the invalid or unenforceable provision.

34.4 The headings of the paragraphs 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.

34.5 This Agreement shall be governed by the laws of British Columbia.

### **35. Miscellaneous**

35.1 The Debtor authorizes the Secured Party to file such financing statements, financing change statements, and other documents, and do such acts, matters, and things as the Secured Party may deem appropriate, to perfect on an ongoing basis and continue the Security Interest, to protect and preserve the Collateral, and to realize upon the Security Interest.

35.2 The Debtor waives protest of any Instrument constituting Collateral at any time held by the Secured Party on which the Debtor is any way liable and, subject to the provisions of applicable law, notice of any other action taken by the Secured Party.

35.3 The Debtor covenants that it shall not amalgamate with any other company or entity without first obtaining the written consent of the Secured Party. The Debtor acknowledges and agrees that if it amalgamates with any other company or companies, then it is the intention of the parties that the term "Debtor" when used in this Agreement shall apply to each of the amalgamating companies and to the amalgamated company, so that the Security Interest granted by this Agreement:

(a) shall extend to "Collateral" (as that term is defined in this Agreement) owned by each of the amalgamating companies and the amalgamated company at the

time of amalgamation and to any "Collateral" owned or acquired by the amalgamated company thereafter, and

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

35.4 The Debtor authorizes the Secured Party to provide a copy of this Agreement and such other information and documents specified under the Act to any person entitled under the Act to demand and receive them.

**36. Copy of Agreement and Financing Statement**

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

*[Signature Page Follows]*

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date on the first page.

SIMPLY GREEN HOME SERVICES INC.

A handwritten signature in black ink, appearing to be a stylized name, positioned above a horizontal line.

Authorized signatory

**This is Exhibit "O"  
to the Affidavit of Michael Lombard sworn  
remotely before me on November 6, 2023**

DocuSigned by:  
  
RF136400C72D4E9

---

A commissioner for taking affidavits

## General Security Agreement

THIS SECURITY AGREEMENT dated December 1, 2016, is made

BY:

CROWN CREST CAPITAL MANAGEMENT CORP. (the "Debtor")

IN FAVOUR OF:

PEOPLES TRUST COMPANY (the "Secured Party")

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

### 1. Security Interest

As security for the payment and performance of the Obligations (as defined in paragraph 3), the Debtor, subject to the exceptions set out in paragraph 2, does:

1.1 Grant to the Secured Party a security interest in, and mortgages, charges, transfers and assigns absolutely, all of the Debtor's present and after acquired personal property, and all personal property in which the Debtor has rights, of whatever nature or kind and wherever situate, including, without limitation, all of the following now owned or in future owned or acquired by or on behalf of the Debtor:

- (a) all goods, including:
  - (i) all inventory of whatever kind and wherever situate, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in progress, finished goods, returned goods, repossessed goods, and all packaging materials, supplies, and containers relating to or used or consumed in connection with any of the foregoing (collectively the "Inventory");
  - (ii) all equipment of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, fixtures, furniture, furnishings, chattels, motor vehicles, vessels, and other tangible personal property of whatever nature or kind (collectively the "Equipment");
- (b) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action, and demands of every nature and kind however arising or secured including letters of credit and advices of credit, which are now due, owing, or accruing, or growing due to, or owned by, or which may in future

become due, owing, or accruing, or growing due to, or owned by the Debtor (the "Accounts");

- (c) all contractual rights, insurance claims, licences, goodwill, patents, trademarks, trade names, copyrights, and other industrial or intellectual property of the Debtor or in which the Debtor has an interest, all other choses in action of the Debtor of every kind which now are, or which may in future 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, Investment Property, or Money;
- (d) all Money;
- (e) all property described in any schedule at any time in future annexed to this Agreement or agreed to form part of this Agreement;
- (f) the undertaking of the Debtor;
- (g) all Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, and Investment Property now owned or in future owned or acquired by or on behalf of the Debtor (including those returned to or repossessed by the Debtor) and all other goods of the Debtor that are not Equipment, Inventory, or Accounts;
- (h) all Proceeds, renewals, and accretions, and substitutions of any of the foregoing; and
- (i) all deeds, documents, writings, papers, books of account, and other books and electronically recorded data relating to any of the foregoing or by which any of the foregoing is or may in future be secured, evidenced, acknowledged, or made payable.

1.2 Charge as and by way of a floating charge to and in favour of the Secured Party, and grant to the Secured Party a security interest, mortgage, and charge in and to all property, assets, and undertakings of the Debtor, both present and future, of whatever nature or kind and wherever situate, and all Proceeds thereof and therefrom, other than any of its property, assets, and undertakings otherwise validly and effectively subject to the charges and security interests in favour of the Secured Party created under paragraph 1.1 of this Agreement. This charge attaches immediately upon the Debtor acquiring any rights in any of that property.

1.3 Mortgage and charge as and by way of a fixed and specific charge to and in favour of the Secured Party, and assign and transfer to the Secured Party and grant to the Secured Party, by way of mortgage, charge, assignment, and transfer, a security interest in all of the Debtor's right, title, and interest, both present and future, in and to all of its presently owned or held and after acquired or held property which:



- (a) is or in future becomes a fixture, or
- (b) constitutes a licence, quota, permit or other similar right or benefit, or crops.

1.4 The mortgages, charges, assignments, transfers, and security interests created or granted under paragraphs 1.1, 1.2, and 1.3 of this Agreement are collectively called the "Security Interest", and all property, assets, interests, and undertakings (including Proceeds) subject to the Security Interest or otherwise charged or secured by this Agreement or expressed to be charged, assigned or transferred, or secured by any instruments supplemental to this Agreement or in implementation of this Agreement are collectively called the "Collateral".

## 2. Exceptions and Definitions

The Security Interest granted by this Agreement shall not extend or apply to and the Collateral shall not extend to the last day of the term of any lease or agreement to lease real property, but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign and dispose thereof as the Secured Party shall direct.

The terms "Chattel Paper", "Document of Title", "Equipment", "Consumer Goods", "Instrument", "Intangible", "Investment Property", "Proceeds", "Inventory", "Accessions", "Money", "financing statement", "financing change statement", "verification statement", and "control" shall, unless otherwise defined in this Agreement or otherwise required by the context, be interpreted according to their respective meanings as set out in the *British Columbia Personal Property Security Act*, as amended.

Any reference in this Agreement to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof". The Collateral shall not include consumer goods of the Debtor.

The term "Proceeds", whenever used and interpreted as above, shall by way of example include trade-ins, equipment, cash, bank accounts, notes, chattel paper, goods, contract rights, accounts, and any other personal property or obligation received when such collateral or proceeds are sold, exchanged, collected, or otherwise disposed of. The term "licence" means any licence or similar right at any time owned or held by the Debtor including without limitation a "licence" as defined in the Act, and the meaning of the term "crops" whenever used in this Agreement includes but is not limited to "crops" as defined in the Act.

## 3. Obligations Secured

This Agreement and the Security Interest are in addition to and not in substitution for any other security interest now or in future held by the Secured Party from the Debtor or from any other person and shall be general and continuing security for the payment of all indebtedness and liability of the Debtor to the Secured Party (including interest thereon), present or future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, and any ultimate balance thereof, including all advances on current or running account and all future advances and re-advances, and whether

the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, and whether the Debtor be bound alone or with another or others, and whether as principal or surety, and for the performance and satisfaction of all obligations of the Debtor to the Secured Party, whether or not contained in this Agreement, and whether the Debtor be bound alone or with another or others (all of which indebtedness, liability, and obligations are collectively the "Obligations").

#### **4. Prohibitions**

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

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

#### **5. Attachment**

The Debtor acknowledges and confirms that:

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

#### **6. Representations and Warranties**

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

- (a) the Debtor is duly qualified to conduct its business in each jurisdiction where it does so and all required 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;

- (b) the Debtor lawfully owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens, and claims, save only the charges or security interests, if any, consented to in writing by the Secured Party, and the Debtor has good right and lawful authority to grant a security interest in the Collateral as provided by this Agreement;
- (c) where the Collateral includes Accounts, Chattel Paper, or Instruments, each is enforceable in accordance with its terms against the party obligated thereunder, and that the Debtor has fully and accurately disclosed to the Secured Party the amount owing thereunder and any other relevant information concerning liability for payment thereunder;
- (d) where the Collateral includes Investment Property, the Debtor has not given control of the Investment Property to any person; and
- (e) for goods constituting Collateral, the Debtor has in this Agreement or elsewhere fully and accurately disclosed to the Secured Party the locations thereof and of the business operations and records of the Debtor.

**7. Covenants of the Debtor**

7.1 The Debtor covenants with the Secured Party that at all times while this Agreement remains in effect the Debtor shall:

- (a) defend the title to the Collateral for the benefit of the Secured Party against the claims and demands of all persons;
- (b) fully and effectually maintain and keep maintained the validity and effectiveness of the Security Interest;
- (c) maintain the Collateral in good order and repair;
- (d) forthwith pay:
  - (i) all taxes, assessments, rates, duties, levies, government fees, claims, dues and other charges of every nature that may be lawfully levied, assessed, or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Secured Party may require; and
  - (ii) all security interests, charges, encumbrances, liens and claims that rank or could in any event rank in priority to the Security Interest, other than the charges or security interests, if any, shown in any schedule to this Agreement and those consented to in writing by the Secured Party;

- (e) forthwith reimburse and indemnify the Secured Party for all costs, charges, expenses, and reasonable legal fees and disbursements that may be incurred by the Secured Party in:
  - (i) taking, recovering, keeping possession of, and insuring the Collateral; and
  - (ii) 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 Interest in favour of the Secured Party upon any of the Collateral;
- (g) notify the Secured Party promptly of
  - (i) any change in the information contained in this Agreement relating to the Debtor, its address, its business, or the Collateral, including without limitation any change of name or address of the Debtor and any change in location of any Collateral;
  - (ii) the details of any material acquisition of Collateral;
  - (iii) any material loss or damage to the Collateral;
  - (iv) any material default by any account debtor in payment or other performance of his or her obligations to the Debtor with respect to any Accounts;
  - (v) the return to or repossession by the Debtor of the Collateral where such return or repossession of the Collateral is material in relation to the business of the Debtor; and
  - (vi) the details of any claims or litigation affecting the Debtor or the Collateral;
- (h) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Agreement, from being or becoming an accession to other property not covered by this Agreement;
- (i) permit the Secured Party and its representatives, at all reasonable times, with prior written notice to the Debtor, access to all its property, assets, and

undertakings and to all its books of account and records for the purpose of inspection, and render all assistance necessary for such inspection; and

- (j) deliver to the Secured Party from time to time promptly upon request:
  - (i) any Documents of Title, Instruments, certificated 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 the Collateral for the purpose of inspecting, auditing, or copying;
  - (iii) account control agreements in respect of Investment Property, in form and substance satisfactory to the Secured Party;
  - (iv) all financial statements prepared by or for the Debtor regarding the Debtor's business;
  - (v) all policies and certificates of insurance relating to the Collateral; and
  - (vi) any information concerning the Collateral, the Debtor, and the Debtor's business and affairs as the Secured Party may reasonably require;
- (k) carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral;
- (l) where the Collateral is Investment Property, shall prevent any party other than the Secured Party from having control;
- (m) duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (n) give immediate notice to the Secured Party in the event of a change of the name, corporate name or trade name of the Debtor;
- (o) duly pay all wages, claims for wages, and other similar liabilities which could create a lien or other charge on the Collateral ranking in priority to or pari passu with the charges created by this Agreement except where the validity of any such claim or liabilities is being contested by the Debtor in good faith and the Debtor has satisfied the Secured Party that the contestation will not involve forfeiture of all or any part of the Collateral and, should the Debtor refuse or omit to pay any such claims or liabilities, the Secured Party may pay them or any of them, and any amount or amounts so paid together with interest

thereon shall be repaid by the Debtor to the Secured Party on demand and until so repaid shall be one of the Obligations secured by this Agreement;

- (p) prevent the Collateral (other than Inventory, if any, sold, leased or otherwise disposed of as permitted hereby) from being or becoming an accession to other property not covered by this Agreement; and
- (q) except as contemplated by the agreement of the parties, prevent the Collateral which is personal property (other than Inventory, if any, sold, leased or otherwise disposed of as permitted hereby) from becoming affixed to land.

7.2 Except as provided in this Agreement or in any other agreement between the parties, without the prior written consent of the Secured Party, the Debtor shall not:

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

7.3 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.

7.4 The Debtor covenants that to the extent that any monies, credit, or other consideration provided by the Secured Party has enabled the Debtor to purchase or acquire rights in any personal property or assets, the Security Interest is and shall remain a purchase money security interest.

## **8. Insurance**

8.1 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 require, and in particular but without limitation maintain insurance on the Collateral to its full insurable value against loss or damage by fire including extended coverage endorsement, and in the case of motor vehicles and other mobile Collateral, maintain insurance against theft;
- (b) cause the Insurance policy or policies required under this Agreement to be assigned to the Secured Party and have as part thereof a standard mortgage clause or a mortgage endorsement, as appropriate; and

- (c) pay all premiums in connection with such insurance, and deliver all such policies to the Secured Party, if it so requires.
- 8.2 If proceeds of any insurance required under this Agreement become payable, the Secured Party may, in its absolute discretion, apply those proceeds to such part or parts of the Obligations as the Secured Party may see fit, or the Secured Party may release any such Insurance proceeds to the Debtor for the purpose of repairing, replacing, or rebuilding, but any release of Insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Agreement.
- 8.3 The Debtor shall forthwith, on the happening of loss or damage to the Collateral, notify the Secured Party thereof and furnish to the Secured Party at the Debtor's expense any necessary proof and do any necessary act to enable the Secured Party to obtain payment of the insurance proceeds, but nothing contained in this Agreement shall limit the Secured Party's right to submit to the insurer a proof of loss on its own behalf.
- 8.4 The Debtor irrevocably authorizes and directs the insurer under any policy of insurance required under this Agreement to include the name of the Secured Party as a loss payee on any cheque or draft that may be issued with respect to a claim under and by virtue of such insurance, and the production by the Secured Party to any insurer of a certified copy of this Agreement shall be its full and complete authority for so doing.
- 8.5 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.

## **9. Use and Verification of Collateral**

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

## **10. Investment Property**

If Collateral at any time includes Investment Property, the Debtor authorizes the Secured Party, at the written request of the Secured Party, to transfer the same or any part of it into its own name or that of its nominee(s) so that the Secured Party or its nominee(s) may appear on record as the sole owner of it, or has sole rights to it, as applicable; provided that, until default, the Secured Party shall deliver promptly to the Debtor all notices or other communications

received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Investment Property. After default, the Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee(s) as such registered owner and agrees that no proxy issued by the Secured Party to the Debtor or its order as aforesaid shall thereafter be effective.

#### **11. Collection of Debts**

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

#### **12. Income from and Interest on Collateral**

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

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

#### **13. Increases, Profits, Payments, or Distributions**

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

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



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

**14. Disposition of Monies**

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

**15. Performance of Obligations**

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

**16. Default**

16.1 Unless waived by the Secured Party, it shall be an event of default (a "default") under this Agreement and the security constituted by this Agreement shall immediately become enforceable if:

- (a) any term, covenant, or representation of this Agreement is breached or if default occurs under any other agreement between the Secured Party and the Debtor; or
- (b) any amount owed to the Secured Party is not paid when due; or
- (c) the Debtor defaults or threatens to default in payment when due or performance of any of the Obligations; or
- (d) the Debtor or any guarantor of the Debtor declares itself to be insolvent, makes an assignment for the benefit of its creditors, is declared bankrupt, declares bankruptcy, makes a proposal, or otherwise takes advantage of provisions under the *Bankruptcy and Insolvency Act*, the *Companies Creditors' Arrangement Act*, or similar legislation in any jurisdiction, or fails to pay its debts generally as they become due; or
- (e) a receiver or receiver-manager is appointed; or

- (f) the Debtor ceases to carry on all or a substantial part of its business; or
- (g) distress, execution, or seizure of any of the Collateral occurs; or
- (h) there is a change of voting control of the Debtor without the Secured Party's consent; or
- (i) the Debtor changes its name or amalgamates or merges without the Secured Party's consent; or
- (j) the Debtor allows any hazardous materials to be brought upon any lands or premises occupied by the Debtor; or
- (k) the Secured Party in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy.

16.2 It shall be an event of default under this Agreement and the security constituted by this Agreement shall immediately become enforceable if any term, covenant, or representation in any other agreement, contract, or other commitment of the Debtor to the Secured Party is breached or if default should occur under the same.

#### **17. Acceleration**

The Secured Party, in its sole discretion, may declare all or any part of the Obligations that are not by their terms payable on demand to be immediately due and payable in the event of any default. The provisions of this paragraph do not and are not intended to affect in any way any rights of the Secured Party with respect to any Obligations that may now or in future be payable on demand.

#### **18. Enforcement**

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

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

- (b) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents, and its servants from those premises, without becoming liable as a mortgagee in possession;
  - (c) preserve, protect, and maintain the Collateral and make such replacements and repairs and additions 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, 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 shall not be entitled to be credited with the proceeds of any such sale, lease, or other disposition until the monies therefor are actually received; and
  - (e) exercise all of the rights and remedies of a secured party under applicable law.
- 18.2 A Receiver appointed under this Agreement shall be the agent of the Debtor and not of the Secured Party, and the Secured Party shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any Receiver, its servants, agents, or employees. A Receiver shall, to the extent permitted by law or to such lesser extent permitted by its appointment, have all the powers of the Secured Party under this Agreement, and in addition shall have power to carry on the business of the Debtor and for such purpose to enter upon, use, and occupy all premises owned or occupied by the Debtor in which Collateral may be situate, maintain Collateral upon such premises, use, Collateral directly or indirectly in carrying on the Debtor's business, and from time to time borrow money either unsecured or secured by a security interest in any of the Collateral.
- 18.3 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Agreement, all amounts realized from the disposition of Collateral under this Agreement shall be applied as the Secured Party, in its absolute discretion, may direct or as follows:
- (a) In payment of all costs, charges, and expenses (including reasonable legal fees and disbursements on a solicitor and 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 under 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 under this Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver excluding the Receiver's borrowings;

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

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

18.4 The Debtor agrees that the Secured Party may exercise its rights and remedies under this Agreement immediately upon default, except as may be otherwise provided by applicable law, and the Debtor expressly confirms that, except as may be otherwise provided in this Agreement or by applicable law, the Secured Party has not given any covenant, express or implied, and is under no obligation to allow the Debtor any period of time to remedy any default before the Secured Party exercises its rights and remedies under this Agreement.

#### **19. Deficiency**

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

#### **20. Rights Cumulative**

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

#### **21. Liability of Secured Party**

The Secured Party shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Secured Party shall manage the Collateral upon entry, as provided in this Agreement, nor shall the Secured Party be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. The Secured Party shall not be bound to do, observe, or

perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor, nor shall the Secured Party, in the case of Investment Property, 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 waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party than as contained in this paragraph.

## **22. Appointment of Attorney and Deed**

- 22.1 The Debtor 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, under this Agreement.
- 22.2 Whether or not the Debtor attaches its corporate seal, if a corporation, this Agreement is intended to be and is deemed to be a deed given under seal.

## **23. Accounts**

Subject to Part 5 of the Act, upon default, the Secured Party may collect, realize, sell, or otherwise deal with the Accounts or any part of them in such manner, upon such terms and conditions, and at such time or times, as may seem to it advisable, and without notice to the Debtor. Upon default, all monies or other forms of payment received by the Debtor in payment of any Account shall be received and held by the Debtor in trust for the Secured Party.

## **24. Appropriation of Payments**

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

## **25. Liability to Advance**

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

**26. Secured Party's Knowledge**

The representations, warranties, covenants and obligations of the Debtor in or under this Agreement shall apply regardless of any independent investigations that the Secured Party may make or cause to be made, or knowledge the Secured Party may have, prior to or following the execution of this Agreement.

**27. 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 paragraph 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, and no delay or omission by the Secured Party in exercising any right or remedy under this Agreement or with respect to any default shall operate as a waiver thereof or of any other right or remedy.

**28. Notice**

Any notice, demand, or other communication required or permitted to be given under this Agreement shall be effectually made or given if delivered by prepaid private courier to the address of each party set out below:

To the Debtor: 200 Yorkland Boulevard, Suite 1201, Toronto, Ontario M2J 5C1

To the Secured Party: 888 Dunsmuir Street, Suite 1400, Vancouver, B.C. V6C 3K4

or to such other address as either party may designate in the manner set out above. Any notice, demand, or other communication shall be deemed to have been given and received on the day of prepaid private courier delivery.

**29. Extensions**

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

**30. No Merger**

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

of the Obligations shall not operate as a merger of any of the covenants contained in this Agreement.

### **31. Assignment**

The Secured Party may, with written notice to the Debtor, at any time assign, transfer, or grant a security interest in this Agreement and the Security Interest. The Debtor expressly agrees that the assignee, transferee, or secured party, as the case may be, shall have all of the Secured Party's rights and remedies under this Agreement, and the Debtor shall not assert any defence, counterclaim, right of setoff, or otherwise with respect to any claim that the Debtor now has or in future acquires against the Secured Party in any action commenced by such assignee, transferee, or secured party, as the case may be, and shall pay the Obligations to the assignee, transferee, or secured party, as the case may be, as the Obligations become due.

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

### **33. Enurement**

This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors, and permitted assigns.

### **34. Interpretation**

#### **34.1 In this Agreement:**

- (a) "Debtor" and the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used, depending upon whether the Debtor is one or more individuals, corporations, or partnerships and, if more than one, shall apply to and be binding upon each of them jointly and severally; and
- (b) "Act" means the British Columbia *Personal Property Security Act* and all regulations thereunder as amended.

**34.2** Words and expressions used in this Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act, whether expressed in this Agreement with or without initial capital letters and whether in the singular or the plural, unless otherwise defined in this Agreement or unless the context

otherwise requires, and, wherever the context so requires, in this Agreement the singular shall be read as if the plural were expressed, and vice-versa, and the provisions of this Agreement shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm, or corporation.

- 34.3 Should any provision of this Agreement be declared or held invalid or unenforceable in whole or in part or against or with respect to the Debtor by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of any or all of the remaining provisions of this Agreement, which shall continue in full force and effect and be construed as if this Agreement had been executed without the invalid or unenforceable provision.
- 34.4 The headings of the paragraphs 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.
- 34.5 This Agreement shall be governed by the laws of British Columbia.

**35. Miscellaneous**

- 35.1 The Debtor authorizes the Secured Party to file such financing statements, financing change statements, and other documents, and do such acts, matters, and things as the Secured Party may deem appropriate, to perfect on an ongoing basis and continue the Security Interest, to protect and preserve the Collateral, and to realize upon the Security Interest.
- 35.2 The Debtor waives protest of any Instrument constituting Collateral at any time held by the Secured Party on which the Debtor is any way liable and, subject to the provisions of applicable law, notice of any other action taken by the Secured Party.
- 35.3 The Debtor covenants that it shall not amalgamate with any other company or entity without first obtaining the written consent of the Secured Party. The Debtor acknowledges and agrees that if it amalgamates with any other company or companies, then it is the intention of the parties that the term "Debtor" when used in this Agreement shall apply to each of the amalgamating companies and to the amalgamated company, so that the Security Interest granted by this Agreement:
- (a) shall extend to "Collateral" (as that term is defined in this Agreement) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" owned or acquired by the amalgamated company thereafter, and
  - (b) shall secure the "Obligations" (as that term is defined in this Agreement) of each of the amalgamating companies and the amalgamated company to the Secured Party at the time of amalgamation and any "Obligations" of the amalgamated company to the Secured Party arising thereafter. The Security Interest shall attach to "Collateral" owned by each company amalgamating with



the Debtor, and by the amalgamated company, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when that Collateral becomes owned or is acquired.

35.4 The Debtor authorizes the Secured Party to provide a copy of this Agreement and such other information and documents specified under the Act to any person entitled under the Act to demand and receive them.

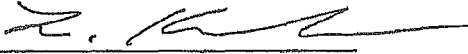
**36. Copy of Agreement and Financing Statement**

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

**Signature Page Follows**

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date at the top of the first page.

CROWN CREST CAPITAL MANAGEMENT CORP.



\_\_\_\_\_  
Authorized signatory

**This is Exhibit “P”  
to the Affidavit of Michael Lombard sworn  
remotely before me on November 6, 2023**

DocuSigned by:

*Katherine Yurkovich*

BE136400CZ2D4E9

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A commissioner for taking affidavits

## General Security Agreement

THIS SECURITY AGREEMENT dated December 1, 2016, is made

BY:

CROWN CREST FUNDING CORP. (the "Debtor") in its personal capacity and in its capacity as trustee of CROWN CREST CAPITAL TRUST (in such capacity, the "Trust")

IN FAVOUR OF:

PEOPLES TRUST COMPANY (the "Secured Party")

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

### 1. Security Interest

As security for the payment and performance of the Obligations (as defined in paragraph 3), the Debtor, subject to the exceptions set out in paragraph 2, does:

1.1 Grant to the Secured Party a security interest in, and mortgages, charges, transfers and assigns absolutely, all of the Trust's present and after acquired personal property, and all personal property in which the Trust has rights, of whatever nature or kind and wherever situate, including, without limitation, all of the following now owned or in future owned or acquired by or on behalf of the Trust:

- (a) all goods, including:
  - (i) all inventory of whatever kind and wherever situate, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in progress, finished goods, returned goods, repossessed goods, and all packaging materials, supplies, and containers relating to or used or consumed in connection with any of the foregoing (collectively the "Inventory");
  - (ii) all equipment of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, fixtures, furniture, furnishings, chattels, motor vehicles, vessels, and other tangible personal property of whatever nature or kind (collectively the "Equipment");
- (b) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action, and demands of every nature and kind however arising or secured including letters of credit and advices of credit, which are now due,

owing, or accruing, or growing due to, or owned by, or which may in future become due, owing, or accruing, or growing due to, or are legally or beneficially owned by the Trust, including the bank account with account number 14825293714 in the name of the Debtor in its personal capacity at branch number 14822 of The Toronto-Dominion Bank and any replacement account or accounts, whether with The Toronto-Dominion Bank or another financial institution, and whether in the name of the Debtor in its personal capacity or in its capacity as trustee of the Trust (the "Accounts");

- (c) all contractual rights, insurance claims, licences, goodwill, patents, trademarks, trade names, copyrights, and other industrial or intellectual property of the Trust or in which the Trust has an interest, all other choses in action of the Trust of every kind which now are, or which may in future be, due or owing to or owned by the Trust, and all other intangible property of the Trust which is not Accounts, Chattel Paper, Instruments, Documents of Title, Investment Property, or Money;
  - (d) all Money;
  - (e) all property described in any schedule at any time in future annexed to this Agreement or agreed to form part of this Agreement;
  - (f) the undertaking of the Trust;
  - (g) all Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, and Investment Property now owned or in future owned or acquired by or on behalf of the Trust (including those returned to or repossessed by the Debtor) and all other goods of the Trust that are not Equipment, Inventory, or Accounts;
  - (h) all Proceeds, renewals, and accretions, and substitutions of any of the foregoing; and
  - (i) all deeds, documents, writings, papers, books of account, and other books and electronically recorded data relating to any of the foregoing or by which any of the foregoing is or may in future be secured, evidenced, acknowledged, or made payable.
- 1.2 Charge as and by way of a floating charge to and in favour of the Secured Party, and grant to the Secured Party a security interest, mortgage, and charge in and to all property, assets, and undertakings of the Trust, both present and future, of whatever nature or kind and wherever situate, and all Proceeds thereof and therefrom, other than any of its property, assets, and undertakings otherwise validly and effectively subject to the charges and security interests in favour of the Secured Party created under paragraph 1.1 of this Agreement. This charge attaches immediately upon the Trust acquiring any rights in any of that property.

1.3 Mortgage and charge as and by way of a fixed and specific charge to and in favour of the Secured Party, and assign and transfer to the Secured Party and grant to the Secured Party, by way of mortgage, charge, assignment, and transfer, a security interest in all of the Trust's right, title, and interest, both present and future, in and to all of its presently owned or held and after acquired or held property which:

- (a) is or in future becomes a fixture, or
- (b) constitutes a licence, quota, permit or other similar right or benefit, or crops.

1.4 The mortgages, charges, assignments, transfers, and security interests created or granted under paragraphs 1.1, 1.2, and 1.3 of this Agreement are collectively called the "Security Interest", and all property, assets, interests, and undertakings (including Proceeds) subject to the Security Interest or otherwise charged or secured by this Agreement or expressed to be charged, assigned or transferred, or secured by any instruments supplemental to this Agreement or in implementation of this Agreement are collectively called the "Collateral".

## 2. Exceptions and Definitions

The Security Interest granted by this Agreement shall not extend or apply to and the Collateral shall not extend to the last day of the term of any lease or agreement to lease real property, but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign and dispose thereof as the Secured Party shall direct.

The terms "Chattel Paper", "Document of Title", "Equipment", "Consumer Goods", "Instrument", "Intangible", "Investment Property", "Proceeds", "Inventory", "Accessions", "Money", "financing statement", "financing change statement", "verification statement", and "control" shall, unless otherwise defined in this Agreement or otherwise required by the context, be interpreted according to their respective meanings as set out in the British Columbia *Personal Property Security Act*, as amended.

Any reference in this Agreement to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof". The Collateral shall not include consumer goods of the Debtor.

The term "Proceeds", whenever used and interpreted as above, shall by way of example include trade-ins, equipment, cash, bank accounts, notes, chattel paper, goods, contract rights, accounts, and any other personal property or obligation received when such collateral or proceeds are sold, exchanged, collected, or otherwise disposed of. The term "licence" means any licence or similar right at any time owned or held by the Debtor including without limitation a "licence" as defined in the Act, and the meaning of the term "crops" whenever used in this Agreement includes but is not limited to "crops" as defined in the Act.

### **3. Obligations Secured**

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

### **4. Prohibitions**

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

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

### **5. Attachment**

The Debtor acknowledges and confirms that:

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

## **6. Representations and Warranties**

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

- (a) the Debtor is duly qualified to conduct its business in each jurisdiction where it does so and all required 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;
- (b) the Debtor lawfully owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens, and claims, save only the charges or security interests, if any, consented to in writing by the Secured Party, and the Debtor has good right and lawful authority to grant a security interest in the Collateral as provided by this Agreement;
- (c) where the Collateral includes Accounts, Chattel Paper, or Instruments, each is enforceable in accordance with its terms against the party obligated thereunder, and that the Debtor has fully and accurately disclosed to the Secured Party the amount owing thereunder and any other relevant information concerning liability for payment thereunder;
- (d) where the Collateral includes Investment Property, the Debtor has not given control of the Investment Property to any person; and
- (e) for goods constituting Collateral, the Debtor has in this Agreement or elsewhere fully and accurately disclosed to the Secured Party the locations thereof and of the business operations and records of the Debtor.

## **7. Covenants of the Debtor**

### **7.1 The Debtor covenants with the Secured Party that at all times while this Agreement remains in effect the Debtor shall:**

- (a) defend the title to the Collateral for the benefit of the Secured Party against the claims and demands of all persons;
- (b) fully and effectually maintain and keep maintained the validity and effectiveness of the Security Interest;
- (c) maintain the Collateral in good order and repair;
- (d) forthwith pay:
  - (i) all taxes, assessments, rates, duties, levies, government fees, claims, dues and other charges of every nature that may be lawfully levied, assessed, or imposed upon it or the Collateral when due, unless the



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

- (ii) all security interests, charges, encumbrances, liens and claims that rank or could in any event rank in priority to the Security Interest, other than the charges or security interests, if any, shown in any schedule to this Agreement and those consented to in writing by the Secured Party;
- (e) forthwith reimburse and indemnify the Secured Party for all costs, charges, expenses, and reasonable legal fees and disbursements that may be incurred by the Secured Party in:
  - (i) taking, recovering, keeping possession of, and insuring the Collateral; and
  - (ii) 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 Interest in favour of the Secured Party upon any of the Collateral;
- (g) notify the Secured Party promptly of
  - (i) any change in the information contained in this Agreement relating to the Debtor, its address, its business, or the Collateral, including without limitation any change of name or address of the Debtor and any change in location of any Collateral;
  - (ii) the details of any material acquisition of Collateral;
  - (iii) any material loss or damage to the Collateral;
  - (iv) any material default by any account debtor in payment or other performance of his or her obligations to the Debtor with respect to any Accounts;
  - (v) the return to or repossession by the Debtor of the Collateral where such return or repossession of the Collateral is material in relation to the business of the Debtor; and
  - (vi) the details of any claims or litigation affecting the Debtor or the Collateral;

- (h) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Agreement, from being or becoming an accession to other property not covered by this Agreement;
- (i) permit the Secured Party and its representatives, at all reasonable times, with prior written notice to the Debtor, access to all its property, assets, and undertakings and to all its books of account and records for the purpose of inspection, and render all assistance necessary for such inspection; and
- (j) deliver to the Secured Party from time to time promptly upon request:
  - (i) any Documents of Title, Instruments, certificated 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 the Collateral for the purpose of inspecting, auditing, or copying;
  - (iii) account control agreements in respect of Investment Property, in form and substance satisfactory to the Secured Party;
  - (iv) all financial statements prepared by or for the Debtor regarding the Debtor's business;
  - (v) all policies and certificates of insurance relating to the Collateral; and
  - (vi) any information concerning the Collateral, the Debtor, and the Debtor's business and affairs as the Secured Party may reasonably require;
- (k) carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral;
- (l) where the Collateral is Investment Property, shall prevent any party other than the Secured Party from having control;
- (m) duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (n) give immediate notice to the Secured Party in the event of a change of the name, corporate name or trade name of the Debtor;
- (o) duly pay all wages, claims for wages, and other similar liabilities which could create a lien or other charge on the Collateral ranking in priority to or pari passu

with the charges created by this Agreement except where the validity of any such claim or liabilities is being contested by the Debtor in good faith and the Debtor has satisfied the Secured Party that the contestation will not involve forfeiture of all or any part of the Collateral and, should the Debtor refuse or omit to pay any such claims or liabilities, the Secured Party may pay them or any of them, and any amount or amounts so paid together with interest thereon shall be repaid by the Debtor to the Secured Party on demand and until so repaid shall be one of the Obligations secured by this Agreement;

- (p) prevent the Collateral (other than Inventory, if any, sold, leased or otherwise disposed of as permitted hereby) from being or becoming an accession to other property not covered by this Agreement; and
- (q) except as contemplated by the agreement of the parties, prevent the Collateral which is personal property (other than Inventory, if any, sold, leased or otherwise disposed of as permitted hereby) from becoming affixed to land.

7.2 Except as provided in this Agreement or in any other agreement between the parties, without the prior written consent of the Secured Party, the Debtor shall not:

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

7.3 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.

7.4 The Debtor covenants that to the extent that any monies, credit, or other consideration provided by the Secured Party has enabled the Debtor to purchase or acquire rights in any personal property or assets, the Security Interest is and shall remain a purchase money security interest.

## **8. Insurance**

8.1 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 require, and in particular but without limitation maintain insurance on the Collateral to its full insurable value against loss or damage by fire

including extended coverage endorsement, and in the case of motor vehicles and other mobile Collateral, maintain insurance against theft;

- (b) cause the insurance policy or policies required under this Agreement to be assigned to the Secured Party and have as part thereof a standard mortgage clause or a mortgage endorsement, as appropriate; and
  - (c) pay all premiums in connection with such insurance, and deliver all such policies to the Secured Party, if it so requires.
- 8.2 If proceeds of any insurance required under this Agreement become payable, the Secured Party may, in its absolute discretion, apply those proceeds to such part or parts of the Obligations as the Secured Party may see fit, or the Secured Party may release any such insurance proceeds to the Debtor for the purpose of repairing, replacing, or rebuilding, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Agreement.
- 8.3 The Debtor shall forthwith, on the happening of loss or damage to the Collateral, notify the Secured Party thereof and furnish to the Secured Party at the Debtor's expense any necessary proof and do any necessary act to enable the Secured Party to obtain payment of the insurance proceeds, but nothing contained in this Agreement shall limit the Secured Party's right to submit to the insurer a proof of loss on its own behalf.
- 8.4 The Debtor irrevocably authorizes and directs the insurer under any policy of insurance required under this Agreement to include the name of the Secured Party as a loss payee on any cheque or draft that may be issued with respect to a claim under and by virtue of such insurance, and the production by the Secured Party to any insurer of a certified copy of this Agreement shall be its full and complete authority for so doing.
- 8.5 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.

#### **9. Use and Verification of Collateral**

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

## **10. Investment Property**

If Collateral at any time includes Investment Property, the Debtor authorizes the Secured Party, at the written request of the Secured Party, to transfer the same or any part of it into its own name or that of its nominee(s) so that the Secured Party or its nominee(s) may appear on record as the sole owner of it, or has sole rights to it, as applicable; provided that, until default, the Secured Party shall deliver promptly to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Investment Property. After default, the Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee(s) as such registered owner and agrees that no proxy issued by the Secured Party to the Debtor or its order as aforesaid shall thereafter be effective.

## **11. Collection of Debts**

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

## **12. Income from and Interest on Collateral**

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

## **13. Increases, Profits, Payments, or Distributions**

- 13.1 Whether or not default has occurred, the Debtor authorizes the Secured Party
- (a) to receive any increase in or profits on the Collateral (other than money) and to hold the same as part of the Collateral. Money so received shall be treated as income for the purposes of paragraph 12 of this Agreement and dealt with accordingly, and

- (b) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

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

#### **14. Disposition of Monies**

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

#### **15. Performance of Obligations**

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

#### **16. Default**

16.1 Unless waived by the Secured Party, it shall be an event of default (a "default") under this Agreement and the security constituted by this Agreement shall immediately become enforceable if:

- (a) any term, covenant, or representation of this Agreement is breached or if default occurs under any other agreement between the Secured Party and the Debtor; or
- (b) any amount owed to the Secured Party is not paid when due; or
- (c) the Debtor defaults or threatens to default in payment when due or performance of any of the Obligations; or
- (d) the Debtor or any guarantor of the Debtor declares itself to be insolvent, makes an assignment for the benefit of its creditors, is declared bankrupt, declares bankruptcy, makes a proposal, or otherwise takes advantage of provisions

under the *Bankruptcy and Insolvency Act*, the *Companies Creditors' Arrangement Act*, or similar legislation in any jurisdiction, or fails to pay its debts generally as they become due; or

- (e) a receiver or receiver-manager is appointed; or
  - (f) the Debtor ceases to carry on all or a substantial part of its business; or
  - (g) distress, execution, or seizure of any of the Collateral occurs; or
  - (h) there is a change of voting control of the Debtor without the Secured Party's consent; or
  - (i) the Debtor changes its name or amalgamates or merges without the Secured Party's consent; or
  - (j) the Debtor allows any hazardous materials to be brought upon any lands or premises occupied by the Debtor; or
  - (k) the Secured Party in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy.
- 16.2 It shall be an event of default under this Agreement and the security constituted by this Agreement shall immediately become enforceable if any term, covenant, or representation in any other agreement, contract, or other commitment of the Debtor to the Secured Party is breached or if default should occur under the same.

#### **17. Acceleration**

The Secured Party, in its sole discretion, may declare all or any part of the Obligations that are not by their terms payable on demand to be immediately due and payable in the event of any default. The provisions of this paragraph do not and are not intended to affect in any way any rights of the Secured Party with respect to any Obligations that may now or in future be payable on demand.

#### **18. Enforcement**

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

- (a) appoint by instrument a receiver, receiver and manager, or receiver-manager (the person so appointed is called the "Receiver") of the Collateral, with or without bond as the Secured Party may determine, and from time to time in its absolute discretion remove such Receiver and appoint another in its stead;
- (b) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents, and its servants from those premises, without becoming liable as a mortgagee in possession;
- (c) preserve, protect, and maintain the Collateral and make such replacements and repairs and additions 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, 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 shall not be entitled to be credited with the proceeds of any such sale, lease, or other disposition until the monies therefor are actually received; and
- (e) exercise all of the rights and remedies of a secured party under applicable law.

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

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

- (a) In payment of all costs, charges, and expenses (including reasonable legal fees and disbursements on a solicitor and 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 under 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 under this Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver excluding the Receiver's borrowings;
- (b) in payment of any sum or sums borrowed by the Receiver from the Secured Party and interest thereon if such sum or sums are secured by the Collateral;
- (c) in or toward payment to the Secured Party of all principal and other monies (except interest) due in respect of the Obligations;
- (d) in or toward payment to the Secured Party of all interest remaining unpaid in respect of the Obligations; and
- (e) in or toward payment of any sum or sums borrowed by the Receiver from any financial institution, corporation, or person other than the Secured Party, and interest thereon if such sum or sums are secured by the Collateral.

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

18.4 The Debtor agrees that the Secured Party may exercise its rights and remedies under this Agreement immediately upon default, except as may be otherwise provided by applicable law, and the Debtor expressly confirms that, except as may be otherwise provided in this Agreement or by applicable law, the Secured Party has not given any covenant, express or implied, and is under no obligation to allow the Debtor any period of time to remedy any default before the Secured Party exercises its rights and remedies under this Agreement.

#### **19. Deficiency**

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

#### **20. Rights Cumulative**

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

## **21. Liability of Secured Party**

The Secured Party shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Secured Party shall manage the Collateral upon entry, as provided in this Agreement, nor shall the Secured Party be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. The Secured Party shall not be bound to do, observe, or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor, nor shall the Secured Party, in the case of Investment Property, 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 waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party than as contained in this paragraph.

## **22. Appointment of Attorney and Deed**

22.1 The Debtor 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, under this Agreement.

22.2 Whether or not the Debtor attaches its corporate seal, if a corporation, this Agreement is intended to be and is deemed to be a deed given under seal.

## **23. Accounts**

Subject to Part 5 of the Act, upon default, the Secured Party may collect, realize, sell, or otherwise deal with the Accounts or any part of them in such manner, upon such terms and conditions, and at such time or times, as may seem to it advisable, and without notice to the Debtor. Upon default, all monies or other forms of payment received by the Debtor in payment of any Account shall be received and held by the Debtor in trust for the Secured Party.

## **24. Appropriation of Payments**

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

**25. Liability to Advance**

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

**26. Secured Party's Knowledge**

The representations, warranties, covenants and obligations of the Debtor in or under this Agreement shall apply regardless of any independent investigations that the Secured Party may make or cause to be made, or knowledge the Secured Party may have, prior to or following the execution of this Agreement.

**27. 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 paragraph 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, and no delay or omission by the Secured Party in exercising any right or remedy under this Agreement or with respect to any default shall operate as a waiver thereof or of any other right or remedy.

**28. Notice**

Any notice, demand, or other communication required or permitted to be given under this Agreement shall be effectually made or given if delivered by prepaid private courier to the address of each party set out below:

To the Debtor: 200 Yorkland Boulevard, Suite 1201, Toronto, Ontario M2J 5C1

To the Secured Party: 888 Dunsmuir Street, Suite 1400, Vancouver, B.C. V6C 3K4

or to such other address as either party may designate in the manner set out above. Any notice, demand, or other communication shall be deemed to have been given and received on the day of prepaid private courier delivery.

**29. Extensions**

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

**30. No Merger**

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

**31. Assignment**

The Secured Party may, with written notice to the Debtor, at any time assign, transfer, or grant a security interest in this Agreement and the Security Interest. The Debtor expressly agrees that the assignee, transferee, or secured party, as the case may be, shall have all of the Secured Party's rights and remedies under this Agreement, and the Debtor shall not assert any defence, counterclaim, right of setoff, or otherwise with respect to any claim that the Debtor now has or in future acquires against the Secured Party in any action commenced by such assignee, transferee, or secured party, as the case may be, and shall pay the Obligations to the assignee, transferee, or secured party, as the case may be, as the Obligations become due.

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

**33. Enurement**

This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors, and permitted assigns.

**34. Interpretation**

**34.1 In this Agreement:**

- (a) "Debtor" and the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used, depending upon whether the Debtor is one or more individuals, corporations, or partnerships and, if more than one, shall apply to and be binding upon each of them jointly and severally; and

(b) "Act" means the British Columbia *Personal Property Security Act* and all regulations thereunder as amended.

34.2 Words and expressions used in this Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act, whether expressed in this Agreement with or without initial capital letters and whether in the singular or the plural, unless otherwise defined in this Agreement or unless the context otherwise requires, and, wherever the context so requires, in this Agreement the singular shall be read as if the plural were expressed, and vice-versa, and the provisions of this Agreement shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm, or corporation.

34.3 Should any provision of this Agreement be declared or held invalid or unenforceable in whole or in part or against or with respect to the Debtor by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of any or all of the remaining provisions of this Agreement, which shall continue in full force and effect and be construed as if this Agreement had been executed without the invalid or unenforceable provision.

34.4 The headings of the paragraphs 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.

34.5 This Agreement shall be governed by the laws of British Columbia.

### **35. Miscellaneous**

35.1 The Debtor authorizes the Secured Party to file such financing statements, financing change statements, and other documents, and do such acts, matters, and things as the Secured Party may deem appropriate, to perfect on an ongoing basis and continue the Security Interest, to protect and preserve the Collateral, and to realize upon the Security Interest.

35.2 The Debtor waives protest of any Instrument constituting Collateral at any time held by the Secured Party on which the Debtor is any way liable and, subject to the provisions of applicable law, notice of any other action taken by the Secured Party.

35.3 The Debtor covenants that it shall not amalgamate with any other company or entity without first obtaining the written consent of the Secured Party. The Debtor acknowledges and agrees that if it amalgamates with any other company or companies, then it is the intention of the parties that the term "Debtor" when used in this Agreement shall apply to each of the amalgamating companies and to the amalgamated company, so that the Security Interest granted by this Agreement:

(a) shall extend to "Collateral" (as that term is defined in this Agreement) owned by each of the amalgamating companies and the amalgamated company at the

time of amalgamation and to any "Collateral" owned or acquired by the amalgamated company thereafter, and

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

35.4 The Debtor authorizes the Secured Party to provide a copy of this Agreement and such other information and documents specified under the Act to any person entitled under the Act to demand and receive them.

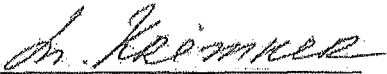
**36. Copy of Agreement and Financing Statement**

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

**Signature Page Follows**

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date on the first page.

CROWN CREST FUNDING CORP. in its personal capacity and in its capacity  
as trustee of CROWN CREST CAPITAL TRUST



Authorized signatory

**This is Exhibit "Q"**  
**to the Affidavit of Michael Lombard sworn**  
**remotely before me on November 6, 2023**

DocuSigned by:

*Katherine Yurkovich*

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A commissioner for taking affidavits



## Guarantee

This Guarantee, dated April 21, 2021, is granted by 2775996 Ontario Inc. ("**Guarantor**"), 2225 Sheppard Avenue East, Toronto, Ontario M2J 5C2, to Peoples Trust Company ("**Peoples**") 888 Dunsmuir Street, Suite 1400, Vancouver, B.C. V6C 3K4.

Whereas:

- A. Pursuant to a warehouse line of credit agreement, dated the same date as this Guarantee (the "**Credit Agreement**"), Peoples agreed to make certain loans to Simply Green Home Services Inc. ("**SGHSI**") on the terms set out in the Credit Agreement.
- B. It is a term of the Credit Agreement that Guarantor guarantee the due and punctual payment in full of all liabilities and obligations of SGHSI to Peoples pursuant to the Credit Agreement and of the Note and the Loan (as those terms are defined in the Credit Agreement) (collectively, the "**Obligations**") by delivering this Guarantee to Peoples.

Now therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree that:

### 1. Guarantee

1.1 Guarantor hereby unconditionally guarantees and promises to pay, or to cause to be paid, the Obligations to, or to the order of, Peoples.

### 2. Representations and Warranties

2.1 Guarantor represents and warrants to Peoples that:

- (a) It is duly organized and validly existing under the laws of the jurisdiction of its incorporation and has full power and legal right to execute and deliver this Guarantee and to perform the provisions of this Guarantee on its part to be performed;
- (b) The execution, delivery and performance of this Guarantee have been duly authorized by all necessary corporate action and do not contravene any provision of its articles of incorporation or bylaws;
- (c) The execution and delivery of this Guarantee is not, and the performance of this Guarantee will not be, in contravention of, or in conflict with, any agreement, indenture or undertaking to which Guarantor is a party or by which it or any of its property is or may be bound or affected and do not, and will not, cause any security interest, lien or other encumbrances to be created or imposed upon any such property, other than as herein contemplated; and
- (d) This Guarantee is a legal, valid and binding obligation enforceable against Guarantor in accordance with its terms except as enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights or by general equity principles.

### **3. Guarantee Independent**

3.1 The liability of Guarantor hereunder is independent of the obligations of SGHSI and a separate action or separate actions may be brought and prosecuted against Guarantor whether such action is brought or prosecuted against SGHSI or whether SGHSI is joined in any such action or actions. The liability of Guarantor hereunder is independent of, and not in consideration of, or contingent upon, the liability of any other person under any similar instrument and the release of, or cancellation by any grantor of any similar instrument will not act to release or otherwise affect the liability of Guarantor hereunder. Any reference in this Guarantee to the Credit Agreement includes that agreement as it may be amended, replaced, restated or otherwise modified from time to time.

### **4. Authorization**

4.1 Guarantor authorizes Peoples, without notice or demand and without affecting its liability hereunder, from time to time to:

- (a) Renew, compromise, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Obligations hereby guaranteed, or any part thereof, including increasing or decreasing the rate of interest thereon;
- (b) Take and hold security for the payment of the Obligations hereby guaranteed, or any part thereof, and exchange, enforce, waive or release any such security and apply any such security and direct the order or manner of sale thereof as Peoples, in his discretion, may determine;
- (c) Release or substitute any one or more endorsers, guarantors and/or other obligors of this Guarantee or the Obligations hereby guaranteed, or any part thereof; and/or
- (d) Grant any other indulgence to SGHSI or any other person in respect of the Obligations hereby guaranteed.

### **5. Waivers**

5.1 Guarantor waives the right to require Peoples to proceed against SGHSI, to proceed under or exhaust any security held from SGHSI or any other party or to pursue any other remedy in the power of Peoples whatsoever and Guarantor waives the right to have the property of Guarantor first applied to discharge the Obligations hereby guaranteed. Peoples may, at his election, exercise any right or remedy against SGHSI or any security held by Peoples from SGHSI or any other party, including, without limitation, the right to foreclose upon any such security or to exercise any power of sale without affecting or impairing in any way the liability of Guarantor hereunder, and Guarantor waives any defense arising out of the absence, impairment or loss of any right of reimbursement, contribution or subrogation or any other right or remedy of Guarantor against SGHSI, or any such security, whether resulting from such election by Peoples or otherwise. Guarantor waives any defense arising by reason of SGHSI ceasing to be liable, either in whole or in part, to Peoples for the Obligations hereby guaranteed by way of bankruptcy, insolvency or other proceedings whereby liability otherwise existing is extinguished by operation of law.

5.2 Until all of the Obligations hereby guaranteed has been satisfied in full, Guarantor will have no right of subrogation to and waives any right to enforce, any remedy which Peoples now has or may

hereafter have against SGHSI in respect of the Obligations hereby guaranteed and Guarantor waives any benefit of, and any right to participate in, any security, whether on real or personal property or otherwise, now or hereafter held by Peoples until the Obligations hereby guaranteed has been satisfied in full. Guarantor waives presentment, notice of non-performance, protest, notice of protest, notice of dishonour and notice of acceptance of this Guarantee and of the creation or incurring of new or additional indebtedness of SGHSI to Peoples. Guarantor assumes the responsibility for being and keeping itself informed of the financial condition of SGHSI and of all other circumstances bearing upon the risk of non-payment of the indebtedness which diligent inquiry would reveal and agrees that Peoples will have no duty to advise Guarantor of information known to it regarding such condition or any such circumstance.

## **6. Security**

6.1 This Guarantee and the agreements of Guarantor herein contained will take effect and will be and are hereby declared to be binding upon Guarantor notwithstanding any defect in or omission from any instrument under which Peoples has taken any security for the Obligations hereby guaranteed, or any part thereof, or any non-registration or non-filing or defective registration or filing thereof. Guarantor hereby further agrees that any loss of any security received by Peoples from SGHSI or any other person, whether occasioned through the fault of Peoples or otherwise, will not discharge or limit or lessen the liability of Guarantor under this Guarantee.

## **7. Evidence of Indebtedness**

7.1 A statement in writing of Peoples certifying the indebtedness of SGHSI to Peoples remaining unpaid at any time will be prima facie evidence of the said indebtedness and all right to question in any way Peoples' current or future method of dealing with SGHSI or any person or persons now or hereafter liable to Peoples for the Obligations hereby guaranteed, or any part thereof, or with any security now or hereafter held by Peoples or with any property covered by such security is hereby waived.

## **8. Principal Debtor**

8.1 For greater certainty, it is hereby declared to be the intention of the parties that this Guarantee will be construed so as to impose the like obligation upon Guarantor as if Guarantor had covenanted as principal with respect to the Obligations hereby guaranteed.

## **9. Bankruptcy**

9.1 Upon the bankruptcy of SGHSI or of any surety or guarantor of any of the Obligations hereby guaranteed, the rights of Peoples will not be affected or impaired by any omission by Peoples to prove its claim or to prove its full claim and Peoples may prove such claim as it sees fit and may refrain from proving any claim and in the discretion of Peoples may value as it sees fit or refrain from valuing any security held by Peoples without in any way releasing, reducing or otherwise affecting the liability of Guarantor to Peoples.

## **10. Choice of Law**

10.1 This Guarantee and the rights and obligations of the parties hereto will be governed and construed according to the laws of the British Columbia.

## **11. General**

11.1 All agreements, representations and warranties made herein will survive the execution and delivery of this Guarantee.

11.2 No failure or delay on the part of Peoples in the exercise of any power, right or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such power, right or privilege preclude any other or further exercise of any such power, right or privilege. All powers, rights and privileges hereunder are in addition to, and not in substitution for, any powers, rights or privileges otherwise available.

11.3 No alteration, modification or waiver of this Guarantee or any of its terms, provisions or conditions will be binding on Peoples or Guarantor unless made in writing.

11.4 Upon the execution and delivery by Guarantor to Peoples of this Guarantee, this Guarantee will be deemed to be finally executed and delivered by Guarantor and will not be subject to or affected by any promise or condition affecting or limiting the liability of Guarantor, except as set forth herein, and no statement, representation, agreement or promise on the part of Peoples, unless contained herein, forms any part of this Guarantee or has induced the making hereof or will be deemed to affect the liability of Guarantor hereunder.

11.5 Except as otherwise provided herein, any notice herein required or permitted to be given will be in writing and may be sent by prepaid registered post, properly addressed, and if so sent will be deemed to have been received 3 days after the mailing thereof, or may be delivered personally, and if so delivered will be deemed to have been received at the time of delivery if a business day and if not a business day on the next succeeding business day.

11.6 In case any provision of this Guarantee will be invalid, illegal or unenforceable, such provision will be severable from the rest of this Guarantee and the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

11.7 This Guarantee will be binding upon Guarantor and its successors and assigns and will enure to the benefit of Peoples and its successors and assigns. Peoples may assign this Guarantee or any of its rights and powers hereunder without notice, together with all or any of the Obligations hereby guaranteed, and in such event the assignee will have the same rights and remedies as if originally named herein in place of Peoples.

11.8 Guarantor hereby agrees to be responsible for and to pay all costs and expenses, including, without limitation, reasonable solicitors' fees and accountants' fees, incurred by Peoples in connection with the collection from Guarantor of the Obligations hereby guaranteed.


11.9 This Guarantee may be delivered by e-mail.

**Signature page follows.**

**This is the signature page for the Guarantee dated April 20, 2021.**

In witness whereof Guarantor has executed this Guarantee as of the date at the top of the first page.

2775996 ONTARIO INC.



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Authorized signatory

**This is Exhibit "R"  
to the Affidavit of Michael Lombard sworn  
remotely before me on November 6, 2023**

DocuSigned by:

*Katherine Yurkovich*

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A commissioner for taking affidavits

## **Guarantee**

This Guarantee, dated December 1, 2016, is granted by Crown Crest Capital Management Corp. ("CCCMC"), 200 Yorkland Boulevard, Suite 1201, Toronto, Ontario M2J 5C1, to Peoples Trust Company ("Peoples") 888 Dunsmuir Street, Suite 1400, Vancouver, B.C. V6C 3K4.

Whereas:

A. Pursuant to a warehouse line of credit agreement, dated the same date as this Guarantee (the "Credit Agreement"), Peoples agreed to make certain loans to Crown Crest Capital Trust ("CCCT") on the terms set out in the Credit Agreement.

B. It is a term of the Credit Agreement that CCCMC guarantee the due and punctual payment in full of all liabilities and obligations of CCCT to Peoples pursuant to the Credit Agreement and of the Note and the Loan (as those terms are defined in the Credit Agreement) (collectively, the "Obligations") by delivering this Guarantee to Peoples.

Now therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree that:

### **1. Guarantee**

1.1 CCCMC hereby unconditionally guarantees and promises to pay, or to cause to be paid, the Obligations to, or to the order of, Peoples.

### **2. Representations and Warranties**

2.1 CCCMC represents and warrants to Peoples that:

- (a) It is duly organized and validly existing under the laws of the jurisdiction of its incorporation and has full power and legal right to execute and deliver this Guarantee and to perform the provisions of this Guarantee on its part to be performed;
- (b) The execution, delivery and performance of this Guarantee have been duly authorized by all necessary corporate action and do not contravene any provision of its articles of incorporation or bylaws;
- (c) The execution and delivery of this Guarantee is not, and the performance of this Guarantee will not be, in contravention of, or in conflict with, any agreement, indenture or undertaking to which CCCMC is a party or by which it or any of its property is or may be bound or affected and do not, and will not, cause any security interest, lien or other encumbrances to be created or imposed upon any such property, other than as herein contemplated; and
- (d) This Guarantee is a legal, valid and binding obligation enforceable against CCCMC in accordance with its terms except as enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights or by general equity principles.

### **3. Guarantee Independent**

3.1 The liability of CCCMC hereunder is independent of the obligations of CCCT and a separate action or separate actions may be brought and prosecuted against CCCMC whether such action is brought or prosecuted against CCCT or whether CCCT is joined in any such action or actions. The liability of CCCMC hereunder is independent of, and not in consideration of, or contingent upon, the liability of any other person under any similar instrument and the release of, or cancellation by any grantor of any similar instrument will not act to release or otherwise affect the liability of CCCMC hereunder.

### **4. Authorization**

4.1 CCCMC authorizes Peoples, without notice or demand and without affecting its liability hereunder, from time to time to:

- (a) Renew, compromise, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Obligations hereby guaranteed, or any part thereof, including increasing or decreasing the rate of interest thereon;
- (b) Take and hold security for the payment of the Obligations hereby guaranteed, or any part thereof, and exchange, enforce, waive or release any such security and apply any such security and direct the order or manner of sale thereof as Peoples, in his discretion, may determine;
- (c) Release or substitute any one or more endorsers, guarantors and/or other obligors of this Guarantee or the Obligations hereby guaranteed, or any part thereof; and/or
- (d) Grant any other indulgence to CCCT or any other person in respect of the Obligations hereby guaranteed.

### **5. Waivers**

5.1 CCCMC waives the right to require Peoples to proceed against CCCT, to proceed under or exhaust any security held from CCCT or any other party or to pursue any other remedy in the power of Peoples whatsoever and CCCMC waives the right to have the property of CCCT first applied to discharge the Obligations hereby guaranteed. Peoples may, at his election, exercise any right or remedy against CCCT or any security held by Peoples from CCCT or any other party, including, without limitation, the right to foreclose upon any such security or to exercise any power of sale without affecting or impairing in any way the liability of CCCMC hereunder, and CCCMC waives any defense arising out of the absence, impairment or loss of any right of reimbursement, contribution or subrogation or any other right or remedy of CCCMC against CCCT, or any such security, whether resulting from such election by Peoples or otherwise. CCCMC waives any defense arising by reason of CCCT ceasing to be liable, either in whole or in part, to Peoples for the Obligations hereby guaranteed by way of bankruptcy, insolvency or other proceedings whereby liability otherwise existing is extinguished by operation of law.

5.2 Until all of the Obligations hereby guaranteed has been satisfied in full, CCCMC will have no right of subrogation to and waives any right to enforce, any remedy which Peoples now has or may hereafter have against CCCT in respect of the Obligations hereby guaranteed and CCCMC waives any



benefit of, and any right to participate in, any security, whether on real or personal property or otherwise, now or hereafter held by Peoples until the Obligations hereby guaranteed has been satisfied in full. CCCMC waives presentment, notice of non-performance, protest, notice of protest, notice of dishonour and notice of acceptance of this Guarantee and of the creation or incurring of new or additional indebtedness of CCCT to Peoples. CCCMC assumes the responsibility for being and keeping itself informed of the financial condition of CCCT and of all other circumstances bearing upon the risk of non-payment of the indebtedness which diligent inquiry would reveal and agrees that Peoples will have no duty to advise CCCMC of information known to it regarding such condition or any such circumstance.

## **6. Security**

6.1 This Guarantee and the agreements of CCCMC herein contained will take effect and will be and are hereby declared to be binding upon CCCMC notwithstanding any defect in or omission from any instrument under which Peoples has taken any security for the Obligations hereby guaranteed, or any part thereof, or any non-registration or non-filing or defective registration or filing thereof. CCCMC hereby further agrees that any loss of any security received by Peoples from CCCT or any other person, whether occasioned through the fault of Peoples or otherwise, will not discharge or limit or lessen the liability of CCCMC under this Guarantee.

## **7. Evidence of Indebtedness**

7.1 A statement in writing of Peoples certifying the indebtedness of CCCT to Peoples remaining unpaid at any time will be prima facie evidence of the said indebtedness and all right to question in any way Peoples' current or future method of dealing with CCCT or any person or persons now or hereafter liable to Peoples for the Obligations hereby guaranteed, or any part thereof, or with any security now or hereafter held by Peoples or with any property covered by such security is hereby waived.

## **8. Principal Debtor**

8.1 For greater certainty, it is hereby declared to be the intention of the parties that this Guarantee will be construed so as to impose the like obligation upon CCCMC as if CCCMC had covenanted as principal with respect to the Obligations hereby guaranteed.

## **9. Bankruptcy**

9.1 Upon the bankruptcy of CCCT or of any surety or guarantor of any of the Obligations hereby guaranteed, the rights of Peoples will not be affected or impaired by any omission by Peoples to prove its claim or to prove its full claim and Peoples may prove such claim as it sees fit and may refrain from proving any claim and in the discretion of Peoples may value as it sees fit or refrain from valuing any security held by Peoples without in any way releasing, reducing or otherwise affecting the liability of CCCMC to Peoples.

## **10. Choice of Law**

10.1 This Guarantee and the rights and obligations of the parties hereto will be governed and construed according to the laws of the British Columbia.

**11. General**

11.1 All agreements, representations and warranties made herein will survive the execution and delivery of this Guarantee.

11.2 No failure or delay on the part of Peoples in the exercise of any power, right or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such power, right or privilege preclude any other or further exercise of any such power, right or privilege. All powers, rights and privileges hereunder are in addition to, and not in substitution for, any powers, rights or privileges otherwise available.

11.3 No alteration, modification or waiver of this Guarantee or any of its terms, provisions or conditions will be binding on Peoples or CCCMC unless made in writing.

11.4 Upon the execution and delivery by CCCMC to Peoples of this Guarantee, this Guarantee will be deemed to be finally executed and delivered by CCCMC and will not be subject to or affected by any promise or condition affecting or limiting the liability of CCCMC, except as set forth herein, and no statement, representation, agreement or promise on the part of Peoples, unless contained herein, forms any part of this Guarantee or has induced the making hereof or will be deemed to affect the liability of CCCMC hereunder.

11.5 Except as otherwise provided herein, any notice herein required or permitted to be given will be in writing and may be sent by prepaid registered post, properly addressed, and if so sent will be deemed to have been received 3 days after the mailing thereof, or may be delivered personally, and if so delivered will be deemed to have been received at the time of delivery if a business day and if not a business day on the next succeeding business day.

11.6 In case any provision of this Guarantee will be invalid, illegal or unenforceable, such provision will be severable from the rest of this Guarantee and the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

11.7 This Guarantee will be binding upon CCCMC and its successors and assigns and will enure to the benefit of Peoples and its successors and assigns. Peoples may assign this Guarantee or any of its rights and powers hereunder without notice, together with all or any of the Obligations hereby guaranteed, and in such event the assignee will have the same rights and remedies as if originally named herein in place of Peoples.

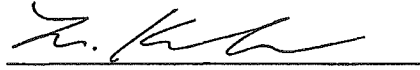
11.8 CCCMC hereby agrees to be responsible for and to pay all costs and expenses, including, without limitation, reasonable solicitors' fees and accountants' fees, incurred by Peoples in connection with the collection from CCCMC of the Obligations hereby guaranteed.

11.9 This Guarantee may be delivered by e-mail.

**Signature page follows.**


In witness whereof CCCMC has executed this Guarantee as of the date at the top of the first page.

Crown Crest Capital Management Corp.



Authorized signatory

**This is Exhibit "S"  
to the Affidavit of Michael Lombard sworn  
remotely before me on November 6, 2023**

DocuSigned by:  
  
BF136400C72D4E9

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A commissioner for taking affidavits

## **Guarantee**

This Guarantee, dated May 29, 2019, is granted by Crown Crest Capital Management Corp. ("CCCMC"), 200 Yorkland Boulevard, Suite 1201, Toronto, Ontario M2J 5C1, to Peoples Trust Company ("Peoples") 888 Dunsmuir Street, Suite 1400, Vancouver, B.C. V6C 3K4.

Whereas:

- A. Pursuant to a warehouse line of credit agreement, dated the same date as this Guarantee (the "Credit Agreement"), Peoples agreed to make certain loans to Crown Crest Capital Trust ("CCCT") on the terms set out in the Credit Agreement.
- B. It is a term of the Credit Agreement that CCCMC guarantee the due and punctual payment in full of all liabilities and obligations of CCCT to Peoples pursuant to the Credit Agreement and of the Note and the Loan (as those terms are defined in the Credit Agreement) (collectively, the "Obligations") by delivering this Guarantee to Peoples.

Now therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree that:

### **1. Guarantee**

1.1 CCCMC hereby unconditionally guarantees and promises to pay, or to cause to be paid, the Obligations to, or to the order of, Peoples.

### **2. Representations and Warranties**

2.1 CCCMC represents and warrants to Peoples that:

- (a) It is duly organized and validly existing under the laws of the jurisdiction of its incorporation and has full power and legal right to execute and deliver this Guarantee and to perform the provisions of this Guarantee on its part to be performed;
- (b) The execution, delivery and performance of this Guarantee have been duly authorized by all necessary corporate action and do not contravene any provision of its articles of incorporation or bylaws;
- (c) The execution and delivery of this Guarantee is not, and the performance of this Guarantee will not be, in contravention of, or in conflict with, any agreement, indenture or undertaking to which CCCMC is a party or by which it or any of its property is or may be bound or affected and do not, and will not, cause any security interest, lien or other encumbrances to be created or imposed upon any such property, other than as herein contemplated; and
- (d) This Guarantee is a legal, valid and binding obligation enforceable against CCCMC in accordance with its terms except as enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights or by general equity principles.

### **3. Guarantee Independent**

3.1 The liability of CCCMC hereunder is independent of the obligations of CCCT and a separate action or separate actions may be brought and prosecuted against CCCMC whether such action is brought or prosecuted against CCCT or whether CCCT is joined in any such action or actions. The liability of CCCMC hereunder is independent of, and not in consideration of, or contingent upon, the liability of any other person under any similar instrument and the release of, or cancellation by any grantor of any similar instrument will not act to release or otherwise affect the liability of CCCMC hereunder. Any reference in this Guarantee to the Credit Agreement includes that agreement as it may be amended, replaced, restated or otherwise modified from time to time.

### **4. Authorization**

4.1 CCCMC authorizes Peoples, without notice or demand and without affecting its liability hereunder, from time to time to:

- (a) Renew, compromise, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Obligations hereby guaranteed, or any part thereof, including increasing or decreasing the rate of interest thereon;
- (b) Take and hold security for the payment of the Obligations hereby guaranteed, or any part thereof, and exchange, enforce, waive or release any such security and apply any such security and direct the order or manner of sale thereof as Peoples, in its discretion, may determine;
- (c) Release or substitute any one or more endorsers, guarantors and/or other obligors of this Guarantee or the Obligations hereby guaranteed, or any part thereof; and/or
- (d) Grant any other indulgence to CCCT or any other person in respect of the Obligations hereby guaranteed.

### **5. Waivers**

5.1 CCCMC waives the right to require Peoples to proceed against CCCT, to proceed under or exhaust any security held from CCCT or any other party or to pursue any other remedy in the power of Peoples whatsoever and CCCMC waives the right to have the property of CCCT first applied to discharge the Obligations hereby guaranteed. Peoples may, at its election, exercise any right or remedy against CCCT or any security held by Peoples from CCCT or any other party, including, without limitation, the right to foreclose upon any such security or to exercise any power of sale without affecting or impairing in any way the liability of CCCMC hereunder, and CCCMC waives any defense arising out of the absence, impairment or loss of any right of reimbursement, contribution or subrogation or any other right or remedy of CCCMC against CCCT, or any such security, whether resulting from such election by Peoples or otherwise. CCCMC waives any defense arising by reason of CCCT ceasing to be liable, either in whole or in part, to Peoples for the Obligations hereby guaranteed by way of bankruptcy, insolvency or other proceedings whereby liability otherwise existing is extinguished by operation of law.

5.2 Until all of the Obligations hereby guaranteed has been satisfied in full, CCCMC will have no right of subrogation to and waives any right to enforce, any remedy which Peoples now has or may

hereafter have against CCCT in respect of the Obligations hereby guaranteed and CCCMC waives any benefit of, and any right to participate in, any security, whether on real or personal property or otherwise, now or hereafter held by Peoples until the Obligations hereby guaranteed has been satisfied in full. CCCMC waives presentment, notice of non-performance, protest, notice of protest, notice of dishonour and notice of acceptance of this Guarantee and of the creation or incurring of new or additional indebtedness of CCCT to Peoples. CCCMC assumes the responsibility for being and keeping itself informed of the financial condition of CCCT and of all other circumstances bearing upon the risk of non-payment of the indebtedness which diligent inquiry would reveal and agrees that Peoples will have no duty to advise CCCMC of information known to it regarding such condition or any such circumstance.

## **6. Security**

6.1 This Guarantee and the agreements of CCCMC herein contained will take effect and will be and are hereby declared to be binding upon CCCMC notwithstanding any defect in or omission from any instrument under which Peoples has taken any security for the Obligations hereby guaranteed, or any part thereof, or any non-registration or non-filing or defective registration or filing thereof. CCCMC hereby further agrees that any loss of any security received by Peoples from CCCT or any other person, whether occasioned through the fault of Peoples or otherwise, will not discharge or limit or lessen the liability of CCCMC under this Guarantee.

## **7. Evidence of Indebtedness**

7.1 A statement in writing of Peoples certifying the indebtedness of CCCT to Peoples remaining unpaid at any time will be prima facie evidence of the said indebtedness and all right to question in any way Peoples' current or future method of dealing with CCCT or any person or persons now or hereafter liable to Peoples for the Obligations hereby guaranteed, or any part thereof, or with any security now or hereafter held by Peoples or with any property covered by such security is hereby waived.

## **8. Principal Debtor**

8.1 For greater certainty, it is hereby declared to be the intention of the parties that this Guarantee will be construed so as to impose the like obligation upon CCCMC as if CCCMC had covenanted as principal with respect to the Obligations hereby guaranteed.

## **9. Bankruptcy**

9.1 Upon the bankruptcy of CCCT or of any surety or guarantor of any of the Obligations hereby guaranteed, the rights of Peoples will not be affected or impaired by any omission by Peoples to prove its claim or to prove its full claim and Peoples may prove such claim as it sees fit and may refrain from proving any claim and in the discretion of Peoples may value as it sees fit or refrain from valuing any security held by Peoples without in any way releasing, reducing or otherwise affecting the liability of CCCMC to Peoples.

## **10. Choice of Law**

10.1 This Guarantee and the rights and obligations of the parties hereto will be governed and construed according to the laws of the British Columbia.

## **11. General**

11.1 All agreements, representations and warranties made herein will survive the execution and delivery of this Guarantee.

11.2 No failure or delay on the part of Peoples in the exercise of any power, right or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such power, right or privilege preclude any other or further exercise of any such power, right or privilege. All powers, rights and privileges hereunder are in addition to, and not in substitution for, any powers, rights or privileges otherwise available.

11.3 No alteration, modification or waiver of this Guarantee or any of its terms, provisions or conditions will be binding on Peoples or CCCMC unless made in writing.

11.4 Upon the execution and delivery by CCCMC to Peoples of this Guarantee, this Guarantee will be deemed to be finally executed and delivered by CCCMC and will not be subject to or affected by any promise or condition affecting or limiting the liability of CCCMC, except as set forth herein, and no statement, representation, agreement or promise on the part of Peoples, unless contained herein, forms any part of this Guarantee or has induced the making hereof or will be deemed to affect the liability of CCCMC hereunder.

11.5 Except as otherwise provided herein, any notice herein required or permitted to be given will be in writing and may be sent by prepaid registered post, properly addressed, and if so sent will be deemed to have been received 3 days after the mailing thereof, or may be delivered personally, and if so delivered will be deemed to have been received at the time of delivery if a business day and if not a business day on the next succeeding business day.

11.6 In case any provision of this Guarantee will be invalid, illegal or unenforceable, such provision will be severable from the rest of this Guarantee and the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

11.7 This Guarantee will be binding upon CCCMC and its successors and assigns and will enure to the benefit of Peoples and its successors and assigns. Peoples may assign this Guarantee or any of its rights and powers hereunder without notice, together with all or any of the Obligations hereby guaranteed, and in such event the assignee will have the same rights and remedies as if originally named herein in place of Peoples.

11.8 CCCMC hereby agrees to be responsible for and to pay all costs and expenses, including, without limitation, reasonable solicitors' fees and accountants' fees, incurred by Peoples in connection with the collection from CCCMC of the Obligations hereby guaranteed.

11.9 This Guarantee may be delivered by e-mail.

**Signature page follows.**



**This is the signature page for the Guarantee dated May 29, 2019.**

In witness whereof CCCMC has executed this Guarantee as of the date at the top of the first page.

Crown Crest Capital Management Corp.

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

Authorized signatory

**This is Exhibit "T"**  
**to the Affidavit of Michael Lombard sworn**  
**remotely before me on November 6, 2023**

DocuSigned by:

*Katherine Yurkovich*

BF136400C72D4F9

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A commissioner for taking affidavits

## **Guarantee**

This Guarantee, dated January 19, 2018, is granted by Crown Crest Financial Corp. (“CCFC”), 200 Yorkland Boulevard, Suite 1201, Toronto, Ontario M2J 5C1, to Peoples Trust Company (“Peoples”), 888 Dunsmuir Street, Suite 1400, Vancouver, B.C. V6C 3K4.

Whereas:

A. Pursuant to a convertible debenture agreement, dated the same date as this Guarantee (the “Convertible Debenture Agreement”), Peoples agreed to loan funds to Simply Green Home Services Inc. (“SGHS”) and SGHS agreed to borrow those funds from Peoples on the terms set out in the Convertible Debenture Agreement.

B. It is a term of the Convertible Debenture Agreement that CCFC guarantee the payment and performance by SGHS of all obligations owing by SGHS to Peoples pursuant to the Convertible Debenture Agreement (collectively, the “Obligations”) by delivering this Guarantee to Peoples.

Now therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree that:

### **1. Guarantee**

1.1 CCFC hereby unconditionally guarantees and promises to pay, or to cause to be paid, the Obligations to, or to the order of, Peoples.

### **2. Representations and Warranties**

2.1 CCFC represents and warrants to Peoples that:

- (a) It is duly organized and validly existing under the laws of the jurisdiction of its incorporation and has full power and legal right to execute and deliver this Guarantee and to perform the provisions of this Guarantee on its part to be performed;
- (b) The execution, delivery and performance of this Guarantee have been duly authorized by all necessary corporate action and do not contravene any provision of its articles of incorporation or bylaws;
- (c) The execution and delivery of this Guarantee is not, and the performance of this Guarantee will not be, in contravention of, or in conflict with, any agreement, indenture or undertaking to which CCFC is a party or by which it or any of its property is or may be bound or affected and do not, and will not, cause any security interest, lien or other encumbrances to be created or imposed upon any such property, other than as herein contemplated; and
- (d) This Guarantee is a legal, valid and binding obligation enforceable against CCFC in accordance with its terms except as enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights or by general equity principles.

### **3. Guarantee Independent**

3.1 The liability of CCFC hereunder is independent of the obligations of SGHS and a separate action or separate actions may be brought and prosecuted against CCFC whether such action is brought or prosecuted against SGHS or whether SGHS is joined in any such action or actions. The liability of CCFC hereunder is independent of, and not in consideration of, or contingent upon, the liability of any other person under any similar instrument and the release of, or cancellation by any grantor of any similar instrument will not act to release or otherwise affect the liability of CCFC hereunder.

### **4. Authorization**

4.1 CCFC authorizes Peoples, without notice or demand and without affecting its liability hereunder, from time to time to:

- (a) Renew, compromise, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Obligations hereby guaranteed, or any part thereof, including increasing or decreasing the rate of interest thereon;
- (b) Take and hold security for the payment of the Obligations hereby guaranteed, or any part thereof, and exchange, enforce, waive or release any such security and apply any such security and direct the order or manner of sale thereof as Peoples, in his discretion, may determine;
- (c) Release or substitute any one or more endorsers, guarantors and/or other obligors of this Guarantee or the Obligations hereby guaranteed, or any part thereof; and/or
- (d) Grant any other indulgence to SGHS or any other person in respect of the Obligations hereby guaranteed.

### **5. Waivers**

5.1 CCFC waives the right to require Peoples to proceed against SGHS, to proceed under or exhaust any security held from SGHS or any other party or to pursue any other remedy in the power of Peoples whatsoever and CCFC waives the right to have the property of SGHS first applied to discharge the Obligations hereby guaranteed. Peoples may, at its election, exercise any right or remedy against SGHS or any security held by Peoples from SGHS or any other party, including, without limitation, the right to foreclose upon any such security or to exercise any power of sale without affecting or impairing in any way the liability of CCFC hereunder, and CCFC waives any defense arising out of the absence, impairment or loss of any right of reimbursement, contribution or subrogation or any other right or remedy of CCFC against SGHS, or any such security, whether resulting from such election by Peoples or otherwise. CCFC waives any defense arising by reason of SGHS ceasing to be liable, either in whole or in part, to Peoples for the Obligations hereby guaranteed by way of bankruptcy, insolvency or other proceedings whereby liability otherwise existing is extinguished by operation of law.

5.2 Until all of the Obligations hereby guaranteed has been satisfied in full, CCFC will have no right of subrogation to and waives any right to enforce, any remedy which Peoples now has or may hereafter have against SGHS in respect of the Obligations hereby guaranteed and CCFC waives any benefit of, and any right to participate in, any security, whether on real or personal property or otherwise, now or

hereafter held by Peoples until the Obligations hereby guaranteed has been satisfied in full. CCFC waives presentment, notice of non-performance, protest, notice of protest, notice of dishonour and notice of acceptance of this Guarantee and of the creation or incurring of new or additional indebtedness of SGHS to Peoples. CCFC assumes the responsibility for being and keeping itself informed of the financial condition of SGHS and of all other circumstances bearing upon the risk of non-payment of the indebtedness which diligent inquiry would reveal and agrees that Peoples will have no duty to advise CCFC of information known to it regarding such condition or any such circumstance.

## **6. Security**

6.1 This Guarantee and the agreements of CCFC herein contained will take effect and will be and are hereby declared to be binding upon CCFC notwithstanding any defect in or omission from any instrument under which Peoples has taken any security for the Obligations hereby guaranteed, or any part thereof, or any non-registration or non-filing or defective registration or filing thereof. CCFC hereby further agrees that any loss of any security received by Peoples from SGHS or any other person, whether occasioned through the fault of Peoples or otherwise, will not discharge or limit or lessen the liability of CCFC under this Guarantee.

## **7. Evidence of Indebtedness**

7.1 A statement in writing of Peoples certifying the indebtedness of SGHS to Peoples remaining unpaid at any time will be prima facie evidence of the said indebtedness and all right to question in any way Peoples' current or future method of dealing with SGHS or any person or persons now or hereafter liable to Peoples for the Obligations hereby guaranteed, or any part thereof, or with any security now or hereafter held by Peoples or with any property covered by such security is hereby waived.

## **8. Principal Debtor**

8.1 For greater certainty, it is hereby declared to be the intention of the parties that this Guarantee will be construed so as to impose the like obligation upon CCFC as if CCFC had covenanted as principal with respect to the Obligations hereby guaranteed.

## **9. Bankruptcy**

9.1 Upon the bankruptcy of SGHS or of any surety or guarantor of any of the Obligations hereby guaranteed, the rights of Peoples will not be affected or impaired by any omission by Peoples to prove its claim or to prove its full claim and Peoples may prove such claim as it sees fit and may refrain from proving any claim and in the discretion of Peoples may value as it sees fit or refrain from valuing any security held by Peoples without in any way releasing, reducing or otherwise affecting the liability of CCFC to Peoples.

## **10. Choice of Law**

10.1 This Guarantee and the rights and obligations of the parties hereto will be governed and construed according to the laws of the British Columbia.

## **11. General**

11.1 All agreements, representations and warranties made herein will survive the execution and delivery of this Guarantee.

11.2 No failure or delay on the part of Peoples in the exercise of any power, right or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such power, right or privilege preclude any other or further exercise of any such power, right or privilege. All powers, rights and privileges hereunder are in addition to, and not in substitution for, any powers, rights or privileges otherwise available.

11.3 No alteration, modification or waiver of this Guarantee or any of its terms, provisions or conditions will be binding on Peoples or CCFC unless made in writing.

11.4 Upon the execution and delivery by CCFC to Peoples of this Guarantee, this Guarantee will be deemed to be finally executed and delivered by CCFC and will not be subject to or affected by any promise or condition affecting or limiting the liability of CCFC, except as set forth herein, and no statement, representation, agreement or promise on the part of Peoples, unless contained herein, forms any part of this Guarantee or has induced the making hereof or will be deemed to affect the liability of CCFC hereunder.

11.5 Except as otherwise provided herein, any notice herein required or permitted to be given will be in writing and may be sent by prepaid registered post, properly addressed, and if so sent will be deemed to have been received 3 days after the mailing thereof, or may be delivered personally, and if so delivered will be deemed to have been received at the time of delivery if a business day and if not a business day on the next succeeding business day.

11.6 In case any provision of this Guarantee will be invalid, illegal or unenforceable, such provision will be severable from the rest of this Guarantee and the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

11.7 This Guarantee will be binding upon CCFC and its successors and assigns and will enure to the benefit of Peoples and its successors and assigns. Peoples may assign this Guarantee or any of its rights and powers hereunder without notice, together with all or any of the Obligations hereby guaranteed, and in such event the assignee will have the same rights and remedies as if originally named herein in place of Peoples.

11.8 CCFC hereby agrees to be responsible for and to pay all costs and expenses, including, without limitation, reasonable solicitors' fees and accountants' fees, incurred by Peoples in connection with the collection from CCFC of the Obligations hereby guaranteed.

11.9 This Guarantee may be delivered by e-mail.

*[Signature page follows]*

In witness whereof CCFC has executed this Guarantee as of the date at the top of the first page.

Crown Crest Financial Corp.

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

Authorized signatory

**This is Exhibit “U”  
to the Affidavit of Michael Lombard sworn  
remotely before me on November 6, 2023**

DocuSigned by:

*Katherine Yurkovich*

BE136400C72D4E9

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A commissioner for taking affidavits



## SUB-SERVICING AGREEMENT

This sub-servicing agreement (the “**Agreement**”) made as of the 13th day of October, 2020 (the “**Effective Date**”),

BETWEEN

**SIMPLY GREEN HOME SERVICES CORP.**  
(formerly Simply Green Home Services Inc.), an Ontario corporation  
(hereinafter “**Servicer**”)

AND

**SIMPLY GREEN HOME SERVICES INC.**  
(formerly 2775153 Ontario Inc.), an Ontario corporation  
(hereinafter “**Sub-servicer**”)

AND

**2775996 ONTARIO INC.**, an Ontario corporation  
(hereinafter, “**Guarantor**”)

AND

**PEOPLES TRUST COMPANY**, a federally regulated trust company  
(hereinafter “**PTC**”)

AND

**GREYPOINT CAPITAL INC.**, a Canada corporation  
(hereinafter “**Greypoint**” and, together with PTC, the “**Senior Funders**”)

WHEREAS certain affiliates and/or subsidiaries of the Servicer (“**Servicer Affiliates**” and, individually, a “**Servicer Affiliate**”), being Crown Crest Capital Trust (“**CCCT**”) and Crown Crown Financial Corp (“**CCFC**”), are indebted and otherwise obligated to PTC pursuant to the terms of certain warehouse credit facilities more particularly described in Schedule “A” annexed hereto (as the same may be modified, amended, restated or replaced from time to time, the “**PTC Credit Agreements**”);

AND WHEREAS certain of the Servicer Affiliates, being CCCT and CCFC, have entered into a series of concurrent lease agreements with PTC more particularly described in Schedule “B” annexed hereto (as the same may be modified, amended, restated or replaced from time to time, the “**PTC Concurrent Lease Agreements**”);

AND WHEREAS the Servicer has guaranteed the obligations of the Servicer Affiliates to PTC pursuant to the PTC Credit Agreements and the PTC Concurrent Lease Agreements in accordance with the terms of certain guarantees granted by the Servicer to PTC (as the same may be modified, amended, restated or replaced from time to time, the “**Servicer PTC Guarantees**”);

AND WHEREAS as security for its obligations to PTC in connection with the PTC Credit Agreements and the Servicer PTC Guarantees, the Servicer has granted a security interest pursuant to a general security agreement in favour of PTC (the “**Servicer PTC Security**”);

AND WHEREAS the Servicer borrowed \$12,500,000 from PTC by way of two convertible debentures, the first of which is dated January 19, 2018 and the second of which, as amended and restated, is dated

June 30, 2019, of which the principal amount of \$• remains outstanding (the “**PTC Convertible Debentures**”);

AND WHEREAS one of the Servicer Affiliates, CCCT, has incurred indebtedness to Greypoint pursuant to the terms of a warehouse line of credit agreement with Greypoint more particularly described in Schedule “C” annexed hereto (as the same may be modified, amended, restated or replaced from time to time, the “**Greypoint Credit Agreement**”);

AND WHEREAS the Servicer has guaranteed the obligations of the Servicer Affiliate to Greypoint pursuant to the Greypoint Credit Agreement in accordance with the terms of a guarantee granted by the Servicer to Greypoint as of the same date as the Greypoint Credit Agreement (as amended, modified, restated or replaced from time to time, the “**Servicer Greypoint Guarantee**”);

AND WHEREAS the Servicer has, for the benefit of each of its Servicer Affiliates, PTC and Greypoint, performed all of the servicing obligations on behalf of all its Servicer Affiliates in relation to all existing consumer lease assets (the “**Existing Assets**”) that are owned by its Servicer Affiliates and subject to either the PTC Credit Agreement, the PTC Concurrent Lease Agreements and the Greypoint Credit Agreement including, without limitation, the administration and management of the Existing Assets, the origination, underwriting and documentation of the Existing Assets all customer service, billing and collections activity in relation to the Existing Assets, all warranty fulfillment and repair activities in respect of the Existing Assets and all accounting, banking and reporting activities in respect of the Existing Assets, as such obligations exist now and from time to time (together, the “**Servicing Obligations**”);

AND WHEREAS in connection with the completion of the acquisition of certain competing and/or complementary businesses and assets by the controlling shareholders of the Servicer and a financial sponsor, including the acquisition of SNAP Financial Group Inc. (“**SNAP**”) and Dealnet Capital Inc. (“**Dealnet**”) on or about the date hereof (the “**Related Transactions**”), a corporate reorganization will also proceed pursuant to which the Servicer will wind down all business activity and cease the direct performance of the Servicing Obligations;

AND WHEREAS in order to ensure the continuing and uninterrupted performance of the Servicing Obligations to the satisfaction of the Servicer Affiliates, PTC and Greypoint, the Servicer has agreed to transfer to the Sub-servicer all of its tangible and intangible operating assets, employees and other resources that are used or useful by the Servicer in the performance and fulfillment of the Servicing Obligations, with such transfer being effected by way of the asset purchase agreement annexed hereto as Schedule “D” (the “**APA**”), the intellectual property license annexed hereto as Schedule “E” (the “**IP License**”) and the head office lease assignment confirmed by way of correspondence annexed here to as Schedule “F” (the “**Lease Assignment**”);

AND WHEREAS the Sub-servicer, pursuant to this Agreement, has agreed, with the Servicer and in favour of each of PTC and Greypoint, to perform the following service obligations on behalf of the Servicer: the administration and management of the Existing Assets, all customer service, billing and collections activity in relation to the Existing Assets, all warranty fulfillment and repair activities in respect of the Existing Assets and all accounting, banking and reporting activities in respect of the Existing Assets (collectively the “**Sub-Servicing Obligations**”) on behalf of the Servicer from and after the date hereof subject only to the contemporaneous completion of the Related Transactions, as well as the APA, IP License and Lease Assignment;

AND WHEREAS the Servicer, together with the Servicing Affiliates, shall remain solely responsible for all of their obligations to PTC and Greypoint, respectively, other than the Sub-servicing Obligations. Specifically, the Servicer shall remain solely liable for any financial or credit-related obligations of the Servicer or the Servicer Affiliates under the PTC Credit Agreements, the Servicer PTC Guarantee and the Greypoint Credit Agreement and the Servicer Greypoint Guarantee including, without limitation, all obligations in relation to any past or future default, delinquency or deficiency of the Existing Assets rendering them “ineligible” for funding and subject to buy-back or other similar obligations (the “**Credit Obligations**”).

AND WHEREAS the Guarantor, as sole shareholder of SNAP, Dealnet and the Sub-servicer, has agreed to guarantee the performance of the Sub-Servicing Obligations by the Sub-servicer;

AND WHEREAS the parties hereto wish to set out the obligations of the Sub-servicer being the Sub-Servicing Obligations and all other continuing obligations of the Servicer in relation to the Senior Funders;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the foregoing and the covenants herein contained, the receipt and sufficiency of which is hereby acknowledged and confirmed, the parties hereto hereby agree as follows:

1. Agreement and Consent: With the consent of each of the Servicer, PTC and Greypoint hereby given, the rights and obligations of the Servicer, whether as principal or guarantor, under each of the PTC Credit Agreements, the PTC Concurrent Lease Agreements and the Greypoint Credit Agreement, are hereby incorporated into this Agreement as rights and obligations of the Sub-servicer to each of the Servicer and PTC or Greypoint, as applicable, in accordance with the terms hereof. The obligations hereby incorporated and assumed by the Sub-servicer and guaranteed by the Guarantor include only the Sub-servicing Obligations and specifically exclude the Credit Obligations and any security granted by the Servicer or by the Servicer Affiliates. PTC and Greypoint further hereby further consent not only to the completion of the APA, the IP and the Lease Assignment in accordance with their terms, but also to the transfer of the business assets and operations of the Servicer to the Sub-servicer, contemporaneously with the completion of the Related Transactions.

2. Sub-Servicing Obligations: The Sub-servicer hereby covenants and agrees with the Servicer, PTC and Greypoint to honour, perform and fulfill all of the Sub-Servicing Obligations of the Servicer to, and in favour of, each of the Servicer Affiliates and each of the Senior Funders in relation to the administration and servicing of the Existing Assets, all as more particularly set out, respectively, in the PTC Credit Agreement, the PTC Concurrent Lease Agreements, the Servicer PTC Guarantee, the Greypoint Credit Agreement and the Servicer Greypoint Guarantee.

3. Guarantee and Indemnity: The Guarantor, for the benefit and in favour of each of the Servicer, the Servicer Affiliates, PTC and Greypoint (collectively, the **"Beneficiaries"**), both jointly and severally, hereby guarantees the performance and fulfillment of the Sub-Servicing Obligations by the Sub-servicer and further agrees to indemnify the Beneficiaries and save each of them harmless from any loss, damage, suit, cost or other proceeding (collectively, **"Claims"**) arising from the failure of the Sub-servicer to perform the Sub-Servicing Obligations in accordance with their terms (the **"Servicing Guarantee"**). For greater certainty, this indemnity does not extend to any Claims of Beneficiaries related to the Credit Obligations.

4. Tangible Net Worth: During the term of this Agreement, the Guarantor hereby agrees to maintain, on a consolidated basis, a tangible net worth of no less than Forty-five Million Dollars (\$45,000,000) in support of its obligations pursuant to the Servicing Guarantee, it being understood that "tangible net worth" shall be calculated to include amounts advanced to the Guarantor under shareholder loans on terms where the Guarantor has agreed with any third party benefitting from its covenant that repayment rights under such shareholder loans are restricted so as to preclude any such repayment of shareholder loans that would result in a deficiency in the Guarantor's tangible net worth as so calculated. For greater certainty, to the extent such restrictions are no longer in force or effect or are otherwise not binding upon the Guarantor for any reason, amounts advanced and outstanding under shareholder loans will not be included in any such calculation of tangible net worth. The Guarantor shall provide to PTC and Greypoint on a quarterly basis a certificate of a responsible officer of the Guarantor certifying as to compliance with the tangible net worth covenant set forth this Section 4 and the backup calculations reasonably necessary to make such determination. In the event of a breach of the tangible net worth covenant set forth in this Section 4 that is not cured within 3 days of such breach, PTC and Greypoint shall, notwithstanding the terms of such agreements, be entitled to treat such breach as a "Servicer Termination Event" (under the PTC Concurrent Lease Agreements) or an event of default (under the PTC Credit Agreements or the Greypoint Credit Agreement).

5. Compensation: In consideration of its performance of the Sub-Servicing Obligations, the Sub-servicer shall be entitled to recover monthly from the Servicer, by way of a sub-servicing fee, that dollar amount equal to (a) one hundred and one percent (101%) of the Sub-servicer's actual cost of performing the Sub-Servicing Obligations, plus applicable taxes, including, without limitation, the pro-rated or directly allocated costs of (i) rent and additional rent for its office premises to the extent required for the administration and servicing of the Existing Assets, (ii) direct and indirect compensation of employees and/or independent contractors engaged directly in administering and sub-servicing the Existing Assets (the "**Sub-servicing Human Resources**"), (iii) management oversight of the Sub-servicing Human Resources, (iv) IT and telephone systems, networks and equipment, licensed software applications and any other third party products and/or services, and (v) the Sub-servicer's actual costs associated with other tangible and/or intangible assets and resources including, without limitation, any cash payments or disbursements, in each case, as is reasonably required in the performance of the Sub-Servicing Obligations whether to PTC, Greypoint or any third party, plus (b) the Sub-servicer's actual costs associated with licensing the intellectual property of the Servicer<sup>1</sup> or, if reasonably required in the performance of the Sub-Servicing Obligations, any other intellectual property (together, the "**Sub-servicing Charge**"). The Sub-servicing Charge will be payable monthly by the Servicer to the Sub-servicer upon invoicing. Any change in the definition (and related calculation) of the Sub-servicing Charge pursuant to this Section that would result in a diminution of the residual cash flow or value of any serviced entity that receives funding from one or both of the Senior Funders must be approved by each of the affected Senior Funders, acting reasonably.

6. Taxes: The Servicer shall pay and be liable for all sales, use, service, value added tax, transfer, consumption or similar taxes ("**Taxes**") levied against or upon it. Such Taxes will be contained in each invoice and will be payable in accordance with the provisions set out in Section 5.

7. Servicer Indemnity: The Servicer hereby covenants and agrees to indemnify the Sub-servicer and the Guarantor and save it harmless from any loss, damage, suit, cost or other proceedings arising directly or indirectly from payment of any amount required to be paid by the Sub-servicer or the Guarantor to any of the Beneficiaries pursuant to Sections 2 or 3 hereto (the "**Servicer Indemnity**").

8. Matters Affecting Existing Assets: The Servicer and the Sub-servicer hereby represent and warrant in favour of each of the Senior Funders that, while this Agreement effects the transfer of the burden of the Sub-servicing Obligations in respect of the Servicer Affiliates to the Sub-servicer, nothing in this Agreement, the APA, the IP, the Lease Assignment, or any agreement concerning the transfer of the business assets and operations of the Servicer to the Sub-servicer (collectively the "**Transaction Agreements**") either (a) transfers or assigns any right in or title to any Existing Assets of either of the Servicer Affiliates that are subject to the PTC Credit Agreements or the Greypoint Credit Agreement to any other person or entity, (b) changes the name of the Servicer Affiliates, (c) purports to subordinate, amend or otherwise alter the Servicer PTC Guarantee or the Servicer Greypoint Guarantee or any security interest granted by the Servicer or the Servicer Affiliates to Greypoint or PTC pursuant thereto, or (d) amends the terms of the Greypoint Credit Agreement, the PTC Credit Agreements, the PTC Concurrent Lease Agreements or the PTC Convertible Debenture. Further, and for greater certainty, the Servicer, Sub-servicer and Guarantor hereby jointly and severally acknowledge and agree, in favour of both Greypoint and PTC that, notwithstanding any other provision of this Agreement or any of the Transaction Agreements, no consent or approval by either of the Senior Funders to any of the actions set out above in (i) through (iv) inclusive is hereby given and that any such action is prohibited absent the consent of Greypoint or PTC, as applicable, in its own unfettered discretion.

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<sup>1</sup> NTD : Monthly invoices to include a proportion of the annual License Fee payable by the Sub-servicer under the IP License (based on a reasonable monthly allocation of the License Fee for the applicable year, with any necessary catch-up payment to be made upon the adjustment of the License Fee under the IP License).

9. Term and Termination: This Agreement shall remain in force and effect and the obligations of the Sub-servicer hereunder shall be enforceable by each of the Beneficiaries notwithstanding any insolvency, bankruptcy or other default of the Servicer for so long as there remain Existing Assets subject to the PTC Credit Agreements, the PTC Concurrent Lease Agreements and/or the Greypoint Credit Agreement. This Agreement may be terminated by the Servicer, either of the Senior Funders at any time by notice in writing, in each case with the consent of each of the Senior Funds if and when either (i) the Sub-servicer or the Guarantor becomes insolvent or bankrupt or, (ii) subject always to notice and a minimum three (3) day cure period, the Sub-servicer is otherwise materially in default of its obligations hereunder including, without limitation, its performance of the Sub-Servicing Obligations or (iii) the Guarantor is in default of its obligations pursuant to the Servicing Guarantee. In the event of a such a termination, PTC and Greypoint shall, notwithstanding the terms of such agreements, be entitled to treat such a termination as a "Servicer Termination Event" (under the PTC Concurrent Lease Agreements) or an event of default (under the PTC Credit Agreements or the Greypoint Credit Agreement).

10. Notice: Any notice required or permitted to be given pursuant to this Agreement shall be in writing and shall be addressed and delivered by the pre-paid registered mail, electronic communication (if a positive receipt is acknowledged from the recipient), courier, or personal delivery to a party in accordance with the below:

(a) If to the Servicer

2225 Sheppard Ave E Suite 800,  
North York, ON M2J 5C2  
Attention: Lawrence Krimker  
Email: lawrence.krimker@mysimplygroup.co

(b) if to the Sub-servicer

2225 Sheppard Ave E Suite 800,  
North York, ON M2J 5C2  
Attention: Lawrence Krimker  
Email: lawrence.krimker@mysimplygroup.co

(c) if to the Guarantor

2225 Sheppard Ave E Suite 800,  
North York, ON M2J 5C2  
Attention: Lawrence Krimker  
Email: lawrence.krimker@mysimplygroup.co

(d) if to PTC:

888 Dunsmuir Street, Suite 1400  
Vancouver, B.C. V6C 3K4  
Attention: Doug Lee  
Email: douglasl@peoplesgroup.com

(d) If to Greypoint:

77 Bloor Street West, Suite 1704  
Toronto, Ontario M5S 1M2  
Attention: Holly Allen and Andrew Spinner  
Email: andrew.spinner@greypoint.ca

Notice, if by personal service shall be deemed to be received on day of delivery, and if by reputable overnight courier with all charges prepaid shall be deemed to be received one (1) business day after

deposit with such courier, and if by mail, shall be deemed to be received three (3) business days after the date of mailing, unless there exists at the time of mailing or within three days of mailing a labour dispute which would preclude the delivery of the mail, in which case notice shall only be deemed to have been received if actually delivered.

11. Insolvency: The provisions of this Agreement shall govern notwithstanding the terms of each of the PTC Credit Agreements, the PTC Concurrent Lease Agreements or the Greypoint Credit Agreement, and whether or not any bankruptcy, receivership or any other insolvency proceedings shall have commenced against the Servicer, the Sub-servicer or the Guarantor.

12. Assurances: Each of the Senior Funders shall, at the request of the other, from time to time (whether before or after the occurrence of any breach or default under the PTC Credit Agreements, the PTC Concurrent Lease Agreements or the Greypoint Credit Agreement, as applicable, or breach by the Servicer, Sub-servicer or Guarantor of any of the provisions of this Agreement) do all such acts and things and execute and deliver all such deeds as the requesting party may reasonably require in order to exercise all powers, authorities and set out herein, including the filing, registering, recording or delivering all such security notices, financing statements, financing change statements or other notices as may be required to preserve and protect the subordinations provided herein; it being understood, for certainty, that no party hereto shall make any security filings as against Sub-servicer or Guarantor.

13. Binding Nature: This Agreement is a continuing agreement and shall remain in full force and effect and enure to the benefit of and be binding upon each of the parties hereto and their respective successors and assigns.

14. Assignment: None of the burdens or benefits of this Agreement may be assigned by the Servicer, Sub-servicer or Guarantor hereunder to any third party (except to its financiers) without the consent of both of the Senior Funders which may be unreasonably withheld.

15. Execution: This Agreement may be executed in counterpart and, when executed in counterpart, shall have the same effect as if all the parties had executed one (1) agreement.

16. Governing Law: This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

[Execution on Following Page]

IN WITNESS hereof the undersigned have executed this Agreement as of the date first written above.

**SIMPLY GREEN HOME SERVICES CORP.**

Per:



\_\_\_\_\_  
Authorized Signing Officer

**SIMPLY GREEN HOME SERVICES INC.**

Per:



\_\_\_\_\_  
Authorized Signing Officer

**2775996 ONTARIO INC.**

Per:



\_\_\_\_\_  
Authorized Signing Officer

**PEOPLES TRUST COMPANY.**

Per:

\_\_\_\_\_  
Authorized Signing Officer

**GREYPOINT CAPITAL INC.**

Per:

\_\_\_\_\_  
Authorized Signing Officer

IN WITNESS hereof the undersigned have executed this Agreement as of the date first written above.

**SIMPLY GREEN HOME SERVICES CORP.**  
Per:

\_\_\_\_\_  
Authorized Signing Officer

**SIMPLY GREEN HOME SERVICES INC.**  
Per:

\_\_\_\_\_  
Authorized Signing Officer

**2775996 ONTARIO INC.**  
Per:

\_\_\_\_\_  
Authorized Signing Officer

**PEOPLES TRUST COMPANY**  
Per:

*[Handwritten Signature]*  
Authorized Signing Officer

*Raymond Brookton  
SVP RETAIL LENDING*

*W.C. Moffatt*  
Authorized Signing Officer

Executive Advisor

**GREYPOINT CAPITAL INC.**  
Per:

\_\_\_\_\_  
Authorized Signing Officer



IN WITNESS hereof the undersigned have executed this Agreement as of the date first written above.

**SIMPLY GREEN HOME SERVICES CORP.**  
Per:

\_\_\_\_\_  
Authorized Signing Officer

**SIMPLY GREEN HOME SERVICES INC.**  
Per:

\_\_\_\_\_  
Authorized Signing Officer


**2775996 ONTARIO INC.**  
Per:

\_\_\_\_\_  
Authorized Signing Officer

**PEOPLES TRUST COMPANY.**  
Per:

\_\_\_\_\_  
Authorized Signing Officer

**GREYPOINT CAPITAL INC.**  
Per: Holly Allen

  
\_\_\_\_\_  
Authorized Signing Officer

Schedule "A"

**PTC CREDIT AGREEMENTS**

[to be provided]

## WAREHOUSE LINE OF CREDIT AGREEMENT

This Warehouse Line of Credit Agreement is entered into this 1<sup>st</sup> day of December, 2016

This agreement is entered into by and among Crown Crest Funding Corp. (the "Trustee"), in its capacity as trustee of Crown Crest Capital Trust, a trust duly formed and validly existing trust under the laws of the Province of Ontario (the "Borrower"), Crown Crest Capital Management Corp., a corporation incorporated under the laws of the Province of Ontario ("Guarantor") and Peoples Trust Company, a trust company existing under the laws of Canada ("PTC").

### RECITALS:

- A. Borrower is a special purpose trust, formed to acquire and hold Leases for the lease or sale of Approved Equipment originated by the Originators;
- B. Borrower desires to obtain from PTC a demand revolving line of credit ("Loan") and PTC is willing to make the Loan, but only on the terms and conditions hereinafter set forth; and
- C. PTC may from time to time acquire Leases from Borrower on the terms and conditions to be set forth in the Sale and Servicing Agreement entered into after the date hereof (the "Sale and Servicing Agreement") between PTC and the Borrower.

NOW, THEREFORE in consideration of the premises and the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### 1. DEFINITIONS.

"Advances" has the meaning ascribed to it in Section 2.1.

"Advance Request" means an advance request in the form of Schedule A.

"Adverse Claim" means a security interest or other lien, charge, encumbrance, right or claim, including any filing or registration made in respect thereof, of or through any Person (other than PTC).

"Agreement" shall mean this Credit Agreement and all schedules and exhibits hereto, as may be amended, restated, supplemented, modified or replaced from time to time.

"Approved Equipment" shall mean storage water heaters, tankless water heaters, water filtration and/or treatment systems, Heating Recovery Ventilation ('HRV') and/or High-efficiency particulate arrestance ('HEPA') systems, furnace and air conditioning ('HVAC') equipment and boiler systems, sub-metering equipment as well as such other consumer equipment as may be agreed by the Borrower under Program Agreements.

"Approved Originator" means each of the following Originators, together with any additional Originators approved by PTC in writing:

- a) Simply Green Home Services Inc.;

- b) Alberta Water Home Comfort Services Inc.;
- c) HVAC Consulting Corporation;
- d) Ontario HVAC and Water Incorporated;
- e) Applied Energy Incorporated;
- f) Preferred Air Limited;
- g) 4140800 Canada Inc. carrying on business as Cool Heat Comfort;
- h) Penguin Heating & Cooling Incorporated;
- i) 9506888 Canada Incorporated, carrying on business as True North Home Solutions;
- j) National Green Home Services;
- k) Alberta Quality Home Comfort Incorporated;
- l) Canada Green Energy Ltd.; and
- m) Just Green Home Services.

“BFI Facility” means the Borrower’s existing warehouse financing of Leases made available by Bridge Finance Inc. and/or its affiliates (including, without limitation, Sprott Bridging Income Fund LP).

“Blocked Account Agreement” means the blocked account agreement made as of the date hereof between the Trustee, PTC and The Toronto–Dominion Bank, as the same may be amended, restated, supplemented or replaced from time to time.

“BMO Prime” means, at any time, the posted “prime rate” of interest charged by Bank of Montreal for its commercial loans that are made in Canadian dollars.

“Borrowing Base” means at any time, the product of (i) 90%, and (ii) the sum of the present values of all unpaid Scheduled Payments arising under Eligible Assets then owned by the Borrower, discounted to such date at a discount rate equal to the sum of BMO Prime in effect at such time plus 3.55% per annum.

“Borrowing Base Certificate” means a certified calculation of the Borrowing Base in the form of Schedule B.

“Business Day” means any day that is not a Saturday, Sunday or other day to which commercial banks in Vancouver, British Columbia or Toronto, Ontario are authorized or required by applicable law to remain closed.

“Charged–Off Asset” means any Lease Asset (i) for which the Borrower has become aware that an Insolvency Event has occurred in respect of the related Obligor or (ii) that is or is required to be charged–off as uncollectible by the Borrower in accordance with the Credit and Collection Policies it being acknowledged that under the Credit and Collection Policies a Lease Asset would be charged–off as uncollectible upon the Borrower becoming aware that an Insolvency Event had occurred in respect of the related Obligor.

“Collections” means, without duplication (i) in respect of any Eligible Asset, all cash collections and other cash proceeds in respect thereof and of the related rights and Leases and (ii) the net proceeds of any disposition of the related Eligible Asset.

“Collections Account” means the account established and maintained in the name of the Borrower as the account owner at The Toronto–Dominion Bank (Branch ID: 14822, Account Number: 14825293714) or such other account as is designated by notice to PTC as the Collections Account for the purposes hereof, which account shall at all times be subject to a blocked account agreement in form and substance acceptable to PTC.

“Credit and Collection Policies” means the Borrower’s credit, collection and administration policies and procedures relating to its portfolio of loans, as represented in the Borrower’s operating procedures manual, which for greater certainty, has been reviewed and approved by PTC.

“Credit Parties” means, collectively, the Borrower, the Guarantor and the Trustee, and “Credit Party” means any of them.

“Delinquency Rate” means, for any Reporting Period, the sum of the Outstanding Balances of Eligible Assets that are Delinquent Assets at the end of such Reporting Period, divided by the Outstanding Balance of all Eligible Assets at the end of such Reporting Period.

“Delinquency Rate Reimbursement” means an administration fee equal to \$2500, which for greater certainty, is not and shall not be deemed to be a penalty in any way, and represents costs incurred by PTC with respect to the monitoring, analyzing and reporting on the Excess Delinquencies as such term is defined in Section 2.5.

“Delinquent Asset” means a Lease Asset where any amount payable thereunder or any portion thereof is more than 30 days past due.

“End Date” shall have the meaning set forth in Section 2.1.

“Eligible Asset” means any Lease Asset:

- (a) in respect of which the Obligor thereunder is a Person who is resident in Canada and is not (i) an affiliate of the Borrower; (ii) the Government of Canada or any agency or instrumentality thereof or any federal crown corporation other than those listed as exempt under applicable legislation from restrictions or requirements for consent or notice on the assignment of receivables in respect of which they are obligors; or (iii) any provincial government or agency thereof if the enforceability against such government or agency of an assignment of debts owing thereby is subject to any pre-condition which has not been fulfilled;
- (b) which is not a Charged-Off Asset;
- (c) that has a fair market value that is greater than or equal to its face value;
- (d) which is payable to an address in Canada only and is denominated and payable in Canadian Dollars and in respect of which the Obligor has been directed to remit payments to the Collections Account;

- (e) which has been duly authorized, executed and delivered by the parties thereto, has been entered into in compliance with all applicable laws (including any licensure laws applicable to Borrower), and, together with all related Rights (including any guarantee, indemnity or agreement referred to in clause (g) of the definition of Rights), is in full force and effect and constitutes the legal, valid and binding obligation of the related Obligor enforceable against such Obligor in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject to equitable principles of general application (regardless of whether enforcement is sought in a proceeding at law or in equity);
- (f) which is not subject to any dispute, set-off, counterclaim or defense whatsoever, no prepayments have been made thereunder and which is owned by the Borrower and free of any Adverse Claim and has not been extended or otherwise modified except in the ordinary course of business and in accordance with the Credit and Collection Policies;
- (g) in respect of which the Borrower or the Originator is not in default in the performance of any of the covenants of the Borrower or the Originator thereunder;
- (h) the terms of which do not contravene any laws, rules or regulations applicable thereto (including, without limitation, such laws, rules, or regulations relating to usury, truth in lending, credit business practices, cost of borrowing, consumer protection, equal credit opportunity, fair debt collection practices and privacy), except where such contravention would not materially adversely affect the collectability or enforceability of the related Rights;
- (i) in which the perfection of the Borrower's rights complies with the requirements of the Credit and Collection Policies in all material respects;
- (j) the related Obligor is not the subject of any Insolvency Event (except where such Insolvency Event occurred prior to the origination of the Lease and such origination was consistent with the Credit and Collection Policies) and there are no such proceedings pending, or to the best of the Borrower's knowledge, threatened against such Obligor;
- (k) in respect of which the related Rights may be assigned in whole or in part without the consent of the related Obligor;
- (l) which is documented pursuant to a form of contract which is similar in all material respects to one of the forms of contract that have previously been delivered to and accepted by PTC, acting reasonably;
- (m) in respect of which the Borrower is the legal and beneficial owner of the Lease Asset, the related Leases and Rights free and clear of any Adverse Claim other than as contemplated hereunder;
- (n) that has not been satisfied, subordinated, waived or rescinded;

- (o) that has not been compromised, adjusted or modified except in accordance with the Credit and Collection Policies;
- (p) that was generated in the ordinary course of business;
- (q) for which all filings or recordings with respect to the Borrower's interest therein and the related Leases and Rights necessary by law or reasonably prudent and desirable for the perfection and protection of such interests including any further filings, recordings or renewals thereof, have been effected by the Borrower;
- (r) in respect of which the related Originator Reserve required under the terms of the related Program Agreement has been deposited to the Reserve Account;
- (s) that is not a Non-Performing Asset or a Lease Asset that has more than fifteen percent (15%) of the total amount owing from the Obligor then due and payable and remaining unpaid for more than the number of days set forth in Section 15 after the date due under the terms of the related invoice;
- (t) in respect of which the related Originator is an Approved Originator;
- (u) which is not a Lease Asset specifically excluded by the Borrower in a Borrowing Base Certificate, provided that the Borrower may not exclude any Lease Assets as contemplated hereunder if the aggregate amount of Advances then outstanding exceeds or would exceed the Borrowing Base at such time; and
- (v) the related Obligor's credit score at the time of origination was not less than 500 and if the Lease Asset is a Low Score Lease, the Outstanding Balance of such Lease Asset, together with the Outstanding Balance of all Eligible Assets that are Low Score Leases does not exceed 5% of the Outstanding Balance of all Eligible Assets at such time.

"GAAP" means at any particular time with respect to any Credit Party, generally accepted accounting principles as in effect at such time in Canada, consistently applied.

"Governmental Authority" means any federal, state, provincial, regional, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guarantee" has the meaning ascribed to it in Section 4.1.

"HVAC" has the meaning ascribed to it in the definition of Approved Equipment.

"Indemnitee" has the meaning ascribed to it in Section 14.2.

"Insolvency Event" means, in respect of any Person, such Person shall generally not pay its debts as they become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceedings shall be instituted by or against, as the case may be, seeking to adjudicate it as bankrupt or insolvent or seeking liquidation, winding up, reorganization arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization

or relief of insolvent debtors, or seeking the entry of an order for relief by the appointment of a receiver, trustee, custodian or similar official for its or a substantial part of its property and, if such proceeding has been instituted against such Person, while being contested in good faith by such Person, such proceeding has not been stayed or dismissed within 45 days, or a receiver, trustee, custodian or other similar official is appointed for it or any substantial part of its property; or a receiver being privately appointed in respect of a substantial part of the assets of such Person; or such Person, takes any corporate action to authorize any of the actions described above.

“Lease” means a lease, rental agreement or conditional sales contract or similar agreement (including a sub-metering agreement) for the lease or sale of Approved Equipment originated by an Originator.

“Lease Asset” means a Lease together with the related Rights.

“Leased Equipment” means in respect of a Lease, the equipment leased to the related Obligor hereunder, including any replacements thereof under the terms of the Lease.

“Loan” has the meaning ascribed to it in Recital B.

“Loan Documents” has the meaning ascribed to it in Section 5.1(a).

“Low Score Leases” means Lease Assets in respect of which the beacon score of the related Obligor is less than 600 on the date such Lease Asset is originated.

“Management Debt” means the subordinated debt provided to the Borrower by SGHS and/or SGHS’ employees for the purposes of financing Leases.

“Maximum Amount of Loan” means the amount set forth in Section 15.

“Non-Performing Asset” means any Lease Asset that is more than 90 days past due.

“Note” has the meaning ascribed to it in Section 2.4.

“Obligor” means in respect of any Lease Asset, the Person or Persons obligated to make payments thereunder.

“Originators” means Approved Originators and such other Persons who become parties to Program Agreements with the Borrower from time to time.

“Originator Reserves” means the cash reserves held by the Borrower under the Program Agreements and available to be applied toward losses or other shortfalls suffered in respect of the Lease Assets acquired under the related Program Agreement.

“Outstanding Balance” means at any time in respect of a Lease Asset, the product of (i) 90%, and (ii) the sum of the present values of all unpaid Scheduled Payments arising under such Lease Assets, discounted to such date at a discount rate equal to the sum of BMO Prime in effect at such time plus 3.55% per annum.



“Person” includes any natural person, corporation, company, limited liability company, unlimited liability company, trust, joint venture, association, incorporated organization, partnership, Governmental Authority or other entity.

“Program Agreements” means the program agreements entered into by the Borrower with each Originator pursuant to which the Borrower acquires Leases from time to time.

“Records” means, in respect of any Lease Asset, all contracts (including those evidencing such Lease Asset), books, records, reports and other documents and information (including, to the extent obtainable by way of existing software controlled by the Borrower, hard copies of all data maintained in databases of the Borrower, tapes and disks) maintained by or on behalf of the Borrower in respect of the Lease Assets and the related Obligor.

“Reporting Period” means a calendar month.

“Reserve Account” means the account established and maintained in the name of PTC as the account owner at The Toronto–Dominion Bank (account number is 01020–5516580) or such other account as is designated by notice to the Borrower as the Reserve Account for the purposes hereof.

“Rights” means, in respect of any Lease Asset, the following:

- (a) all rights and benefits accruing to the Borrower under such Lease Asset, including all right, title and interest in and to the related receivables;
- (b) all of the Borrower’s right, title and interest in and to the related Leased Equipment;
- (c) all of the Borrower’s right, title and interest in the Originator Reserves held under the Program Agreements in respect of the Lease Asset and available to be applied toward the payment of any Lease Asset under the terms of the related Program Agreement;
- (d) all right in or to payments (including both proceeds and, to the extent the Borrower has any rights therein, premium refunds) under any insurance policies maintained by the related Obligor pursuant to the terms of such Lease Asset or by the Borrower in respect of such Lease Asset;
- (e) all claims, demands, actions, damages and indemnities owing to the Borrower under such Lease Asset;
- (f) the right of the Borrower to ask, demand, sue for, collect, receive and enforce any and all sums payable under the Lease Asset and to enforce all other covenants, obligations, rights and remedies thereunder with respect thereto;

- (g) all of the right, title and interest of the Borrower in, to and under all prepayments, guarantees, promissory notes and indemnities (including all security interests and all property subject thereto) from time to time supporting or securing payment or performance of the related Obligor's obligations in respect of the Lease Asset, whether pursuant to the Lease Asset or otherwise;
- (h) the related Records; and
- (i) all proceeds of or relating to any of the foregoing.

"Sale and Servicing Agreement" means the sale and servicing agreement to be entered into between the Borrower, PTC and the Guarantor, as the same may be amended, restated, supplemented, replaced or otherwise modified from time to time.

"Scheduled Payment" means, in respect of a Lease Asset, the regularly scheduled monthly rental payment payable by the obligor thereunder during a term not exceeding the lesser of (i) the term of the Receivable, (ii) ten years, and (iii) the remainder of the Prescribed Term, as such term is defined in the related Program Agreement.

"Security" has the meaning ascribed to it in Section 3.1.

"Security Agreement" means the general security agreement dated as of the date hereof between the Borrower and PTC, as the same may be amended, restated, supplemented, replaced or otherwise modified from time to time;

"SGHS" means Simply Green Home Services Inc.

"Shareholders' Agreement" means the unanimous shareholders' agreement among Crown Crest Capital Management Corp., Simply Green Home Services Inc. and PTC, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"Subordinated Debt" means subordinated debt incurred by the Borrower from time to time to finance or refinance the acquisition of Leases, which debt may be secured but shall be subordinated and postponed to the Loan.

"Trustee" means Crown Crest Funding Corp.

## 2. LOAN

### 2.1 LOAN

Subject to the terms and conditions contained in this Agreement and in the other documents, instruments and agreements executed in connection with the Loan, including without limitation, the Security Agreement and the other Loan Documents, PTC will establish for the Borrower the Loan as a demand revolving line of credit against which PTC will make advances ("Advances") from time to time for the purpose of financing or refinancing the acquisition of Eligible Assets. Subject to the terms hereof, including without limitation Section 2.2, the

Borrower shall have the right to obtain Advances, repay Advances and obtain additional Advances; however, all of the Advances hereunder shall be deemed to be a single loan. At no time shall (i) the unpaid principal balance of the Loan exceed the lesser of (x) the Borrowing Base, and (b) the Maximum Amount of Loan and (ii) all Advances of the Loan shall be made on or before the date set forth in Section 2.8 (“End Date”).

## 2.2 ADVANCES

Subject to the terms and conditions hereof, Advances of the Loan will be limited as follows:

- i. First Draw: A one-time Advance, made on the date hereof, to, among other things, repay the BFI Facility in full and the Management Debt in full, by delivery of an Advance Request together with a current Borrowing Base Certificate.
- ii. Subsequent Draws: Advances to only purchase and refinance Eligible Assets from Approved Originators may be drawn on the last Business Day of each week by delivery of an Advance Request together with a current Borrowing Base Certificate no later than the Business Day prior to the requested Advance and with no more than one such Advance per week provided that each Advance made under this paragraph 2.2(ii) shall be no less than \$300,000.

No Advance shall cause the aggregate principal amount of Advances outstanding hereunder to exceed the Borrowing Base or the Maximum Amount of Loan. In addition to statutory holidays, PTC’s offices close for lending annually between December 15th and January 2nd for the winter holidays. Hence, no Advances can occur during this period.

Cash reserves held by the Borrower in accordance with the Program Agreements shall be held in the Reserve Account and applied by the Borrower to shortfalls in respect of Leases as provided under the related Program Agreements.

## 2.3 [Reserved]

## 2.4 NOTE

The Loan shall be evidenced by a promissory note (“Note”) of even date herewith in a form prepared and approved by PTC in the Maximum Amount of Loan, payable in accordance with the terms thereof.

## 2.5 INTEREST AND PAYMENTS

Interest on the principal amounts of the Advances outstanding from time to time shall be the per annum rate specified in Section 15 as the Interest of the Loan (the “Interest Rate”) as adjusted below and should such rates of interest as calculated thereunder exceed that allowed by law, the applicable rate of interest will be the maximum rate of interest allowed by applicable law.

Interest on the principal amount of the Advances outstanding from time to time will be calculated and compounded monthly, not in advance, at the Interest Rate, both before and after maturity and default, and with interest on overdue interest at the same rate, until payment in full has been made of the principal amount and all accrued interest.

All interest hereunder shall be payable for the actual number of days elapsed (including the first day and the last day).

If the Delinquency Rate for the Low Score Leases exceeds, at any time during any Reporting Period, 8% (the amount of any excess being the "Excess Delinquencies"), a Delinquency Rate Reimbursement shall be paid by the Borrower to PTC for each Reporting Period (that is, each calendar month) during which such Delinquency Rate had exceeded 8%. For greater certainty, the Borrower and PTC agree that the Delinquency Rate Reimbursement is not and shall not be deemed to be a penalty or fee in any way, but rather a true representation of the costs that the Purchaser shall incur in respect of the monitoring, analyzing and reporting on the Excess Delinquencies.

Accrued interest on the Loan shall be payable in arrears on the first (1<sup>st</sup>) day of each month and upon termination of the commitments hereunder (including upon the occurrence of the End Date).

Upon the purchase of any Eligible Asset by PTC pursuant to the Sale and Servicing Agreement, the initial cash payment in respect of such purchase shall be deemed to have been paid to the Borrower in accordance with the Sale and Servicing Agreement and then repaid to PTC and applied toward the repayment or principal owing on the Loan in accordance with this Agreement.

The Borrower shall pay to PTC on the End Date or other date of maturity of the Note or Loan, whether by acceleration or otherwise, the aggregate principal amount of all amounts of Advances outstanding on such date.

All payments and prepayments of principal, interest and fees under this Agreement and the Note and Loan shall be made to PTC prior to 12:00 p.m. (noon), Pacific time, in immediately available funds and for the ratable benefit of PTC.

## 2.6 PREPAYMENTS

If for any reason the aggregate principal amount of the Loan outstanding at any time shall exceed the lesser of (i) the Maximum Amount of the Loan and (ii) the Borrowing Base at such time, the Borrower, without notice or demand, shall immediately make a principal payment to PTC in an amount equal to such excess plus accrued and unpaid interest thereon. If any fine, penalty, sanction, order or other liability is imposed upon or determined against any of the Borrower, PTC or any Originator in connection with or relating to any Eligible Asset the purchase of which was financed by an Advance hereunder, such Lease Asset shall cease to be an Eligible Asset and the Borrower shall immediately, make a principal payment to PTC in an amount equal to the Advance made in connection with the relevant Eligible Asset. The Borrower

may from time to time, prepay all or part of the outstanding principal balance of the Loan provided that in the event of any prepayment prior to the expiration of ninety (90) days from the date hereof, the Borrower shall pay to PTC an amount equal to the interest that would otherwise have been payable under the Note from the date of the prepayment until the end of such ninety (90) days.

## 2.7 REMITTANCE ACCOUNT.

The Collections received by Borrower from its collection of Leases, excluding Leases purchased under the Sale and Servicing Agreement, which have been assigned, by way of security pursuant to Section 3.1, shall be remitted to the Collections Account and subject to the terms of the Blocked Account Agreement.

## 2.8 END DATE / RENEWAL

The Loans shall mature and be repayable on the End Date specified in Section 15. Notwithstanding the foregoing, the End Date may be extended by PTC for an additional 6 months by written notice to the Borrower, such notice to be sent no earlier than 6 months prior to the scheduled End Date and no later than 4 months prior to the scheduled End Date. Upon such extension, the End Date shall be deemed to be such date 6 months following the scheduled End Date for all purposes hereunder until further extended by PTC pursuant to this Section 2.8.

## 3. SECURITY

### 3.1 Security

As security for the payment of the Note, the Loan, and all other liabilities and obligations of Borrower to PTC, now existing or hereafter created, Borrower shall grant a security interest in and set over to PTC, all of the Borrower's present and after-acquired personal property, including without limitation, all of the Borrower's rights, titles and interests in all of Borrower's Lease Assets ("Security"); and any cash flow and proceeds therefrom. Such assignment, pledge and security interest shall be granted by way of the Security Agreement and such other instruments or specific assignments, by way of security, and shall be registered and perfected under applicable personal property security legislation in all required jurisdictions, in each case, as determined by PTC in its sole discretion.

### 3.2 RESTRICTIONS

Except as set out herein, the Borrower may not grant or assign, pledge or set over any of its rights, titles or interests in a Lease to any third party. Borrower shall be free to sell, assign or convey any Eligible Assets to any Person provided that (i) the Borrower offers to sell, assign or convey any Eligible Assets firstly to PTC, on substantially similar terms (ii) PTC declines to purchase such Eligible Assets on such terms, and following any such sale, assignment and conveyance, (iii) the aggregate amount of all outstanding Advances shall not exceed the Borrowing Base at any time and (iv) the Borrower shall within 15 days of such sale, assignment

and conveyance either (A) deliver to PTC an amount equal to 100% of the net proceeds of such sale, assignment and conveyance as a prepayment of the amounts outstanding under the Advances or (B) use such net proceeds to purchase and refinance additional Eligible Assets.

### 3.3 ADDITIONAL DOCUMENTS

Borrower or the Trustee as applicable shall execute from time to time upon the request of PTC, a standard Blocked Account Agreement in respect of the Collections Account and the Reserve Account and such financing statements or other documents as reasonably required by PTC to perfect or continue PTC's rights, titles and interests in the Leases. For greater certainty, such Blocked Account Agreement shall permit Borrower to withdraw funds from the Collections Account and the Reserve Account unless and until "activated" by PTC on the occurrence of an Event of Default.

## 4. GUARANTEE

### 4.1 GUARANTOR

Guarantor shall grant and execute in favour of PTC a guarantee (the "Guarantee") whereby the Guarantor shall irrevocably and unconditionally guarantee to PTC the due and punctual payment in full of the Note, Loan, and all other liabilities and obligations of Borrower to PTC hereunder when the same shall become due, and such Guarantee shall be in form and content satisfactory to PTC in its sole discretion.

## 5. CONDITIONS PRECEDENT

### 5.1 CONDITIONS PRECEDENT TO ADVANCES

In addition to the conditions set out in Section 2.2, PTC shall have no obligation to make any Advance until the conditions set forth in the following subparagraphs and elsewhere herein have been satisfied at the expense of the Borrower, as determined by PTC in its sole and absolute discretion:

(a) each Credit Party shall have delivered, or cause to be delivered, to PTC, in form and substance satisfactory to PTC, this Agreement, the Note, the Security Agreement, the Blocked Account Agreement and the Guarantee, and such other documents, instruments, financing statements, certificates, legal opinions, and agreements as PTC may reasonably request (collectively, the "Loan Documents");

(b) each Credit Party shall have delivered, or cause to be delivered, to PTC, in form and substance satisfactory to PTC in its sole and absolute discretion certified copies of resolutions of such Credit Party's trustees, directors or partners, as the case may be, authorizing such Credit Party to execute, deliver, honour and perform the Agreement, the Note, the Security Agreement and a certificate of incumbency certifying the names and signatures of the trustees, officers or partners, as the case may be, of each Credit Party authorized to sign the Loan Documents;

(c) All of PTC's liens and security interests securing the Note, Loan, and all other liabilities and obligations of Borrower to PTC shall have been validly perfected and be representative of a first charge over the Security;

(d) PTC shall have received evidence of, or undertakings from the Borrower's solicitors in relation to, the discharge of any indebtedness or Adverse Claims, except as permitted in accordance with Section 8.1(g), as determined satisfactory in the reasonably exercised opinion of PTC's solicitors;

(e) No material adverse change shall have occurred in the business or financial condition of Borrower since the date of the latest financial statements given to PTC by on behalf of Borrower;

(f) Each of the warranties and representations made by Borrower in this Agreement shall be true and correct as of the date of each Advance; and

(g) Borrower shall have kept and performed the various covenants, obligations and agreements on its part to be kept and performed under this Agreement and no Event of Default, or act or event which with the giving of notice or the passage of time, or both, would constitute an Event of Default hereunder shall have occurred and be continuing.

## 5.2 REQUEST FOR ADVANCES

Advances may be made by PTC upon receipt of an Advance Request (including a calculation of the current Borrowing Base) executed by the Persons named in Section 15 hereof, either one acting alone, who are authorized to request Advances and direct disposition of any such Advances, for and on behalf of the Borrower, until written notice of the revocation of such authority is received from Borrower by PTC. Each request by Borrower for an Advance shall constitute a reaffirmation, as of the date of such request, of all of the representations and warranties of Borrower contained in this Agreement.

## 5.3 NO WAIVER

No Advance, or any waiver of a condition in connection therewith, shall constitute a waiver of any of the conditions to any further Advances.

## 6. FEES

### 6.1 FEES

As additional consideration for PTC's commitments herein, Borrower agrees to pay to PTC the following fees, which shall be fully earned and non-refundable to Borrower, shall be held and retained by PTC as its sole property and shall not be applied to any payments due under the Loan Documents or Note other than this Section 6:

(a) a commitment fee in the amount set forth in Section 15 hereof, payable on or before the date hereof and in each instance where the Maximum Amount of Loan is increased or renewed for a new term;

(b) a non-utilization fee computed at the rate per annum set forth in Section 15 hereof on the unused portion of the Maximum Amount of Loan and payable quarterly in arrears to be calculated from the date hereof, where the phrase 'unused portion of the Maximum Amount of Loan' means the average difference between (i) the Maximum Amount of Loan and (ii) the outstanding principal balance of the Loan on each day during such period; and

(c) an inspection fee in the amount per inspection set forth in Section 15 hereof, payable within ten (10) days of Borrower being billed therefor by PTC.

## 7. REPRESENTATIONS AND WARRANTIES

### 7.1 REPRESENTATIONS AND WARRANTIES

Each Credit Party makes the following representations and warranties to PTC, which representations and warranties shall survive the execution of this Agreement:

(a) Legal Status. Borrower is a trust that has been duly formed and is validly existing under the laws of Ontario and is qualified to transact business in Ontario and in every other jurisdiction in which the nature of its business requires such qualifies; and each of the Trustee and the Guarantor is a corporation that has been duly organized and is validly existing under the laws of Ontario and is qualified to transact business, and has made all filings and is in good standing, in Ontario and in every other jurisdiction in which the nature of its business requires such qualifies;

(b) No Violation. The making and performance by the Credit Parties of the Loan Documents do not violate any provision of law, nor any provision of such Credit Party's formation documents, including, without limitation, articles of incorporation or any partnership agreement or trust indenture, or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which such Credit Party is a party or by which such Credit Party may be bound;

(c) Authorization. This Agreement and the other Loan Documents have been duly authorized, executed and delivered, and are legal, valid and binding agreements of the Credit Parties who are party thereto enforceable against such Credit Party in accordance with their terms, except as enforceability may be limited by bankruptcy, solvency, reorganization, moratorium or similar laws effecting creditors' rights generally and by general principles of equity;

(d) Financial Statements. All financial statements and reports (including Borrowing Base Certificates) that have heretofore been presented to PTC in conjunction with the transaction which is the subject of this Agreement, have been prepared in conformity with GAAP consistently applied, fairly and accurately present the financial condition and income of the subject thereof, as of the date given, and neither contain any untrue statement of a material fact nor fail to state a material fact required in order to make such financial statements not misleading. Since the date of such financial statements, there has been no adverse material change in the financial condition or operations of the subject thereof;



(e) Consent and Licences. No consent, approval or authorization of, or registration or filing with, any governmental body or authority, or any other Person, firm or entity not a party hereto, is or will be required as a condition to the valid execution, delivery, performance or enforceability of documents contemplate herein, or the transactions contemplated hereby or thereby, or to the conduct of the business of the Credit Parties;

(f) Litigation. There is no material litigation either pending or, to the best of its knowledge, threatened against the Credit Parties before any court or administrative agency, or before any arbitrator, which may have a material adverse effect on the assets, business, financial conditions or operations of the Credit Parties, or which would prevent or hinder the performance of the obligations of the Credit Parties under the Agreement, and, furthermore, each Credit Party has not violated any law in any material respect and, to the best of its knowledge, is not the subject of any investigation by a governmental agency that could reasonably be expected to result in an indictment or a forfeiture or seizure of any of its assets; and

(g) Environmental Matters. Each Credit Party, to the best of its knowledge after due investigation, is in compliance in all material respects with all applicable environmental, health and safety statutes and regulations and each Credit Party does not have any material contingent liability in connection with any improper treatment, storage, disposal or release into the environment of any hazardous or toxic waste or substance.

## 8. COVENANTS OF THE CREDIT PARTIES

### 8.1 COVENANTS

Until the payment in full of the Loan and until the fulfillment of all of its obligations hereunder, each Credit Party shall comply with the following covenants:

(a) Books and Records. Each Credit Party shall at all times keep accurate and complete books, records and accounts of all of such Credit Party's business activities, prepared in accordance with GAAP consistently applied, and each Credit Party shall permit PTC, or any Persons designated by PTC, at any reasonable time, to inspect, audit and examine such books, records and accounts and to make copies or extracts thereof;

(b) Statements and Reports. Each Credit Party shall furnish to PTC:

(i) within the number of days set forth in Section 15 hereof after the end of each fiscal year of such Credit Party, financial statements of such Credit Party, which shall include a balance sheet, an income statement showing the results of operations for such a fiscal year and a change in financial position statement for such fiscal year, together, in each case, with the comparable figures for the immediately preceding fiscal year, all in reasonable detail and prepared in accordance with GAAP, consistently applied, which statements shall contain the certification requirements set forth in Section 15 hereof;

(ii) within the number of days set forth in Section 15 hereof after the end of each of the fiscal periods of the Credit Parties set forth in Section 15 hereof, financial reports of the Credit Parties, which shall include a balance sheet, an income statement showing the results of operations for such fiscal period and a change in financial position statement for such fiscal period, together, in each case, with the comparable figures for the immediately preceding corresponding fiscal period, all in reasonable detail and prepared in accordance with GAAP, consistently applied, and containing the certifications required pursuant to Section 15 hereof;

(iii) within twenty (20) days after the end of each month a Borrowing Base Certificate which shall include the following:

(A) An aging and listing of all accounts receivable prepared in accordance with GAAP which itemizes each account debtor, including each Lease, by name and addresses and which states the total amount payable to Borrower and contains a breakdown indicating future amounts due and when due, current amounts due, amounts thirty (30) days past due, sixty (60) days past due, and ninety (90) or more days past due, and reflecting any credit adjustments, returns and allowances;

(B) An aging and listing of all accounts payable-trade prepared in a similar manner; and

(C) A calculation of the Delinquency Rate in respect of all Low Score Leases and all Eligible Assets, as well as the balance of all amounts held in the Reserve Account that are represented or included in the Borrowing Base (such balance shall be set out for those in respect of Low Score Leases and those in respect of all Eligible Assets other than Low Score Leases), together with a calculation of all amounts required to be deposited therein pursuant to the Program Agreements;

(iv) promptly, from time to time, upon request of PTC, such other information concerning the financial condition, business and affairs of each Credit Party as shall be reasonably requested by PTC;

(c) Notices. Each Credit Party shall promptly notify PTC in writing of the occurrence of any Event of Default or any act or event which, with the giving of notice or the passage of time, or both, would be such an Event of Default and of any legal action, proceeding or investigation threatened or instituted against such Credit Party that might have a material adverse effect upon the operations, financial condition or business of the Credit Parties or the Borrower's ability to repay the Loan, or PTC's security interest in the Leases or any of them, and from time to time, at PTC's request, each Credit Party will furnish to PTC a summary of the status of all such actions, proceedings or investigation;

(d) Maintain Business. Each Credit Party shall maintain in full force and effect all material licenses, permits, authorizations, bonds, franchises and other rights necessary or desirable to

the profitable conduct of its business, shall continue in, and limit its operations to, the same general lines of business as are presently conducted and shall comply with all applicable laws, orders, regulations and ordinances of all governmental authorities, in all material respects and shall maintain its corporate existence;

(e) Mergers, Sale of Assets. Borrower will not, without PTC's prior written consent: (i) sell, lease, transfer or dispose of substantially all of its assets to another entity; or (ii) consolidate with or merge into another entity, permit any other entity to merge into it or consolidate with it, or permit any transfer of the ownership of, or power to control, Borrower;

(f) Dividends and Other Distributions. Unless otherwise indicated herein, Borrower will not, without PTC's prior written consent, declare, order, pay or make, directly or indirectly any dividend or other distribution or other payment or loan other than as permitted in the Shareholders' Agreement;

(g) Indebtedness. Borrower will not, without PTC's prior written consent,

(i) incur, create, assume or permit to exist any obligation or indebtedness, except

(A) existing indebtedness disclosed on financial statements previously delivered to PTC;

(B) the Loan;

(C) other indebtedness and trade obligations and normal accruals in the ordinary course of business including indebtedness to Originators arising under Program Agreements;

(D) other indebtedness subordinated and postponed to repayment of Advances that are subject to a subordination and postponement agreement that is in form and content satisfactory to PTC;

(ii) become liable, directly, or indirectly, as guarantor or otherwise, for any obligation of any other Person, except existing obligations of such kind previously disclosed to PTC in writing and other than the indebtedness set out in Section 8.1(g)(i) above, in excess of the amount set forth in Section 15;

(h) Lien. Borrower will not, without PTC's prior written consent, agree for any Person, to have the benefit of or recourse to the Borrower's assets except to the extent fully subordinated to the security interest, claims, and liens of PTC under the Security Agreement;

(i) Insurance. Each Credit Party shall maintain and keep in force insurance of the types and amounts customarily carried in its lines of business, including, without limitation, fire, public liability, product liability, property damage and workers' compensation, such insurance to be carried with companies and in amounts satisfactory to PTC, in its reasonable discretion, and each Credit Party shall deliver to PTC from time to time as PTC may request, schedules setting forth all insurance then in effect and copies of the policies;

(j) Debts. Each Credit Party shall pay all permitted debts, legal awards, taxes, levies, penalties, interest and any other obligation, immediately upon such obligation coming due;

(k) Underwriting. Borrower has and will undertake all appropriate underwriting of the Leases and is holding and will hold written proof of the same, on behalf of PTC; and

(l) Environmental Matters. Each Credit Party will take all reasonable actions to prevent the occurrence of any material violation of any applicable environmental, health and safety statutes and regulations, or any order or judgment of any court with respect to environmental pollution or contamination, hazardous waste disposal or any other environmental matter and each Credit Party shall promptly give written notice to PTC of the following occurrences and of the steps being taken by such Credit Party, with respect thereto:

(i) notice that such Credit Party's operations are not in full compliance with the requirements of applicable environmental, health and safety statutes and regulations;

(ii) notice that such Credit Party is subject to a governmental investigation evaluating whether any remedial action is needed to respond to the release of any hazardous or toxic waste or substance into the environment; or

(iii) notice that any properties or assets of such Credit Party are subject to any environmental lien.

(m) Monitoring. The Borrower shall monitor the level of complaints received by it arising from all Eligible Assets acquired by the Borrower and take commercially reasonable steps to address such complaints. If, at any given time, the level of unresolved complaints exceeds 1% (being the percentage of active Obligor with unresolved complaints to total active Obligor) or if the level of total complaints (whether resolved or not) exceeds 5% (as the percentage of active Obligor who have made a complaint to total active Obligor), such excess shall be reported to the next meeting of the directors of Crown Crest Capital Management Corp. for a discussion on required management actions in respect of the interests of the Obligor.

## 8.2 Non-Performing Receivable

If any Eligible Asset, (other than a Lease Asset sold to PTC pursuant to the Sale and Servicing Agreement), becomes a Non-Performing Asset, the Borrower shall (i) notify PTC in writing of such event and (ii) repay any amount by which the aggregate outstanding amount of Advances hereunder exceeds the Borrower Base as a result of such Eligible Asset becoming a Non-Performing Asset.

## 9. EVENTS OF DEFAULT

9.1 EVENTS OF DEFAULT. The occurrence of one or more of the following events shall constitute an Event of Default under this Agreement:

(a) The Borrower defaults in the repayment of any of the amounts payable hereunder, under the Note or any of the Loan Documents and such default is not remedied within 3 Business Days following notice from PTC;

(b) There shall occur a material event of default under any of the Security Agreement, the other Loan Documents and if such event of default is capable of being cured or remedied, such event of default is not cured or remedied within 30 days following notice from PTC;

(c) Any Credit Party fails to observe or perform any of the covenants, obligations (including payments) conditions and agreements on the part of the Credit Parties contained herein in any material respect and if such failure is capable of being cured or remedied, such failure is not cured or remedied within 30 days following notice from PTC;

(d) If any representation or warranty made by the Credit Parties to PTC contained herein or any other document proves to have been untrue in any material respect when made, and if capable of being remedied, is not so remedied within 30 days following notice from PTC;

(e) Any Credit Party shall be in default in the payment or performance of any material obligation under any indenture, contract, mortgage, law, deed of trust or other agreement or instrument to which such Credit Party is a party or by which it is bound, and if such default is capable of being cured or remedied, is not so cured or remedied within 30 days of notice from PTC;

(f) The dissolution, termination of existence, insolvency, bankruptcy or business failure of any Credit Party, as applicable, or upon the appointment of a receiver, receiver-manager or receiver and manager of any part of the property of any Credit Party, or the commencement by or against any Credit Party of any proceeding under any bankruptcy, arrangement, reorganization, dissolution, liquidation, insolvency or similar law for the relief of or otherwise affecting creditors of any Credit Party, or by or against any guarantor or surety for any Credit Party which is not dismissed within 45 days, or upon the issue of any writ of execution, warrant, attachment, sequestration, levy, third party demand, notice of intention to enforce security or garnishment or similar process against any Credit Party;

(g) Any Credit Party commits or threatens in writing to commit an act of bankruptcy (as defined in the *Bankruptcy and Insolvency Act*);

(h) The institution by any Credit Party of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of any Credit Party;

(i) There shall exist any act, omission, event or undertaking which would, or would reasonably be expected to, singly or in the aggregate, have a materially adverse effect upon (a) the ability of the Credit Parties taken as a whole to perform their respective obligations under this

Agreement or any other Loan Document in any material respect, (b) the legality, validity, binding effect, enforceability or admissibility into evidence of any Loan Document the ability of the Lender to enforce any rights or remedies under or in connection with any Loan Document or (c) the perfection or priority of the Security granted pursuant to the Security Agreement;

(j) PTC in good faith believes the prospect of repayment of the Loan or performance of the obligations hereunder is or is about to be impaired;

(k) The average Delinquency Rate for any Reporting Period and the two immediately preceding Reporting Periods exceeds 4%; or

(l) The amount on deposit in the Reserve Account is less than 50% of the aggregate required "Cash Reserve Amount" specified under each Program Agreement relating to Eligible Assets.

## 10. REMEDIES OF PTC UPON DEFAULT

10.1 REMEDIES. At any time after any Event of Default has occurred, PTC may, without presentment, demand, protest or further notice of any kind (all of which are hereby expressly waived) and, notwithstanding the provisions contained in any other document or instrument executed or to be executed by the Credit Parties to PTC hereunder or contained in any other agreement, take any one or more of the following actions:

(a) Declare the entire principal and any accrued interest on the Loan, together with all costs and expenses, to be immediately due and payable, and to enforce payment thereof by any means permitted by law or in equity;

(b) Without accelerating payment, enforce the payment of sums of principal and interest then due (including any penalty interest or late payment charges);

(c) Require the Credit Parties to take or refrain from taking any action which may be necessary to cure such Event of Default and to obtain affirmative or negative injunctions or restraining orders with respect thereto; ;

(d) File suit for any sums owing or for damages; and

(e) Exercise any other remedy or right provided in law or in equity or permitted under this Agreement, the Security Agreement or any other Loan Document, including without limitation, the activation of the Blocked Account Agreement in respect of the Collections Account.

## 10.2 REMEDIES CUMULATIVE

Any and all remedies conferred upon PTC shall be deemed cumulative with, and nonexclusive of any other remedy conferred hereby or by law, and PTC in the exercise of any one remedy shall not be precluded from the exercise of any other.

## 11. FEES AND EXPENSES

In addition to interest and principal as stated in the Note, Borrower shall pay all costs of closing the Loan and all expenses of PTC with respect thereto, including, but not limited to, inspection fees, due diligence costs and in-house and outside legal fees (including legal fees incurred by PTC subsequent to the closing of the Loan in connection with the enforcement of the Loan), filing fees and similar items. PTC will provide a reasonably detailed summary of such costs and expenses prior to the closing of the Loan. Said costs and expenses may, at PTC's option, be deducted from the disbursements of Loan proceeds hereunder. In addition to any liability Borrower may have under applicable law, Borrower shall pay PTC's attorneys' fees and costs incurred in the collection of any indebtedness hereunder, or in enforcing this Agreement, whether or not suit is brought, and any attorneys' fees and costs incurred by PTC in any proceeding under bankruptcy law in order to collect any indebtedness hereunder or to preserve, protect or realize upon any security for such indebtedness.

## 12. WAIVER

Any waiver of any of the terms of this Agreement by PTC shall not be construed as a waiver of any other terms of this Agreement, and no waiver shall be effective unless made in writing. The failure of PTC to exercise any right with respect to the declaration of any default shall not be deemed or construed to constitute a waiver by, or to preclude PTC from exercising any right with respect to such default at a later date or with respect to any subsequent default by Borrower.

## 13. NOTICES

Any notices required or permitted to be given pursuant to this Agreement shall be in writing and shall be given by personal delivery or by mailing the same, postage prepaid, to the address set forth in Section 15 hereof. Any such notice shall be deemed received for purposes of this Agreement upon delivery if given by personal delivery or three (3) days after the mailing thereof if given by mail. If either party desires to change the address to which notices are to be sent it shall do so in writing and deliver the same to the other party in accordance with the notice provisions set forth above.

## 14. MISCELLANEOUS

### 14.1 PARTIES

This Agreement is made solely among Borrower, the Guarantor and PTC, no other Person shall have any right of action hereunder. The parties expressly agree that no Person shall be a third-party beneficiary to this Agreement.

### 14.2 INDEMNITY

Borrower agrees to indemnify PTC and each of its directors, officers, employees, trustees, advisors and agents (each such Person being called an "Indemnatee") against, and to hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable legal fees (on a solicitor and own client basis), disbursements and other

charges, incurred by or asserted or awarded against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto or thereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, (iii) any claim made against the Borrower in any capacity, any Indemnitee or any Originator by any Obligor arising from, in connection with or relating to the performance of observance of any of the Borrower's or Originator's respective covenants, duties or obligations hereunder, in respect of or relating to any of the Lease Assets, (iv) the failure of the Borrower in any capacity or any Originator to perform or observe any of its respective covenants, duties or obligations hereunder, in respect of or relating to any of the Lease Assets or (v) any fine, penalty, sanction, order, or other liability imposed upon or determined against any of the Borrower, in any capacity, any Indemnitee or any Originator by any Governmental Authority in connection with or relating to any Lease Asset; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses have resulted from the gross negligence or wilful misconduct of any Indemnitee. The provisions of this Section 14.2 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of the Loan, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of PTC. All amounts due under this Section 14.2 shall be payable promptly after written demand therefor.

#### 14.3 ENTIRE AGREEMENT

This Agreement including the Schedules attached hereto and by this reference incorporated herein, together with all other documents hereto, constitutes the entire agreement of the parties hereto and thereto, and no prior agreement or understanding with respect to the Loan, whether written or oral and including, but not limited to, any loan commitment issued by PTC to Borrower, shall be of any further force or effect, all such other prior agreements and commitments having been superseded in their entirety by this Agreement.

#### 14.4 ASSIGNMENT

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns; provided, however, that neither this Agreement nor any rights or obligations hereunder shall be assignable by Borrower without the prior express written consent of PTC first having been obtained, and any purported assignment made in contravention hereof shall be void. Only after the occurrence and during the continuance of an Event of Default, PTC may assign any part of or all of the Loan and its rights and obligations hereunder in its sole discretion. PTC may participate all or any portion of the Loan to such other party or parties as PTC shall select provided that any disclosure of information provided to any participant shall be subject to Section 14.9.



#### 14.5 GOVERNING LAW

This Agreement shall be construed in accordance with and governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein (without regard to the conflicts of laws rules of the Province of British Columbia).

#### 14.6 TIME

Time is of the essence hereof.

#### 14.7 SURVIVAL

The representations and warranties hereunder shall survive the closing of the Loan and PTC may enforce such representations and warranties at any time. The covenants of the Credit Parties shall survive the closing of the Loan and shall be performed fully and faithfully by the Credit Parties at all times. The indemnities of Borrower shall survive repayment of the Loan.

#### 14.8 SEVERABILITY

If any term or provision of this Agreement or any other document, or the application thereof to any circumstance, shall be invalid, illegal or unenforceable to any extent, such term or provision shall not invalidate or render unenforceable any other term or provision of this Agreement or any other Loan Document, or the application of such term or provision to any other circumstance. To the extent permitted by law, the parties hereto hereby waive any provision of law that renders any term or provision hereof invalid or unenforceable in any respect.

#### 14.9 CONFIDENTIALITY

Each party hereto will maintain on a confidential basis (except as otherwise permitted hereunder or as required by applicable law) all information relating to the other party provided to it hereunder by the other parties; provided, however, that this Section shall not apply to any information which (i) was lawfully in the public domain at the time of communication to the first party, (ii) lawfully enters the public domain through no fault of the first party subsequent to the time of communication to the first party, (iii) was lawfully in possession of the first party free of any obligation of confidence at the time of communication to the first party, (iv) was lawfully communicated to the first party free of any obligation of confidence subsequent to the time of initial communication to the first party or (v) was lawfully communicated to any Person free from any obligation of confidence subsequent to the time of communication to the first party.

#### 15. STATEMENT OF TERMS

15.1 Maximum Amount of Loan (Section 1): \$30,000,000.00 (Canadian)

15.2 Number of Days Past Due (definition of Eligible Assets paragraph (s)): 5 days

15.3 Interest on the Loan (Section 2.5): BMO Prime + 5.3% P.A.

15.4 End Date (Section 2.8) November 30, 2017

15.5 Persons Authorized to Requested Advances (Section 5.2): Lawrence Krimker, Luda Krimker, Liam Coates and such others as designated by notice in writing

15.6 Commitment Fee (Section 6.1(a)): 15 bps of Maximum Amount of Loan

15.7 Non-Utilization Fee (Section 6.1(b)): 32.5 bps of the undrawn amount

15.8 Inspection Fee (Section 6.1(c)): Reasonable charges billed by qualified contractors, along with their related expenses.

15.9 Audited Statements due within 120 days of each fiscal year end (Section 8.1(b)(i))

15.10 Statements due within 45 days of each fiscal quarter end (Section 8.1(b)(ii))

15.11 Maximum amount of indebtedness, liabilities or other contingent obligations (Section 8.1(g)(ii)): \$25,000

15.12 Addresses for Notices (Section 13):

To Borrower:

Crown Crest Capital Management Corp.  
1201-200 Yorkland Blvd.  
Toronto, ON  
M2J 5C1

Attention: President

To PTC:

People's Trust Company  
1400-888 Dunsmuir Street  
Vancouver, BC V6C 3K4

Attention: President and CEO

With a copy to General Counsel and Executive VP & Chief Financial Officer

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the date first above written.

**CROWN CREST FUNDING CORP.**, in its capacity as trustee of **CROWN CREST CAPITAL TRUST**

By: *L. Krimker*  
Name: Lyudmila Krimker  
Title: *President*

**CROWN CREST CAPITAL MANAGEMENT CORP.**

By: \_\_\_\_\_  
Name:  
Title:

**PEOPLES TRUST COMPANY**


By: \_\_\_\_\_  
Name:  
Title:

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the date first above written.

**CROWN CREST FUNDING CORP.**, in its capacity as trustee of **CROWN CREST CAPITAL TRUST**

By: \_\_\_\_\_  
Name:  
Title:

**CROWN CREST CAPITAL MANAGEMENT CORP.**

By:  \_\_\_\_\_  
Name: *LAWRENCE KRIMER*  
Title: President

**PEOPLES TRUST COMPANY**

By: \_\_\_\_\_  
Name:  
Title:

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

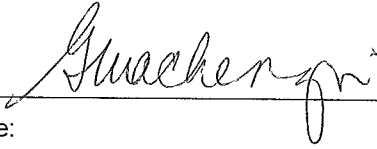
**CROWN CREST FUNDING CORP.**, in its capacity as trustee of **CROWN CREST CAPITAL TRUST**

By: \_\_\_\_\_  
Name:  
Title:

**CROWN CREST CAPITAL MANAGEMENT CORP.**

By: \_\_\_\_\_  
Name:  
Title:

**PEOPLES TRUST COMPANY**

By:  \_\_\_\_\_  
Name:  
Title: **Grant MacKenzie**  
**President & CEO**



**Samson Lim**  
**Executive Vice President &**  
**Chief Financial Officer**

**SCHEDULE A**

**Form of Advance Request**

**NOTICE OF ADVANCE REQUEST**

**[Date]**

**PTC Address**

**Attention: Contact person**

**E-MAIL: E-mail address**

**BORROWING NOTICE**

We refer to the Warehouse Line of Credit Agreement dated as of December 1, 2016 (the "Agreement"; capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Agreement), entered into by and among Crown Crest Funding Corp., in its capacity as trustee of Crown Crest Capital Trust, ("Borrower"), Crown Crest Capital Management Corp., and Peoples Trust Company ("PTC").

We hereby instruct and authorize PTC to make Advances to our disbursement account(s), subject to and in accordance with the terms and provisions of the Agreement to the TD Bank account # [NUMBER], Transit # [NUMBER] and to charge Borrower's loan account with each such Advance(s).

Borrower hereby request an advance (the "**Advance**") be made as follows:

**A. The date of Advance: ●**

**B. Type/amount of Advance:** CAD: \$ Amount

**Borrower hereby confirms as follows:**

(a) Each of the representations and warranties made by each of the Credit Parties in or pursuant to the Agreement and the other Loan Documents are true and correct in all material respects on and as of the date hereof as if made on and as of such date, except as PTC may have otherwise agreed to herein or in a separate writing.

(b) No Event of Default has occurred as of the date hereof or will occur after the making of the Advance(s) requested hereunder.

(c) Each Credit Party is in compliance with each of the covenants set forth in Section 8.1 of the Agreement.

(d) The Advance(s) requested hereunder will not cause the aggregate principal amount of Advances outstanding under the Agreement to exceed the Borrowing Base or the Maximum Amount of the Loan.

**DATED ●.**

**BORROWER: Crown Crest Capital Trust, by its trustee Crown Crest Funding Corp. by its authorized agent, Crown Crest Capital Management Corp.**

**By:**

**Name:**

**Title:**

**SCHEDULE B**  
**BORROWING BASE CERTIFICATE**

<b>Date:</b>	<b>Warehouse</b>	<b>Purchase</b>
WH		PCH
<b>Eligible monthly rental rate</b>		-\$
<b>Borrowing base</b>		-\$

[Attach spreadsheet]

 <b>CROWN CREST CAPITAL</b>				
	<b>Rental Rate</b>	<b>Warehouse PV</b>	<b>Purchase PV</b>	<b>Reserve</b>
Amount in purchase facility	-	-	-	-
Amount in warehouse facility	-	-	-	-
Warehouse (current batch)	-	-	-	-

## AMENDED AND RESTATED WAREHOUSE LINE OF CREDIT AGREEMENT

This Amended and Restated Warehouse Line of Credit Agreement is dated as of April 27, 2018.

This Agreement is entered into by and among Crown Crest Funding Corp. (the "Trustee"), in its capacity as trustee of Crown Crest Capital Trust, a trust duly formed and validly existing trust under the laws of the Province of Ontario (the "Borrower"), Crown Crest Capital Management Corp., a corporation incorporated under the laws of the Province of Ontario ("Guarantor") and Peoples Trust Company, a trust company existing under the laws of Canada ("PTC").

### RECITALS:

- A. Borrower is a special purpose trust, formed to acquire and hold Leases for the lease or sale of Approved Equipment originated by the Originators;
- B. Borrower, Guarantor and PTC entered into a warehouse line of credit agreement made as of December 1, 2016 (the "Original Agreement"), which has been amended by eight amending agreements (collectively with the Original Agreement, the "Amended Agreement"), pursuant to which the Borrower has obtained from PTC a demand revolving line of credit ("Loan") on the terms and conditions hereinafter set forth; and
- C. Borrower, Guarantor and PTC wish to further amend and restate the Amended Agreement on the terms and conditions hereinafter set forth.

NOW, THEREFORE in consideration of the premises and the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### 1. DEFINITIONS.

#### 1.1 DEFINITIONS

"Advances" has the meaning ascribed to it in Section 2.1.

"Advance Request" means an advance request in the form of Schedule A.

"Adverse Claim" means a security interest or other lien, charge, encumbrance, right or claim, including any filing or registration made in respect thereof, of or through any Person (other than PTC).

"Agreement" shall mean this Amended and Restated Warehouse Line of Credit Agreement and all schedules and exhibits hereto, as it may be amended, restated, supplemented, modified or replaced from time to time.

"Approved Equipment" shall mean storage water heaters, tankless water heaters, water filtration and/or treatment systems, Heating Recovery Ventilation ('HRV') and/or High-efficiency particulate arrestance ('HEPA') systems, furnace and air conditioning ('HVAC') equipment and



boiler systems, sub-metering equipment as well as such other consumer equipment as may be agreed by the Borrower under Program Agreements.

“Approved Originator” means each of the following Originators:

- a) Simply Green Home Services Inc.;
- b) Alberta Water Home Comfort Services Inc.;
- c) HVAC Consulting Corporation;
- d) Ontario HVAC and Water Incorporated;
- e) Applied Energy Incorporated;
- f) Preferred Air Limited;
- g) 4140800 Canada Inc. carrying on business as Cool Heat Comfort;
- h) Penguin Heating & Cooling Incorporated;
- i) 9506888 Canada Incorporated, carrying on business as True North Home Solutions;
- j) National Green Home Services;
- k) Alberta Quality Home Comfort Incorporated;
- l) Canada Green Energy Ltd.; and
- m) Just Green Home Services;

together with any additional Originators approved in writing, where approval by PTC is subject to receipt by PTC at least five Business Days before any such approval is to be provided of all information required by PTC concerning the proposed additional Originator and PTC being satisfied, acting reasonably, with the results of its review of that information.

“BFI Facility” means the Borrower’s existing warehouse financing of Leases made available by Bridge Finance Inc. and/or its affiliates (including, without limitation, Sprott Bridging Income Fund LP).

“Blocked Account Agreement” means the blocked account agreement made as of December 1, 2016 between the Trustee, PTC and The Toronto–Dominion Bank, as the same may be amended, restated, supplemented or replaced from time to time.

“BMO Prime” means, at any time, the posted “prime rate” of interest charged by Bank of Montreal for its commercial loans that are made in Canadian dollars.

“Borrowing Base” means at any time, the product of (i) 90%, and (ii) the sum of the present values of all unpaid Scheduled Payments arising under Eligible Assets then owned by the Borrower, discounted to such date at the discount rate established pursuant to Section 1.2.

“Borrowing Base Certificate” means a certified calculation of the Borrowing Base in the form of Schedule B.

“Business Day” means any day that is not a Saturday, Sunday or other day to which commercial banks in Vancouver, British Columbia or Toronto, Ontario are authorized or required by applicable law to remain closed.

“Charged-Off Asset” means any Lease Asset (i) for which the Borrower has become aware that an Insolvency Event has occurred in respect of the related Obligor or (ii) that is or is required to be charged-off as uncollectible by the Borrower in accordance with the Credit and Collection Policies it being acknowledged that under the Credit and Collection Policies a Lease Asset would be charged-off as uncollectible upon the Borrower becoming aware that an Insolvency Event had occurred in respect of the related Obligor.

“Collections” means, without duplication (i) in respect of any Eligible Asset, all cash collections and other cash proceeds in respect thereof and of the related rights and Leases and (ii) the net proceeds of any disposition of the related Eligible Asset.

“Collections Account” means the account established and maintained in the name of the Borrower as the account owner at The Toronto-Dominion Bank (Branch ID: 14822, Account Number: 14825293714) or such other account as is designated by notice to PTC as the Collections Account for the purposes hereof, which account shall at all times be subject to a blocked account agreement in form and substance acceptable to PTC.

“Credit and Collection Policies” means the Borrower’s credit, collection and administration policies and procedures relating to its portfolio of loans, as represented in the Borrower’s operating procedures manual, which for greater certainty, has been reviewed and approved by PTC as of December 1, 2016.

“Credit Parties” means, collectively, the Borrower, the Guarantor and the Trustee, and “Credit Party” means any of them.

“Delinquency Rate” means, for any Reporting Period, the sum of the Outstanding Balances of Eligible Assets that are Delinquent Assets at the end of such Reporting Period, divided by the Outstanding Balance of all Eligible Assets at the end of such Reporting Period.

“Delinquency Rate Reimbursement” means an administration fee equal to \$2500, which for greater certainty, is not and shall not be deemed to be a penalty in any way, and represents costs incurred by PTC with respect to the monitoring, analyzing and reporting on either of the Excess LS Delinquencies or the Excess LV Delinquencies, as such terms are defined in Section 2.5.

“Delinquent Asset” means:

- (a) if the Lease Asset is a not a RNC Lease, any amount payable thereunder is more than 30 days past due; or
- (b) if the Lease Asset is a RNC Lease, the RNC Lease Builder has failed or fails to take all steps necessary for the RNC Lease Homeowner to assume all obligations pursuant to the RNC Lease concurrently with the closing of the purchase and sale of the building in which the Approved Equipment under the RNC Lease has been installed; or
- (c) if the Lease Asset is a RNC Lease, either (i) more than 90 days have elapsed since the date on which the RNC Lease Homeowner assumed all obligations under the RNC Lease without the RNC Homeowner making the first payment required under the RNC Lease or, (ii) after the 90-day period from the date the RNC Homeowner assumed all obligations under the RNC has elapsed, any amount payable under the RNC Lease is more than 30 days past due.

“Eligible Asset” means any Lease Asset:

- (a) in respect of which the Obligor thereunder is a Person who is resident in Canada and is not (i) an affiliate of the Borrower; (ii) the Government of Canada or any agency or instrumentality thereof or any federal crown corporation other than those listed as exempt under applicable legislation from restrictions or requirements for consent or notice on the assignment of receivables in respect of which they are obligors; or (iii) any provincial government or agency thereof if the enforceability against such government or agency of an assignment of debts owing thereby is subject to any pre-condition which has not been fulfilled;
- (b) which is not a Charged-Off Asset;
- (c) that has a fair market value (based on monthly payments) that is greater than or equal to its face value;
- (d) which is payable to an address in Canada only and is denominated and payable in Canadian Dollars and in respect of which the Obligor has been directed to remit payments to the Collections Account;
- (e) which has been duly authorized, executed and delivered by the parties thereto, has been entered into in compliance with all applicable laws (including any licensure laws applicable to Borrower), and, together with all related Rights (including any guarantee, indemnity or agreement referred to in clause (g) of the definition of Rights), is in full force and effect and constitutes the legal, valid and binding obligation of the related Obligor enforceable against such Obligor in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors’ rights generally and subject to equitable principles of general application (regardless of whether enforcement is sought in a proceeding at law or in equity);

- (f) which is not subject to any dispute, set-off, counterclaim or defense whatsoever, no prepayments have been made thereunder and which is owned by the Borrower and free of any Adverse Claim and has not been extended or otherwise modified except in the ordinary course of business and in accordance with the Credit and Collection Policies;
- (g) in respect of which the Borrower or the Originator is not in default in the performance of any of the covenants of the Borrower or the Originator thereunder;
- (h) the terms of which do not contravene any laws, rules or regulations applicable thereto (including, without limitation, such laws, rules, or regulations relating to usury, truth in lending, credit business practices, cost of borrowing, consumer protection, equal credit opportunity, fair debt collection practices and privacy), except where such contravention would not materially adversely affect the collectability or enforceability of the related Rights;
- (i) in which the perfection of the Borrower's rights complies with the requirements of the Credit and Collection Policies in all material respects, it being acknowledged that Lease Assets that are Low Value Leases do not require perfection of the Borrower's rights;
- (j) the related Obligor is not the subject of any Insolvency Event (except where such Insolvency Event occurred prior to the origination of the Lease and such origination was consistent with the Credit and Collection Policies) and there are no such proceedings pending, or to the best of the Borrower's knowledge, threatened against such Obligor;
- (k) in respect of which the related Rights may be assigned in whole or in part without the consent of the related Obligor;
- (l) which is documented pursuant to a form of contract which is similar in all material respects to one of the forms of contract that have previously been delivered to and accepted by PTC, acting reasonably;
- (m) in respect of which the Borrower is the legal and beneficial owner of the Lease Asset, the related Leases and Rights free and clear of any Adverse Claim other than as contemplated hereunder;
- (n) that has not been satisfied, subordinated, waived or rescinded;
- (o) that has not been compromised, adjusted or modified except in accordance with the Credit and Collection Policies;
- (p) that was generated in the ordinary course of business;
- (q) except in the case of Low Value Leases, for which all filings or recordings with respect to the Borrower's interest therein and the related Leases and Rights necessary by law or reasonably prudent and desirable for the perfection and protection of such interests including any further filings, recordings or renewals thereof, have been effected by the Borrower ("Lien Registration"); provided, however, if the Lease Asset is a Low Value Lease in respect of which there is no Lien Registration, the Outstanding Balance of such Lease Asset, together with the

Outstanding Balance of all Eligible Assets in respect of which there are no Lien Registrations, does not exceed 35% of the Outstanding Balance of all Eligible Assets at such time;

(r) in respect of which there is a parts and labour warranty on the related Leased Equipment as issued by a third party insurer that is approved in writing by PTC (acting reasonably) or the Borrower has otherwise made arrangements with a third party (other than the Obligor or the Borrower) to ensure that any repair and servicing of the Leased Equipment is conducted and completed as required from time to time;

(s) in respect of which the related Originator Reserve required under the terms of the related Program Agreement has been deposited to the Reserve Account and, (i) in the case of a Low Value Lease in respect of which there is no Lien Registration or no measured credit score for the related Obligor, the Originator Reserve has been increased by an additional 1% of the Outstanding Balance of such Lease Asset, and (ii) in the case of a Lease Asset that does not have a parts and labour warranty on the related Leased Equipment, on such warranty terms and with such insurers as may be approved by PTC in writing (acting reasonably), the Originator Reserve has been increased by an additional 0.25% of the Outstanding Balance of such Lease Asset; provided, however, that in no event shall the Originator Reserve be required to exceed 4% of the Outstanding Balance of a Lease Asset in order for the Lease Asset to qualify as an Eligible Lease;

(t) that is not a Non-Performing Asset;

(u) in respect of which the related Originator is an Approved Originator;

(v) which is not a Lease Asset specifically excluded by the Borrower in a Borrowing Base Certificate, provided that the Borrower may not exclude any Lease Assets as contemplated hereunder if the aggregate amount of Advances then outstanding exceeds or would exceed the Borrowing Base at such time;

(w) the related Obligor's credit score at the time of origination was not less than 500, provided that the related Obligor may have no measured credit score in respect of a Low Value Lease if evidence has been obtained of the related Obligor's ownership of the residential property at which the related Leased Equipment has been installed;

(x) the Lease Asset is not a Non-AML-Compliant Lease Asset; and

(y) if the Lease Asset is a RNC Lease, then the Outstanding Balance of such Lease Asset, together with the Outstanding Balances of all Leases relating to Leased Assets that are RNC Leases, does not exceed \$10 million;

"End Date" shall have the meaning set forth in Section 2.1.

"GAAP" means at any particular time with respect to any Credit Party, generally accepted accounting principles as in effect at such time in Canada, consistently applied.

“Governmental Authority” means any federal, state, provincial, regional, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

“Guarantee” has the meaning ascribed to it in Section 4.1.

“HVAC” has the meaning ascribed to it in the definition of Approved Equipment.

“Indemnitee” has the meaning ascribed to it in Section 14.2.

“Insolvency Event” means, in respect of any Person, such Person shall generally not pay its debts as they become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceedings shall be instituted by or against, as the case may be, seeking to adjudicate it as bankrupt or insolvent or seeking liquidation, winding up, reorganization arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of insolvent debtors, or seeking the entry of an order for relief by the appointment of a receiver, trustee, custodian or similar official for its or a substantial part of its property and, if such proceeding has been instituted against such Person, while being contested in good faith by such Person, such proceeding has not been stayed or dismissed within 45 days, or a receiver, trustee, custodian or other similar official is appointed for it or any substantial part of its property; or a receiver being privately appointed in respect of a substantial part of the assets of such Person; or such Person, takes any corporate action to authorize any of the actions described above.

“Lease” means a lease, rental agreement or conditional sales contract or similar agreement (including a sub-metering agreement) for the lease or sale of Approved Equipment originated by an Originator.

“Lease Asset” means a Lease together with the related Rights.

“Leased Equipment” means in respect of a Lease, the equipment leased to the related Obligor hereunder, including any replacements thereof under the terms of the Lease.

“Loan” has the meaning ascribed to it in Recital B.

“Loan Documents” has the meaning ascribed to it in Section 5.1(a).

“Low Score Leases” means Lease Assets in respect of which the beacon score of the related Obligor is less than 600 on the date such Lease Asset is originated.

“Low Value Lease” means a Lease Asset in respect of which the related Approved Equipment is a water heater or other equipment where the monthly rental payment (excluding taxes) is less than \$45 or a tankless water heater where the monthly rental payment (excluding taxes) is less than \$65.

“Management Debt” means the subordinated debt provided to the Borrower by SGHS and/or SGHS’ employees for the purposes of financing Leases.

“Maximum Amount of Loan” means the amount set forth in Section 15.

“Non-AML-Compliant Eligible Asset” means a Non-AML-Compliant Lease Asset that meets all of the requirements to be treated as an Eligible Asset under this Agreement other than under paragraph (z) of the definition of Eligible Asset.

“Non-AML-Compliant Eligible Asset Advance” means an Advance drawn pursuant to an Advance Request that specifies that the Advance is “to be used for Non-AML-Compliant Eligible Assets”.

“Non-AML-Compliant Lease Asset” means a Lease Asset that does not comply with the “know your customer” requirements imposed by any anti-money laundering or anti-terrorist financing legislation applicable to PTC, as determined by PTC in its sole discretion.

“Non-Performing Asset” means any Lease Asset that is more than 90 days past due.

“Note” has the meaning ascribed to it in Section 2.4.

“Obligor” means in respect of any Lease Asset, the Person or Persons obligated to make payments thereunder and, in the case of a RNC Lease, includes the agent of that Person or Persons.

“Originators” means Approved Originators and such other Persons who become parties to Program Agreements with the Borrower from time to time.

“Originator Reserves” means the cash reserves held by the Borrower under the Program Agreements and available to be applied toward losses or other shortfalls suffered in respect of the Lease Assets acquired under the related Program Agreement.

“Outstanding Balance” means at any time in respect of a Lease Asset, the product of (i) 90%, and (ii) the sum of the present values of all unpaid Scheduled Payments arising under such Lease Assets, discounted to such date at the discount rate established pursuant to Section 1.2.

“Person” includes any natural person, corporation, company, limited liability company, unlimited liability company, trust, joint venture, association, incorporated organization, partnership, Governmental Authority or other entity.

“Program Agreements” means the program agreements entered into by the Borrower with each Originator pursuant to which the Borrower acquires Leases from time to time.

“Records” means, in respect of any Lease Asset, all contracts (including those evidencing such Lease Asset), books, records, reports and other documents and information (including, to the extent obtainable by way of existing software controlled by the Borrower, hard copies of all data maintained in databases of the Borrower, tapes and disks) maintained by or on behalf of the Borrower in respect of the Lease Assets and the related Obligor.

“Reporting Period” means a calendar month.

“Reserve Account” means the account established and maintained in the name of PTC as the account owner at The Toronto–Dominion Bank (account number is 01020–5516580) or such other account as is designated by notice to the Borrower as the Reserve Account for the purposes hereof.

“Rights” means, in respect of any Lease Asset, the following:

- (a) all rights and benefits accruing to the Borrower under such Lease Asset, including all right, title and interest in and to the related receivables;
- (b) all of the Borrower’s right, title and interest in and to the related Leased Equipment;
- (c) all of the Borrower’s right, title and interest in the Originator Reserves held under the Program Agreements in respect of the Lease Asset and available to be applied toward the payment of any Lease Asset under the terms of the related Program Agreement;
- (d) all right in or to payments (including both proceeds and, to the extent the Borrower has any rights therein, premium refunds) under any insurance policies maintained by the related Obligor pursuant to the terms of such Lease Asset or by the Borrower in respect of such Lease Asset;
- (e) all claims, demands, actions, damages and indemnities owing to the Borrower under such Lease Asset;
- (f) the right of the Borrower to ask, demand, sue for, collect, receive and enforce any and all sums payable under the Lease Asset and to enforce all other covenants, obligations, rights and remedies thereunder with respect thereto;
- (g) all of the right, title and interest of the Borrower in, to and under all prepayments, guarantees, promissory notes and indemnities (including all security interests and all property subject thereto) from time to time supporting or securing payment or performance of the related Obligor’s obligations in respect of the Lease Asset, whether pursuant to the Lease Asset or otherwise;
- (h) the related Records; and
- (i) all proceeds of or relating to any of the foregoing.

“RNC Lease” means a Lease Asset for which the original Obligor under the applicable Lease is a RNC Lease Builder.

“RNC Lease Builder” means a builder or developer who does not intend to occupy the building in which the Approved Equipment under a RNC Lease is to be installed.

“RNC Lease Homeowner” means the first Obligor or Obligors under a RNC Lease who is not a RNC Lease Builder.



“Sale and Servicing Agreement” means the sale and servicing agreement dated December 1, 2016 entered into between the Borrower, PTC and the Guarantor, as amended, restated, supplemented, replaced or otherwise modified from time to time.

“Scheduled Payment” means, in respect of a Lease Asset, the regularly scheduled monthly rental payment payable by the Obligor thereunder during a term not exceeding the lesser of (i) the term of the Receivable, (ii) ten years, and (iii) the remainder of the Prescribed Term, as such term is defined in the related Program Agreement.

“Security” has the meaning ascribed to it in Section 3.1.

“Security Agreement” means the general security agreement dated as of December 1, 2016 between the Borrower and PTC, as the same may be amended, restated, supplemented, replaced or otherwise modified from time to time;

“SGHS” means Simply Green Home Services Inc.

“Shareholders’ Agreement” means the unanimous shareholders’ agreement among Crown Crest Capital Management Corp., Simply Green Home Services Inc. and PTC, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Subordinated Debt” means subordinated debt incurred by the Borrower from time to time to finance or refinance the acquisition of Leases, which debt may be secured but shall be subordinated and postponed to the Loan.

“Trustee” means Crown Crest Funding Corp.

## 1.2 DISCOUNT RATE

Any reference to a “discount rate” in the definition of “Borrowing Base” or “Outstanding Balance” means a discount rate equal to 4% per annum, provided that PTC may adjust the discount rate on January 2 of any calendar year by notice in writing delivered not less than 30 days before such date in respect of Advances to be made after such date. An increase in the discount rate may not exceed the net increase in BMO Prime during the calendar year during which the notice is given.

## 1.3 AMENDMENTS TO DEFINITION OF ELIGIBLE ASSET

If, at any time, PTC determines, acting reasonably, that there has been a material change in the information contained in a Borrowing Base Certificate from the information contained in any previous Borrowing Base Certificate, then PTC may elect by notice in writing to the Borrower and the Guarantor to amend the definition of Eligible Asset so that it contains one or more of the following additional requirements:

- (a) if the Lease Asset is a Low Score Lease, then the Outstanding Balance of such Lease Asset, together with the Outstanding Balances of all Leases relating to

Leased Assets that are Low Score Leases, does not exceed 5% of the Outstanding Balance of all Lease Assets at such time; and

- (b) if the Lease Asset is a Low Value Lease, then the Outstanding Balance of such Lease Asset, together with the Outstanding Balances of all Leases relating to Leased Assets that are Low Value Leases, does not exceed 35% of the Outstanding Balance of all Leased Assets at such time;

and the definition of Eligible Asset will be deemed to have been amended from the time of delivery of notice of any such election by PTC to the Borrower and the Guarantor.

## 2. LOAN

### 2.1 LOAN

Subject to the terms and conditions contained in this Agreement and in the other documents, instruments and agreements executed in connection with the Loan, including without limitation, the Security Agreement and the other Loan Documents, PTC will establish for the Borrower the Loan as a demand revolving line of credit against which PTC will make advances ("Advances") from time to time for the purpose of financing or refinancing the acquisition of Eligible Assets and Non-AML-Compliant Eligible Assets. Subject to the terms hereof, including without limitation Section 2.2, the Borrower shall have the right to obtain Advances, repay Advances and obtain additional Advances; however, all of the Advances hereunder shall be deemed to be a single loan. At no time shall (i) the unpaid principal balance of the Loan exceed the lesser of (x) the Borrowing Base, and (b) the Maximum Amount of Loan and (ii) all Advances of the Loan shall be made on or before the date set forth in Section 2.8 ("End Date").

### 2.2 ADVANCES

Subject to the terms and conditions hereof, Advances of the Loan will be limited as follows:

- i. First Draw: A one-time Advance on December 1, 2016 to, among other things, repay the BFI Facility in full and the Management Debt in full, by delivery on December 1, 2016 of an Advance Request together with a current Borrowing Base Certificate.
- ii. Subsequent Draws for Eligible Assets: Advances to only purchase and refinance Eligible Assets from Approved Originators may be drawn on the last Business Day of each week by delivery of an Advance Request together with a current Borrowing Base Certificate no later than the Business Day prior to the requested Advance.
- iii. Subsequent Draws for Non-AML-Compliant Eligible Assets: Advances to only purchase and refinance Non-AML-Compliant Eligible Assets from Approved Originators may be drawn on the first Business Day of each week by delivery of an Advance Request together with a current Borrowing Base Certificate: (A) for

the initial Advance Request of Non-AML-Compliant Eligible Assets, at least five (5) Business Days prior to the requested Advance; and (B) thereafter, no later than 9:00 a.m. (Pacific Time) on the Business Day prior to the requested Advance. Any such Advance Requests must state in Paragraph B of the Advance Request "Type/amount of Advance" after the amount of the Advance that the Advance is "to be used for Non-AML-Compliant Eligible Assets". The outstanding aggregate principal amount of all Advances to be used to purchase and refinance Non-AML-Compliant Eligible Assets shall not at any time exceed \$10,000,000. For greater certainty, the right to draw Advances to be used for Non-AML-Compliant Eligible Assets will not increase the Maximum Amount of Loan specified in Section 15.1. For further certainty, no Advance may be requested or drawn pursuant to this paragraph iii. to purchase and refinance any Lease Assets that are Eligible Assets or, in the sole and absolute discretion of PTC, are Lease Assets with respect to which the Borrower has not complied with the "know your customer" requirements imposed by any applicable anti-money laundering or anti-terrorist financing legislation for the primary purpose of categorizing such Lease Assets as Non-AML-Compliant Eligible Assets; it being the intention that, where reasonably possible, the Borrower shall meet all such "know your customer" requirements in respect of Lease Assets that the Borrower wishes to purchase and refinance with use of Advances.

[Advances made pursuant to paragraphs ii. and iii. may not be used to purchase and refinance portfolios of Eligible Assets and/or Non-AML-Compliant Eligible Assets, but may only be used to purchase and refinance Eligible Assets and/or Non-AML-Compliant Eligible Assets in the ordinary course of business pursuant to Program Agreements.

An Advance Request may include Advances requested pursuant to one or both of paragraphs ii. and iii. No more than one Advance Request may be delivered per week. The aggregate amount requested pursuant to an Advance Request shall be no less than \$300,000.

No Advance shall cause the aggregate principal amount of Advances outstanding hereunder to exceed the Borrowing Base or the Maximum Amount of Loan. In addition to statutory holidays, PTC's offices close for lending annually between December 15th and January 2nd for the winter holidays. Hence, no Advances can occur during this period.

Cash reserves held by the Borrower in accordance with the Program Agreements shall be held in the Reserve Account and applied by the Borrower to shortfalls in respect of Leases as provided under the related Program Agreements. Without limiting the foregoing, the Borrower shall ensure that the amount on deposit in the Reserve Account shall be no less than 4% of the Outstanding Balances related to all Eligible Assets.

### 2.3 NON-AML-COMPLIANT ELIGIBLE ASSETS

All requirements and obligations imposed on the Borrower pursuant to this Agreement will be met and performed by the Borrower separately for:

- (a) all Eligible Assets; and
- (b) all Non-AML-Compliant Eligible Assets;

and, in meeting all such requirements and obligations with respect to any Non-AML-Compliant Eligible Assets, all references in this Agreement to “Eligible Assets” will be deemed to be references to “Non-AML-Compliant Eligible Assets”.

As an example, where, pursuant to Section 8.1(b)(iii)(C) of this Agreement, the Borrower covenants to provide a Borrowing Base Certificate that includes a calculation of the Delinquency Rate, the Borrower shall provide one such Borrowing Base Certificate where the calculation of the Delinquency Rate includes only Eligible Assets, and one such Borrowing Base Certificate where the calculation of the Delinquency Rate includes only Non-AML-Compliant Eligible Assets.

#### 2.4 NOTE

The Loan shall be evidenced by a promissory note (“Note”) of even date herewith in a form prepared and approved by PTC in the Maximum Amount of Loan, payable in accordance with the terms thereof.

#### 2.5 INTEREST AND PAYMENTS

Subject to the following sentence, Interest on the principal amounts of the Advances outstanding from time to time shall be the per annum rate specified in Section 15 as the “Interest on the Loan” (the “Interest Rate”) as adjusted below and should such rates of interest as calculated thereunder exceed that allowed by law, the applicable rate of interest will be the maximum rate of interest allowed by applicable law. Interest on the principal amounts of the Non-AML-Compliant Eligible Asset Advances outstanding from time to time shall be the per annum rate specified in Section 15 as the “Interest on the Non-AML Compliant Portion of the Loan” (the “Non-AML-Compliant Interest Rate”) as adjusted below and should such rates of interest as calculated thereunder exceed that allowed by law, the applicable rate of interest will be the maximum rate of interest allowed by applicable law.

Subject to the following sentence, Interest on the principal amount of the Advances outstanding from time to time will be calculated and compounded monthly, not in advance, at the Interest Rate, both before and after maturity and default, and with interest on overdue interest at the same rate, until payment in full has been made of the principal amount and all accrued interest. Interest on the principal amount of the Non-AML-Compliant Eligible Asset Advances outstanding from time to time will be calculated and compounded monthly, not in advance, at the Non-AML-Compliant Interest Rate, both before and after maturity and default, and with interest on overdue interest at the same rate, until payment in full has been made of the principal amount and all accrued interest.

All interest hereunder shall be payable for the actual number of days elapsed (including the first day and the last day).

If the Delinquency Rate for the Low Score Leases included in the Borrowing Base exceeds, at any time during any Reporting Period, 8% (the amount of any excess being the "Excess LS Delinquencies"), a Delinquency Rate Reimbursement (an "Excess LS Delinquencies Reimbursement") shall be paid by the Borrower to PTC for each Reporting Period (that is, each calendar month) during which such Delinquency Rate had exceeded 8%. For greater certainty, the Borrower and PTC agree that any such Excess LS Delinquencies Reimbursement is not and shall not be deemed to be a penalty or fee in any way, but rather a true representation of the costs that PTC shall incur in respect of the monitoring, analyzing and reporting on the Excess LS Delinquencies.

If the Delinquency Rate for the Low Value Leases included in the Borrowing Base exceeds, at any time during any Reporting Period, 10% (the amount of any excess being the "Excess LV Delinquencies"), a Delinquency Rate Reimbursement (an "Excess LV Delinquencies Reimbursement") shall be paid by the Borrower to PTC for each Reporting Period (that is, each calendar month) during which such Delinquency Rate had exceeded 10%. For greater certainty, the Borrower and PTC agree that any such Excess LS Delinquencies Reimbursement is not and shall not be deemed to be a penalty or fee in any way, but rather a true representation of the costs that PTC shall incur in respect of the monitoring, analyzing and reporting on the Excess LV Delinquencies.

For greater certainty, both an Excess LS Delinquencies Reimbursement and an Excess LV Delinquencies Reimbursement may be payable by the Borrower to PTC for the same Reporting Period.

Accrued interest on the Loan shall be payable in arrears on the first (1<sup>st</sup>) day of each month and upon termination of the commitments hereunder (including upon the occurrence of the End Date).

The Borrower, Guarantor and PTC confirm that the initial cash payment in respect of any Eligible Asset purchased by PTC pursuant to the Sale and Servicing Agreement prior to the date of this Agreement has been deemed to have been paid to the Borrower in accordance with the Sale and Servicing Agreement and then repaid to PTC and applied toward the repayment of principal owing on the Loan in accordance with this Agreement. For greater certainty, this paragraph shall not apply to any Non-AML-Compliant Eligible Assets.

The Borrower shall pay to PTC on the End Date or other date of maturity of the Note or Loan, whether by acceleration or otherwise, the aggregate principal amount of all amounts of Advances outstanding on such date.

All payments and prepayments of principal, interest and fees under this Agreement and the Note and Loan shall be made to PTC prior to 12:00 p.m. (noon), Pacific time, in immediately available funds and for the ratable benefit of PTC.

## 2.6 PREPAYMENTS

If for any reason the aggregate principal amount of the Loan outstanding at any time shall exceed the lesser of (i) the Maximum Amount of the Loan and (ii) the Borrowing Base at such time, the Borrower, without notice or demand, shall immediately make a principal payment to PTC in an amount equal to such excess plus accrued and unpaid interest thereon. If any fine, penalty, sanction, order or other liability is imposed upon or determined against any of the Borrower, PTC or any Originator in connection with or relating to any Eligible Asset the purchase of which was financed by an Advance hereunder, such Lease Asset shall cease to be an Eligible Asset and the Borrower shall immediately, make a principal payment to PTC in an amount equal to the Advance made in connection with the relevant Eligible Asset. The Borrower may from time to time, prepay all or part of the outstanding principal balance of the Loan provided that in the event of any prepayment prior to the expiration of ninety (90) days from December 1, 2016, the Borrower shall pay to PTC an amount equal to the interest that would otherwise have been payable under the Note from the date of the prepayment until the end of such ninety (90) days.

## 2.7 REMITTANCE ACCOUNT.

The Collections received by Borrower from its collection of Leases, excluding Leases purchased under the Sale and Servicing Agreement, which have been assigned, by way of security pursuant to Section 3.1, shall be remitted to the Collections Account and subject to the terms of the Blocked Account Agreement.

## 2.8 END DATE / RENEWAL

The Loans shall mature and be repayable on the End Date specified in Section 15. Notwithstanding the foregoing, the End Date may be extended by PTC for an additional 6 months by written notice to the Borrower, such notice to be sent no earlier than 6 months prior to the scheduled End Date and no later than 4 months prior to the scheduled End Date. Upon such extension, the End Date shall be deemed to be such date 6 months following the scheduled End Date for all purposes hereunder until further extended by PTC pursuant to this Section 2.8.

## 3. SECURITY

### 3.1 Security

As security for the payment of the Note, the Loan, and all other liabilities and obligations of Borrower to PTC, now existing or hereafter created, Borrower shall grant a security interest in and set over to PTC, all of the Borrower's present and after-acquired personal property, including without limitation, all of the Borrower's rights, titles and interests in all of Borrower's

Lease Assets (“Security”); and any cash flow and proceeds therefrom. Such assignment, pledge and security interest shall be granted by way of the Security Agreement and such other instruments or specific assignments, by way of security, and shall be registered and perfected under applicable personal property security legislation in all required jurisdictions, in each case, as determined by PTC in its sole discretion.

### 3.2 RESTRICTIONS

Except as set out herein, the Borrower may not grant or assign, pledge or set over any of its rights, titles or interests in a Lease to any third party. Borrower shall be free to sell, assign or convey any Eligible Assets to any Person provided that (i) the Borrower offers to sell, assign or convey any Eligible Assets firstly to PTC, on substantially similar terms (ii) PTC declines to purchase such Eligible Assets on such terms, and following any such sale, assignment and conveyance, (iii) the aggregate amount of all outstanding Advances shall not exceed the Borrowing Base at any time and (iv) the Borrower shall within 15 days of such sale, assignment and conveyance either (A) deliver to PTC an amount equal to 100% of the net proceeds of such sale, assignment and conveyance as a prepayment of the amounts outstanding under the Advances or (B) use such net proceeds to purchase and refinance additional Eligible Assets. For greater certainty, the right of first refusal granted to PTC in paragraphs (i) and (ii) of this Section 3.2 will not apply to any proposed sale, assignment or conveyance of any Non-AML-Compliant Eligible Assets, and the remaining conditions in this Section 3.2 will apply to any such sale, assignment or conveyance of any Non-AML-Compliant Eligible Assets

### 3.3 ADDITIONAL DOCUMENTS

Borrower or the Trustee as applicable shall execute from time to time upon the request of PTC, a standard Blocked Account Agreement in respect of the Collections Account and the Reserve Account and such financing statements or other documents as reasonably required by PTC to perfect or continue PTC’s rights, titles and interests in the Leases. For greater certainty, such Blocked Account Agreement shall permit Borrower to withdraw funds from the Collections Account and the Reserve Account unless and until “activated” by PTC on the occurrence of an Event of Default.

## 4. GUARANTEE

### 4.1 GUARANTOR

Guarantor shall grant and execute in favour of PTC a guarantee (the “Guarantee”) whereby the Guarantor shall irrevocably and unconditionally guarantee to PTC the due and punctual payment in full of the Note, Loan, and all other liabilities and obligations of Borrower to PTC hereunder when the same shall become due, and such Guarantee shall be in form and content satisfactory to PTC in its sole discretion.

## 5. CONDITIONS PRECEDENT

### 5.1 CONDITIONS PRECEDENT TO ADVANCES

In addition to the conditions set out in Section 2.2, PTC shall have no obligation to make any Advance until the conditions set forth in the following subparagraphs and elsewhere herein have been satisfied at the expense of the Borrower, as determined by PTC in its sole and absolute discretion:

(a) each Credit Party shall have delivered, or cause to be delivered, to PTC, in form and substance satisfactory to PTC, this Agreement, the Note, the Security Agreement, the Blocked Account Agreement and the Guarantee, and such other documents, instruments, financing statements, certificates, legal opinions, and agreements as PTC may reasonably request (collectively, the "Loan Documents");

(b) each Credit Party shall have delivered, or cause to be delivered, to PTC, in form and substance satisfactory to PTC in its sole and absolute discretion certified copies of resolutions of such Credit Party's trustees, directors or partners, as the case may be, authorizing such Credit Party to execute, deliver, honour and perform the Agreement, the Note, the Security Agreement and a certificate of incumbency certifying the names and signatures of the trustees, officers or partners, as the case may be, of each Credit Party authorized to sign the Loan Documents;

(c) All of PTC's liens and security interests securing the Note, Loan, and all other liabilities and obligations of Borrower to PTC shall have been validly perfected and be representative of a first charge over the Security;

(d) PTC shall have received evidence of, or undertakings from the Borrower's solicitors in relation to, the discharge of any indebtedness or Adverse Claims, except as permitted in accordance with Section 8.1(g), as determined satisfactory in the reasonably exercised opinion of PTC's solicitors;

(e) No material adverse change shall have occurred in the business or financial condition of Borrower since the date of the latest financial statements given to PTC by on behalf of Borrower;

(f) Each of the warranties and representations made by Borrower in this Agreement shall be true and correct as of the date of each Advance; and

(g) Borrower shall have kept and performed the various covenants, obligations and agreements on its part to be kept and performed under this Agreement and no Event of Default, or act or event which with the giving of notice or the passage of time, or both, would constitute an Event of Default hereunder shall have occurred and be continuing.

## 5.2 REQUEST FOR ADVANCES

Advances may be made by PTC upon receipt of an Advance Request (including a calculation of the current Borrowing Base) executed by the Persons named in Section 15 hereof, either one acting alone, who are authorized to request Advances and direct disposition of any such Advances, for and on behalf of the Borrower, until written notice of the revocation of such authority is received from Borrower by PTC. Each request by Borrower for an Advance shall



constitute a reaffirmation, as of the date of such request, of all of the representations and warranties of Borrower contained in this Agreement.

### 5.3 NO WAIVER

No Advance, or any waiver of a condition in connection therewith, shall constitute a waiver of any of the conditions to any further Advances.

## 6. FEES

### 6.1 FEES

As additional consideration for PTC's commitments herein, Borrower agrees to pay to PTC the following fees, which shall be fully earned and non-refundable to Borrower, shall be held and retained by PTC as its sole property and shall not be applied to any payments due under the Loan Documents or Note other than this Section 6:

(a) a commitment fee in the amount set forth in Section 15 hereof, payable on or before December 1, 2016 and in each instance where the Maximum Amount of Loan is increased or renewed for a new term;

(b) a non-utilization fee computed at the rate per annum set forth in Section 15 hereof on the unused portion of the Maximum Amount of Loan and payable quarterly in arrears to be calculated from December 1, 2016, where the phrase 'unused portion of the Maximum Amount of Loan' means the average difference between (i) the Maximum Amount of Loan and (ii) the outstanding principal balance of the Loan on each day during such period; and

(c) an inspection fee in the amount per inspection set forth in Section 15 hereof, payable within ten (10) days of Borrower being billed therefor by PTC.

## 7. REPRESENTATIONS AND WARRANTIES

### 7.1 REPRESENTATIONS AND WARRANTIES

Each Credit Party confirms that it made the following representations and warranties to PTC as of December 1, 2016, which representations and warranties survived the execution of this Agreement:

(a) Legal Status. Borrower is a trust that has been duly formed and is validly existing under the laws of Ontario and is qualified to transact business in Ontario and in every other jurisdiction in which the nature of its business requires such qualifies; and each of the Trustee and the Guarantor is a corporation that has been duly organized and is validly existing under the laws of Ontario and is qualified to transact business, and has made all filings and is in good standing, in Ontario and in every other jurisdiction in which the nature of its business requires such qualifies;

(b) No Violation. The making and performance by the Credit Parties of the Loan Documents do not violate any provision of law, nor any provision of such Credit Party's formation documents,

including, without limitation, articles of incorporation or any partnership agreement or trust indenture, or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which such Credit Party is a party or by which such Credit Party may be bound;

(c) Authorization. This Agreement and the other Loan Documents have been duly authorized, executed and delivered, and are legal, valid and binding agreements of the Credit Parties who are party thereto enforceable against such Credit Party in accordance with their terms, except as enforceability may be limited by bankruptcy, solvency, reorganization, moratorium or similar laws effecting creditors' rights generally and by general principles of equity;

(d) Financial Statements. All financial statements and reports (including Borrowing Base Certificates) that have heretofore been presented to PTC in conjunction with the transaction which is the subject of this Agreement, have been prepared in conformity with GAAP consistently applied, fairly and accurately present the financial condition and income of the subject thereof, as of the date given, and neither contain any untrue statement of a material fact nor fail to state a material fact required in order to make such financial statements not misleading. Since the date of such financial statements, there has been no adverse material change in the financial condition or operations of the subject thereof;

(e) Consent and Licences. No consent, approval or authorization of, or registration or filing with, any governmental body or authority, or any other Person, firm or entity not a party hereto, is or will be required as a condition to the valid execution, delivery, performance or enforceability of documents contemplate herein, or the transactions contemplated hereby or thereby, or to the conduct of the business of the Credit Parties;

(f) Litigation. There is no material litigation either pending or, to the best of its knowledge, threatened against the Credit Parties before any court or administrative agency, or before any arbitrator, which may have a material adverse effect on the assets, business, financial conditions or operations of the Credit Parties, or which would prevent or hinder the performance of the obligations of the Credit Parties under the Agreement, and, furthermore, each Credit Party has not violated any law in any material respect and, to the best of its knowledge, is not the subject of any investigation by a governmental agency that could reasonably be expected to result in an indictment or a forfeiture or seizure of any of its assets; and

(g) Environmental Matters. Each Credit Party, to the best of its knowledge after due investigation, is in compliance in all material respects with all applicable environmental, health and safety statutes and regulations and each Credit Party does not have any material contingent liability in connection with any improper treatment, storage, disposal or release into the environment of any hazardous or toxic waste or substance.

## 8. COVENANTS OF THE CREDIT PARTIES

### 8.1 COVENANTS

Until the payment in full of the Loan and until the fulfillment of all of its obligations hereunder, each Credit Party shall comply with the following covenants:

(a) Books and Records. Each Credit Party shall at all times keep accurate and complete books, records and accounts of all of such Credit Party's business activities, prepared in accordance with GAAP consistently applied, and each Credit Party shall permit PTC, or any Persons designated by PTC, at any reasonable time, to inspect, audit and examine such books, records and accounts and to make copies or extracts thereof;

(b) Statements and Reports. Each Credit Party shall furnish to PTC:

(i) within the number of days set forth in Section 15 hereof after the end of each fiscal year of such Credit Party, financial statements of such Credit Party, which shall include a balance sheet, an income statement showing the results of operations for such a fiscal year and a change in financial position statement for such fiscal year, together, in each case, with the comparable figures for the immediately preceding fiscal year, all in reasonable detail and prepared in accordance with GAAP, consistently applied, which statements shall contain the certification requirements set forth in Section 15 hereof;

(ii) within the number of days set forth in Section 15 hereof after the end of each of the fiscal periods of the Credit Parties set forth in Section 15 hereof, financial reports of the Credit Parties, which shall include a balance sheet, an income statement showing the results of operations for such fiscal period and a change in financial position statement for such fiscal period, together, in each case, with the comparable figures for the immediately preceding corresponding fiscal period, all in reasonable detail and prepared in accordance with GAAP, consistently applied, and containing the certifications required pursuant to Section 15 hereof;

(iii) within twenty (20) days after the end of each month a Borrowing Base Certificate which shall include the following:

(A) An aging and listing of all accounts receivable prepared in accordance with GAAP which itemizes each account debtor, including each Lease, by name and addresses and which states the total amount payable to Borrower and contains a breakdown indicating future amounts due and when due, current amounts due, amounts thirty (30) days past due, sixty (60) days past due, and ninety (90) or more days past due, and reflecting any credit adjustments, returns and allowances;

(B) An aging and listing of all accounts payable-trade prepared in a similar manner; and

(c) A calculation of the Delinquency Rate in respect of all Low Score Leases and Low Value Leases forming part of the Borrowing Base and all Eligible Assets, as well as the balance of all amounts held in the Reserve Account that are represented or included in the Borrowing Base (such balance shall be set out for

those in respect of Low Score Leases, Low Value Leases and those in respect of all Eligible Assets other than Low Score Leases and Low Value Leases), together with a calculation of all amounts required to be deposited therein pursuant to the Program Agreements;

(iv) promptly, from time to time, upon request of PTC, such other information concerning the financial condition, business and affairs of each Credit Party as shall be reasonably requested by PTC;

(c) Notices. Each Credit Party shall promptly notify PTC in writing of the occurrence of any Event of Default or any act or event which, with the giving of notice or the passage of time, or both, would be such an Event of Default and of any legal action, proceeding or investigation threatened or instituted against such Credit Party that might have a material adverse effect upon the operations, financial condition or business of the Credit Parties or the Borrower's ability to repay the Loan, or PTC's security interest in the Leases or any of them, and from time to time, at PTC's request, each Credit Party will furnish to PTC a summary of the status of all such actions, proceedings or investigation;

(d) Maintain Business. Each Credit Party shall maintain in full force and effect all material licenses, permits, authorizations, bonds, franchises and other rights necessary or desirable to the profitable conduct of its business, shall continue in, and limit its operations to, the same general lines of business as are presently conducted and shall comply with all applicable laws, orders, regulations and ordinances of all governmental authorities, in all material respects and shall maintain its corporate existence;

(e) Mergers, Sale of Assets. Borrower will not, without PTC's prior written consent: (i) sell, lease, transfer or dispose of substantially all of its assets to another entity; or (ii) consolidate with or merge into another entity, permit any other entity to merge into it or consolidate with it, or permit any transfer of the ownership of, or power to control, Borrower;

(f) Dividends and Other Distributions. Unless otherwise indicated herein, Borrower will not, without PTC's prior written consent, declare, order, pay or make, directly or indirectly any dividend or other distribution or other payment or loan other than as permitted in the Shareholders' Agreement;

(g) Indebtedness. Borrower will not, without PTC's prior written consent,

(i) incur, create, assume or permit to exist any obligation or indebtedness, except

(A) existing indebtedness disclosed on financial statements previously delivered to PTC;

(B) the Loan;

(C) other indebtedness and trade obligations and normal accruals in the ordinary course of business including indebtedness to Originators arising under Program Agreements;

(D) other indebtedness subordinated and postponed to repayment of Advances that are subject to a subordination and postponement agreement that is in form and content satisfactory to PTC;

(ii) become liable, directly, or indirectly, as guarantor or otherwise, for any obligation of any other Person, except existing obligations of such kind previously disclosed to PTC in writing and other than the indebtedness set out in Section 8.1(g)(i) above, in excess of the amount set forth in Section 15;

(h) Lien. Borrower will not, without PTC's prior written consent, agree for any Person, to have the benefit of or recourse to the Borrower's assets except to the extent fully subordinated to the security interest, claims, and liens of PTC under the Security Agreement;

(i) Insurance. Each Credit Party shall maintain and keep in force insurance of the types and amounts customarily carried in its lines of business, including, without limitation, fire, public liability, product liability, property damage and workers' compensation, such insurance to be carried with companies and in amounts satisfactory to PTC, in its reasonable discretion, and each Credit Party shall deliver to PTC from time to time as PTC may request, schedules setting forth all insurance then in effect and copies of the policies;

(j) Debts. Each Credit Party shall pay all permitted debts, legal awards, taxes, levies, penalties, interest and any other obligation, immediately upon such obligation coming due;

(k) Underwriting. Borrower has and will undertake all appropriate underwriting of the Leases and is holding and will hold written proof of the same, on behalf of PTC; and

(l) Environmental Matters. Each Credit Party will take all reasonable actions to prevent the occurrence of any material violation of any applicable environmental, health and safety statutes and regulations, or any order or judgment of any court with respect to environmental pollution or contamination, hazardous waste disposal or any other environmental matter and each Credit Party shall promptly give written notice to PTC of the following occurrences and of the steps being taken by such Credit Party, with respect thereto:

(i) notice that such Credit Party's operations are not in full compliance with the requirements of applicable environmental, health and safety statutes and regulations;

(ii) notice that such Credit Party is subject to a governmental investigation evaluating whether any remedial action is needed to respond to the release of any hazardous or toxic waste or substance into the environment; or

(iii) notice that any properties or assets of such Credit Party are subject to any environmental lien.

(m) Monitoring. The Borrower shall monitor the level of complaints received by it arising from all Eligible Assets acquired by the Borrower and take commercially reasonable steps to address such complaints. If, at any given time, the level of unresolved complaints exceeds 1% (being the percentage of active Obligor with unresolved complaints to total active Obligor) or if the level of total complaints (whether resolved or not) exceeds 5% (as the percentage of active Obligor who have made a complaint to total active Obligor), such excess shall be reported to the next meeting of the directors of Crown Crest Capital Management Corp. for a discussion on required management actions in respect of the interests of the Obligor.

## 8.2 Non-Performing Receivable

If any Eligible Asset, (other than a Lease Asset sold to PTC pursuant to the Sale and Servicing Agreement), becomes a Non-Performing Asset, the Borrower shall (i) notify PTC in writing of such event and (ii) repay any amount by which the aggregate outstanding amount of Advances hereunder exceeds the Borrower Base as a result of such Eligible Asset becoming a Non-Performing Asset.

## 9. EVENTS OF DEFAULT

9.1 EVENTS OF DEFAULT. The occurrence of one or more of the following events shall constitute an Event of Default under this Agreement:

(a) The Borrower defaults in the repayment of any of the amounts payable hereunder, under the Note or any of the Loan Documents and such default is not remedied within 3 Business Days following notice from PTC;

(b) There shall occur a material event of default under any of the Security Agreement, the other Loan Documents and if such event of default is capable of being cured or remedied, such event of default is not cured or remedied within 30 days following notice from PTC;

(c) Any Credit Party fails to observe or perform any of the covenants, obligations (including payments) conditions and agreements on the part of the Credit Parties contained herein in any material respect and if such failure is capable of being cured or remedied, such failure is not cured or remedied within 30 days following notice from PTC;

(d) If any representation or warranty made by the Credit Parties to PTC contained herein or any other document proves to have been untrue in any material respect when made, and if capable of being remedied, is not so remedied within 30 days following notice from PTC;

(e) Any Credit Party shall be in default in the payment or performance of any material obligation under any indenture, contract, mortgage, law, deed of trust or other agreement or instrument to which such Credit Party is a party or by which it is bound, and if such default is capable of being cured or remedied, is not so cured or remedied within 30 days of notice from PTC;

(f) The dissolution, termination of existence, insolvency, bankruptcy or business failure of any Credit Party, as applicable, or upon the appointment of a receiver, receiver-manager or receiver

and manager of any part of the property of any Credit Party, or the commencement by or against any Credit Party of any proceeding under any bankruptcy, arrangement, reorganization, dissolution, liquidation, insolvency or similar law for the relief of or otherwise affecting creditors of any Credit Party, or by or against any guarantor or surety for any Credit Party which is not dismissed within 45 days, or upon the issue of any writ of execution, warrant, attachment, sequestration, levy, third party demand, notice of intention to enforce security or garnishment or similar process against any Credit Party;

(g) Any Credit Party commits or threatens in writing to commit an act of bankruptcy (as defined in the *Bankruptcy and Insolvency Act*);

(h) The institution by any Credit Party of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of any Credit Party;

(i) There shall exist any act, omission, event or undertaking which would, or would reasonably be expected to, singly or in the aggregate, have a materially adverse effect upon (a) the ability of the Credit Parties taken as a whole to perform their respective obligations under this Agreement or any other Loan Document in any material respect, (b) the legality, validity, binding effect, enforceability or admissibility into evidence of any Loan Document the ability of the Lender to enforce any rights or remedies under or in connection with any Loan Document or (c) the perfection or priority of the Security granted pursuant to the Security Agreement;

(j) PTC in good faith believes the prospect of repayment of the Loan or performance of the obligations hereunder is or is about to be impaired;

(k) The average Delinquency Rate for any Reporting Period and the two immediately preceding Reporting Periods exceeds 4%; or

(l) The amount on deposit in the Reserve Account is less than 50% of the aggregate required "Cash Reserve Amount" specified under each Program Agreement or as otherwise required under the terms of this Agreement.

## 10. REMEDIES OF PTC UPON DEFAULT

10.1 REMEDIES. At any time after any Event of Default has occurred, PTC may, without presentment, demand, protest or further notice of any kind (all of which are hereby expressly waived) and, notwithstanding the provisions contained in any other document or instrument executed or to be executed by the Credit Parties to PTC hereunder or contained in any other agreement, take any one or more of the following actions:

(a) Declare the entire principal and any accrued interest on the Loan, together with all costs and expenses, to be immediately due and payable, and to enforce payment thereof by any means permitted by law or in equity;

(b) Without accelerating payment, enforce the payment of sums of principal and interest then due (including any penalty interest or late payment charges);

(c) Require the Credit Parties to take or refrain from taking any action which may be necessary to cure such Event of Default and to obtain affirmative or negative injunctions or restraining orders with respect thereto;

(d) File suit for any sums owing or for damages; and

(e) Exercise any other remedy or right provided in law or in equity or permitted under this Agreement, the Security Agreement or any other Loan Document, including without limitation, the activation of the Blocked Account Agreement in respect of the Collections Account.

## 10.2 REMEDIES CUMULATIVE

Any and all remedies conferred upon PTC shall be deemed cumulative with, and nonexclusive of any other remedy conferred hereby or by law, and PTC in the exercise of any one remedy shall not be precluded from the exercise of any other.

## 11. FEES AND EXPENSES

In addition to interest and principal as stated in the Note, Borrower shall pay all costs of closing the Loan and all expenses of PTC with respect thereto, including, but not limited to, inspection fees, due diligence costs and in-house and outside legal fees (including legal fees incurred by PTC subsequent to the closing of the Loan in connection with the enforcement of the Loan), filing fees and similar items. PTC will provide a reasonably detailed summary of such costs and expenses prior to the closing of the Loan. Said costs and expenses may, at PTC's option, be deducted from the disbursements of Loan proceeds hereunder. In addition to any liability Borrower may have under applicable law, Borrower shall pay PTC's attorneys' fees and costs incurred in the collection of any indebtedness hereunder, or in enforcing this Agreement, whether or not suit is brought, and any attorneys' fees and costs incurred by PTC in any proceeding under bankruptcy law in order to collect any indebtedness hereunder or to preserve, protect or realize upon any security for such indebtedness.

## 12. WAIVER

Any waiver of any of the terms of this Agreement by PTC shall not be construed as a waiver of any other terms of this Agreement, and no waiver shall be effective unless made in writing. The failure of PTC to exercise any right with respect to the declaration of any default shall not be deemed or construed to constitute a waiver by, or to preclude PTC from exercising any right with respect to such default at a later date or with respect to any subsequent default by Borrower.

## 13. NOTICES

Any notices required or permitted to be given pursuant to this Agreement shall be in writing and shall be given by personal delivery or by mailing the same, postage prepaid, to the address set forth in Section 15 hereof. Any such notice shall be deemed received for purposes of this Agreement upon delivery if given by personal delivery or three (3) days after the mailing thereof



if given by mail. If either party desires to change the address to which notices are to be sent it shall do so in writing and deliver the same to the other party in accordance with the notice provisions set forth above.

#### 14. MISCELLANEOUS

##### 14.1 PARTIES

This Agreement is made solely among Borrower, the Guarantor and PTC, no other Person shall have any right of action hereunder. The parties expressly agree that no Person shall be a third-party beneficiary to this Agreement.

##### 14.2 INDEMNITY

Borrower agrees to indemnify PTC and each of its directors, officers, employees, trustees, advisors and agents (each such Person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable legal fees (on a solicitor and own client basis), disbursements and other charges, incurred by or asserted or awarded against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto or thereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, (iii) any claim made against the Borrower in any capacity, any Indemnitee or any Originator by any Obligor arising from, in connection with or relating to the performance of observance of any of the Borrower's or Originator's respective covenants, duties or obligations hereunder, in respect of or relating to any of the Lease Assets, (iv) the failure of the Borrower in any capacity or any Originator to perform or observe any of its respective covenants, duties or obligations hereunder, in respect of or relating to any of the Lease Assets or (v) any fine, penalty, sanction, order, or other liability imposed upon or determined against any of the Borrower, in any capacity, any Indemnitee or any Originator by any Governmental Authority in connection with or relating to any Lease Asset; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses have resulted from the gross negligence or wilful misconduct of any Indemnitee. The provisions of this Section 14.2 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of the Loan, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of PTC. All amounts due under this Section 14.2 shall be payable promptly after written demand therefor.

##### 14.3 ENTIRE AGREEMENT

This Agreement including the Schedules attached hereto and by this reference incorporated herein, together with all other documents hereto, constitutes the entire agreement of the parties hereto and thereto, and no prior agreement or understanding with respect to the Loan, whether written or oral and including, but not limited to, any loan commitment issued by PTC to Borrower, shall be of any further force or effect, all such other prior agreements and commitments having been superseded in their entirety by this Agreement.

#### 14.4 ASSIGNMENT

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns; provided, however, that neither this Agreement nor any rights or obligations hereunder shall be assignable by Borrower without the prior express written consent of PTC first having been obtained, and any purported assignment made in contravention hereof shall be void. Only after the occurrence and during the continuance of an Event of Default, PTC may assign any part of or all of the Loan and its rights and obligations hereunder in its sole discretion. PTC may participate all or any portion of the Loan to such other party or parties as PTC shall select provided that any disclosure of information provided to any participant shall be subject to Section 14.9.

#### 14.5 GOVERNING LAW

This Agreement shall be construed in accordance with and governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein (without regard to the conflicts of laws rules of the Province of British Columbia).

#### 14.6 TIME

Time is of the essence hereof.

#### 14.7 SURVIVAL

The representations and warranties hereunder shall survive the closing of the Loan and PTC may enforce such representations and warranties at any time. The covenants of the Credit Parties shall survive the closing of the Loan and shall be performed fully and faithfully by the Credit Parties at all times. The indemnities of Borrower shall survive repayment of the Loan.

#### 14.8 SEVERABILITY

If any term or provision of this Agreement of any other document, or the application thereof to any circumstance, shall be invalid, illegal or unenforceable to any extent, such term or provision shall not invalidate or render unenforceable any other term or provision of this Agreement or any other Loan Document, or the application of such term or provision to any other circumstance. To the extent permitted by law, the parties hereto hereby waive any provision of law that renders any term or provision hereof invalid or unenforceable in any respect.

#### 14.9 CONFIDENTIALITY

Each party hereto will maintain on a confidential basis (except as otherwise permitted hereunder or as required by applicable law) all information relating to the other party provided to it hereunder by the other parties; provided, however, that this Section shall not apply to any information which (i) was lawfully in the public domain at the time of communication to the first party, (ii) lawfully enters the public domain through no fault of the first party subsequent to the time of communication to the first party, (iii) was lawfully in possession of the first party free of any obligation of confidence at the time of communication to the first party, (iv) was lawfully communicated to the first party free of any obligation of confidence subsequent to the time of initial communication to the first party or (v) was lawfully communicated to any Person free from any obligation of confidence subsequent to the time of communication to the first party.

## 15. STATEMENT OF TERMS

15.1 Maximum Amount of Loan (Section 1): \$27,400,000.00 (Canadian)

15.2 Number of Days Past Due (definition of Eligible Assets paragraph (s)): 5 days

15.3 Interest on the Loan (Section 2.5): BMO Prime + 5.3% P.A.

15.4 End Date (Section 2.8): April 15, 2019.

15.5 Persons Authorized to Requested Advances (Section 5.2): Lawrence Krimker, Luda Krimker, Liam Coates and such others as designated by notice in writing

15.6 Commitment Fee (Section 6.1(a)): 15 bps of Maximum Amount of Loan

15.7 Non-Utilization Fee (Section 6.1(b)): 32.5 bps of the undrawn amount

15.8 Inspection Fee (Section 6.1(c)): Reasonable charges billed by qualified contractors, along with their related expenses.

15.9 Audited Statements due within 120 days of each fiscal year end (Section 8.1(b)(i))

15.10 Statements due within 45 days of each fiscal quarter end (Section 8.1(b)(ii))

15.11 Maximum amount of indebtedness, liabilities or other contingent obligations (Section 8.1(g)(ii)): \$25,000

15.12 Addresses for Notices (Section 13):

To Borrower:

Crown Crest Capital Management Corp.  
1201-200 Yorkland Blvd.  
Toronto, ON  
M2J 5C1

Attention: President

To PTC:

People's Trust Company  
1400-888 Dunsmuir Street  
Vancouver, BC V6C 3K4

Attention: President and CEO

With a copy to General Counsel and Executive VP & Chief Financial Officer

15.13 Interest on the Non-AML Compliant Portion of the Loan (Section 2.5): BMO Prime + 3.3% P.A.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the date first above written.

**CROWN CREST FUNDING CORP.**, in its capacity as trustee of **CROWN CREST CAPITAL TRUST**

By: \_\_\_\_\_

Name:

Title:

**CROWN CREST CAPITAL MANAGEMENT CORP.**

By:  \_\_\_\_\_

Name: Lawrence Krimker

Title: CEO

**PEOPLES TRUST COMPANY**

By: \_\_\_\_\_

Name:

Title:

To PTC:

People's Trust Company  
1400-888 Dunsmuir Street  
Vancouver, BC V6C 3K4

Attention: President and CEO

With a copy to General Counsel and Executive VP & Chief Financial Officer

15.13 Interest on the Non-AML Compliant Portion of the Loan (Section 2.5): BMO Prime + 3.3% P.A.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

**CROWN CREST FUNDING CORP.**, in its capacity as trustee of **CROWN CREST CAPITAL TRUST**

By: *L. Krimker*  
Name: *LUYDMILA KRIMKER*  
Title: *PRESIDENT*

**CROWN CREST CAPITAL MANAGEMENT CORP.**

By: \_\_\_\_\_  
Name:  
Title:

**PEOPLES TRUST COMPANY**

By: \_\_\_\_\_  
Name:  
Title:

To PTC:

People's Trust Company  
1400-888 Dunsmuir Street  
Vancouver, BC V6C 3K4

Attention: President and CEO

With a copy to General Counsel and Executive VP & Chief Financial Officer

15.13 Interest on the Non-AML Compliant Portion of the Loan (Section 2.5): BMO Prime + 3.3% P.A.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

**CROWN CREST FUNDING CORP.,** in its capacity as trustee of **CROWN CREST CAPITAL TRUST**

By: \_\_\_\_\_

Name:

Title:

**CROWN CREST CAPITAL MANAGEMENT CORP.**

By: \_\_\_\_\_

Name:

Title:

**PEOPLES TRUST COMPANY**

By:  \_\_\_\_\_ 

Name: **Samson Lim**      **Waheed Hirji**  
Title: **Executive Vice President & Chief Financial Officer**      Chief Operations Officer

**SCHEDULE A**

**Form of Advance Request**

**NOTICE OF ADVANCE REQUEST**

**[Date]**

**PTC Address**

**Attention: Contact person**

**E-MAIL: E-mail address**

**BORROWING NOTICE**

We refer to the Amended and Restated Warehouse Line of Credit Agreement dated as of April ♦, 2018 (the "Agreement"; capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Agreement), entered into by and among Crown Crest Funding Corp., in its capacity as trustee of Crown Crest Capital Trust, ("Borrower"), Crown Crest Capital Management Corp., and Peoples Trust Company ("PTC").

We hereby instruct and authorize PTC to make Advances to our disbursement account(s), subject to and in accordance with the terms and provisions of the Agreement to the TD Bank account # [NUMBER], Transit # [NUMBER] and to charge Borrower's loan account with each such Advance(s).

Borrower hereby request an advance (the "**Advance**") be made as follows:

**A. The date of Advance: ●**

**B. Type/amount of Advance:** CAD: \$ Amount

**Borrower hereby confirms as follows:**

(a) Each of the representations and warranties made by each of the Credit Parties in or pursuant to the Agreement and the other Loan Documents are true and correct in all material respects on and as of the date hereof as if made on and as of such date, except as PTC may have otherwise agreed to herein or in a separate writing.

(b) No Event of Default has occurred as of the date hereof or will occur after the making of the Advance(s) requested hereunder.

(c) Each Credit Party is in compliance with each of the covenants set forth in Section 8.1 of the Agreement.

(d) The Advance(s) requested hereunder will not cause the aggregate principal amount of Advances outstanding under the Agreement to exceed the Borrowing Base or the Maximum Amount of the Loan.

**DATED ●.**

**BORROWER: Crown Crest Capital Trust, by its trustee Crown Crest Funding Corp. by its authorized agent, Crown Crest Capital Management Corp.**

**By:**

**Name:**


**Title:**



**SCHEDULE B**  
**BORROWING BASE CERTIFICATE**

<b>Date:</b>	<b>Warehouse</b>	<b>Purchase</b>
WH		PCH
<b>Eligible monthly rental rate</b>		-\$
<b>Borrowing base</b>		-\$

[Attach spreadsheet]

 <b>CROWN CREST CAPITAL</b>			
	<b>Rental Rate</b>	<b>Warehouse PV</b>	<b>Purchase PV</b>
Amount in purchase facility	-	-	-
Amount in warehouse facility	-	-	-
Warehouse (current batch)	-	-	-

**AMENDMENT TO AMENDED AND RESTATED WAREHOUSE LINE OF CREDIT  
AGREEMENT**

THIS AGREEMENT made this 10th day of September, 2018.

BETWEEN:

**CROWN CREST FUNDING CORP., in its capacity as trustee of  
CROWN CREST CAPITAL TRUST**

("CCCT")

- and -

**CROWN CREST CAPITAL MANAGEMENT CORP.**

("Guarantor")

- and -

**PEOPLES TRUST COMPANY**

("PTC")

**WHEREAS** CCCT, Guarantor and PTC have entered in to an Amended and Restated Warehouse Line of Credit Agreement made as of April 27, 2018 (the "**Amended and Restated Credit Agreement**");

**AND WHEREAS**, CCCT, Guarantor and PTC wish to amend the Amended and Restated Credit Agreement hereunder in accordance with the terms of this amending agreement (this "**Agreement**").

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and covenants and agreements of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties hereby covenant and agree as follows:

**1. INTERPRETATION**

- 1.1 All initially capitalized terms used in this Agreement, including the recitals, that are defined in the Amended and Restated Credit Agreement and not otherwise defined in this Agreement have the meaning specified in the Amended and Restated Credit Agreement.
- 1.2 Unless expressly stated otherwise, all references herein to sections or schedules of an agreement other than this Agreement shall be to sections or schedules of the Amended and Restated Credit Agreement.
- 1.3 Section headings in this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

## **2. AMENDMENTS TO THE AMENDED CREDIT AGREEMENT**

Section 15.1 is deleted in its entirety and replaced with the following:

“15.1 Maximum Amount of Loan (Section 1): \$28,600,000.00 (Canadian)”

## **3. OTHER DOCUMENTS**

3.1 Any reference to the Amended and Restated Credit Agreement made in any documents delivered pursuant thereto or in connection therewith shall be deemed to refer to the Amended and Restated Credit Agreement as amended, extended, modified, renewed or supplemented from time to time, including as amended by this Agreement, unless the context otherwise requires.

## **4. MISCELLANEOUS**

4.1 Except for the specific changes and amendments provided for in this Agreement, the Amended and Restated Credit Agreement and all related documents are in all other respects hereby ratified and confirmed and the Amended and Restated Credit Agreement as amended hereby shall be read, taken and construed as one and the same instrument and remains in full force and effect.

4.2 This Agreement shall enure to the benefit of and be binding upon the parties, their successors and any permitted assigns.

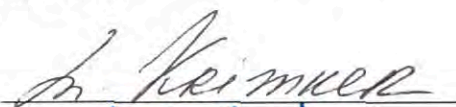
4.3 This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument. Counterparts may be executed electronically and delivered by e-mail, fax or other electronic means.

4.4 None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other party.

4.5 This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed by their authorized signatories as of the date first above written.

**CROWN CREST FUNDING CORP., in its  
capacity as trustee of CROWN CREST  
CAPITAL TRUST**

Per:   
Name: Luda Krimker  
Title:

**CROWN CREST CAPITAL  
MANAGEMENT CORP.**

Per:   
Name: Lawrence Krimker  
Title:

**PEOPLES TRUST COMPANY**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed by their authorized signatories as of the date first above written.

**CROWN CREST FUNDING CORP., in its capacity as trustee of CROWN CREST CAPITAL TRUST**


Per: \_\_\_\_\_  
Name:  
Title:

**CROWN CREST CAPITAL MANAGEMENT CORP.**


Per: \_\_\_\_\_  
Name:  
Title:

**PEOPLES TRUST COMPANY**

Per: \_\_\_\_\_  
Name:  
Title:



Per: \_\_\_\_\_  
Name:  
Title:



**THIRD AMENDMENT TO AMENDED AND RESTATED WAREHOUSE LINE OF CREDIT AGREEMENT**

THIS AGREEMENT made this 29<sup>th</sup> day of May, 2019.

BETWEEN:

**CROWN CREST FUNDING CORP., in its capacity as trustee of  
CROWN CREST CAPITAL TRUST,**

("CCCT"),

- and -

**CROWN CREST CAPITAL MANAGEMENT CORP.**

("Guarantor")

- and -

**PEOPLES TRUST COMPANY**

("PTC").

**WHEREAS** CCCT, Guarantor and PTC have entered in to an Amended and Restated Warehouse Line of Credit Agreement made as of April 27, 2018 (the "**Amended and Restated Credit Agreement**"), as amended amendments made as of September 10, 2018 and March 21, 2019 (together with the Amended and Restated Credit Agreement, the "**Amended Credit Agreement**");

**AND WHEREAS** CCCT, Guarantor and PTC wish to amend the Amended Credit Agreement in accordance with the terms of this amending agreement (this "**Agreement**");

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and covenants and agreements of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties hereby covenant and agree as follows:

**1. INTERPRETATION**

- 1.1 All initially capitalized terms used in this Agreement, including the recitals, that are defined in the Amended Credit Agreement and not otherwise defined in this Agreement have the meaning specified in the Amended Credit Agreement.
- 1.2 Unless expressly stated otherwise, all references herein to sections or schedules of an agreement other than this Agreement shall be to sections or schedules of the Amended Credit Agreement.
- 1.3 Section headings in this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

## **2. AMENDMENTS TO THE AMENDED CREDIT AGREEMENT**

Section 15.4 is deleted in its entirety and replaced with the following:

“15.1 Maximum Amount of Loan (Section 1):”19,800,000

## **3. OTHER DOCUMENTS**

3.1 Any reference to the Amended and Restated Credit Agreement or the Amended Credit Agreement made in any documents delivered pursuant thereto or in connection therewith shall be deemed to refer to the Amended Credit Agreement as amended, extended, modified, renewed or supplemented from time to time, including as amended by this Agreement, unless the context otherwise requires.

## **4. MISCELLANEOUS**

4.1 Except for the specific changes and amendments provided for in this Agreement, the Amended Credit Agreement and all related documents are in all other respects hereby ratified and confirmed and the Amended Credit Agreement as amended hereby shall be read, taken and construed as one and the same instrument and remains in full force and effect.

4.2 This Agreement shall enure to the benefit of and be binding upon the parties, their successors and any permitted assigns.

4.3 This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument.

4.4 None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other party.

4.5 This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Signature page follows.**

This is the signature page for the Third Amendment to Amended and Restated Warehouse Line of Credit Agreement dated May 29, 2019.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their authorized signatories as of the date first above written.

**CROWN CREST FUNDING CORP., in its capacity as trustee of CROWN CREST CAPITAL TRUST**

Per: *L. Krimker*  
Name: LYUDMILA KRIMKER  
Title: PRESIDENT

**CROWN CREST CAPITAL MANAGEMENT CORP.**

Per: *Lawrence Krimker*  
Name: Lawrence Krimker  
Title: CEO

**PEOPLES TRUST COMPANY**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:



This is the signature page for the Third Amendment to Amended and Restated Warehouse Line of Credit Agreement dated May 29, 2019.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their authorized signatories as of the date first above written.


**CROWN CREST FUNDING CORP., in its  
capacity as trustee of CROWN CREST  
CAPITAL TRUST**

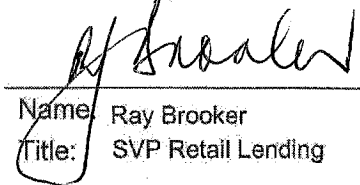
Per: \_\_\_\_\_  
Name:  
Title:

**CROWN CREST CAPITAL  
MANAGEMENT CORP.**

Per: \_\_\_\_\_  
Name:  
Title:

**PEOPLES TRUST COMPANY**

Per:  \_\_\_\_\_  
Name: Waheed Hirji  
Title: COO

Per:  \_\_\_\_\_  
Name: Ray Brooker  
Title: SVP Retail Lending

**SECOND AMENDMENT TO AMENDED AND RESTATED WAREHOUSE LINE OF CREDIT AGREEMENT**

THIS AGREEMENT made this 21<sup>st</sup> day of March, 2019.

BETWEEN:

**CROWN CREST FUNDING CORP., in its capacity as trustee of  
CROWN CREST CAPITAL TRUST,**

("CCCT"),

- and -

**CROWN CREST CAPITAL MANAGEMENT CORP.**

("Guarantor")

- and -

**PEOPLES TRUST COMPANY**

("PTC").

**WHEREAS** CCCT, Guarantor and PTC have entered in to an Amended and Restated Warehouse Line of Credit Agreement made as of April 27, 2018 (the "**Amended and Restated Credit Agreement**"), as amended by a first amendment made as of September 10, 2018 (together with the Amended and Restated Credit Agreement, the "**Amended Credit Agreement**");

**AND WHEREAS** CCCT, Guarantor and PTC wish to amend the Amended Credit Agreement in accordance with the terms of this amending agreement (this "**Agreement**");

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and covenants and agreements of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties hereby covenant and agree as follows:

**1. INTERPRETATION**

- 1.1 All initially capitalized terms used in this Agreement, including the recitals, that are defined in the Amended Credit Agreement and not otherwise defined in this Agreement have the meaning specified in the Amended Credit Agreement.
- 1.2 Unless expressly stated otherwise, all references herein to sections or schedules of an agreement other than this Agreement shall be to sections or schedules of the Amended Credit Agreement.
- 1.3 Section headings in this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

## **2. AMENDMENTS TO THE AMENDED CREDIT AGREEMENT**

Section 15.4 is deleted in its entirety and replaced with the following:

"15.4 End Date (Section 2.8): April 15, 2020"

## **3. OTHER DOCUMENTS**

3.1 Any reference to the Amended and Restated Credit Agreement or the Amended Credit Agreement made in any documents delivered pursuant thereto or in connection therewith shall be deemed to refer to the Amended Credit Agreement as amended, extended, modified, renewed or supplemented from time to time, including as amended by this Agreement, unless the context otherwise requires.

## **4. MISCELLANEOUS**

4.1 Except for the specific changes and amendments provided for in this Agreement, the Amended Credit Agreement and all related documents are in all other respects hereby ratified and confirmed and the Amended Credit Agreement as amended hereby shall be read, taken and construed as one and the same instrument and remains in full force and effect.

4.2 This Agreement shall enure to the benefit of and be binding upon the parties, their successors and any permitted assigns.


4.3 This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument.

4.4 None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other party.

4.5 This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed by their authorized signatories as of the date first above written.


**CROWN CREST FUNDING CORP., in its capacity as trustee of CROWN CREST CAPITAL TRUST**


Per:   
Name: Lyudmila Krimker  
Title: President

**CROWN CREST CAPITAL MANAGEMENT CORP.**

Per:   
Name: Lawrence Krimker  
Title: CEO

**PEOPLES TRUST COMPANY**

Per:   
Name: **Waheed Hirji**  
Title: Chief Operations Officer

Per:   
Name:  
Title: **Darren Kozol**  
General Counsel &  
Corporate Secretary

## WAREHOUSE LINE OF CREDIT AGREEMENT

This Warehouse Line of Credit Agreement is entered into this 19th day of January, 2018

This agreement is entered into by and among Crown Crest Financial Corp., a corporation existing under the laws of the Province of Ontario (the "**Borrower**"), Simply Green Home Services Inc., a corporation incorporated under the laws of the Province of Ontario ("**Guarantor**") and Peoples Trust Company, a trust company existing under the laws of Canada ("**PTC**").

### RECITALS:

A. Borrower desires to obtain from PTC a demand line of credit ("**Loan**") and PTC is willing to make the Loan, but only on the terms and conditions hereinafter set forth.

NOW, THEREFORE in consideration of the premises and the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### 1. DEFINITIONS.

"Advance" has the meaning ascribed to it in Section 2.1.

"Advance Request" means an advance request in the form of Schedule A.

"Adverse Claim" means a security interest or other lien, charge, encumbrance, right or claim, including any filing or registration made in respect thereof, of or through any Person (other than PTC).

"Agreement" shall mean this credit agreement and all schedules and exhibits hereto, as may be amended, restated, supplemented, modified or replaced from time to time.

"Approved Equipment" shall mean storage water heaters, tankless water heaters, water filtration and/or treatment systems, Heating Recovery Ventilation ('HRV') and/or High-efficiency particulate arrestance ('HEPA') systems, furnace and air conditioning ('HVAC') equipment, smart home products and boiler systems, as well as such other consumer equipment as may be agreed by the Borrower under rental contracts.

"Blocked Account Agreement" means the blocked account agreement to be entered into between the Borrower, PTC and The Toronto-Dominion Bank within 10 Business Days of the date of this Agreement, as the same may be amended, restated, supplemented or replaced from time to time.

"BMO Prime" means, at any time, the posted "prime rate" of interest charged by Bank of Montreal for its commercial loans that are made in Canadian dollars.

"Borrowing Base" means at any time, the product of (i) 90%, and (ii) the sum of the present values of all unpaid Scheduled Payments arising under Eligible Assets then owned by the Borrower, discounted to such date at a discount rate equal to 4.00% per annum.

“Borrowing Base Certificate” means a certified calculation of the Borrowing Base in the form of Schedule B.

“Business Day” means any day that is not a Saturday, Sunday or other day to which commercial banks in Vancouver, British Columbia or Toronto, Ontario are authorized or required by applicable law to remain closed.

“Charged-Off Asset” means any Lease Asset (i) for which the Borrower has become aware that an Insolvency Event has occurred in respect of the related Obligor or (ii) that is or is required to be charged-off as uncollectible by the Borrower in accordance with the Credit and Collection Policies it being acknowledged that under the Credit and Collection Policies a Lease Asset would be charged-off as uncollectible upon the Borrower becoming aware that an Insolvency Event had occurred in respect of the related Obligor.

“Collections” means, without duplication (i) in respect of any Eligible Asset, all cash collections and other cash proceeds in respect thereof and of the related rights and Leases and (ii) the net proceeds of any disposition of the related Eligible Asset.

“Collections Account” means the account established and maintained in the name of the Borrower as the account owner at Toronto-Dominion Bank (Branch ID: 01482, Account Number: 5277476) or such other account as is designated by notice to PTC as the Collections Account for the purposes hereof, which account shall at all times be subject to a blocked account agreement in form and substance acceptable to PTC.

“Credit and Collection Policies” means the Borrower’s credit, collection and administration policies and procedures relating to its portfolio of loans, as represented in the Borrower’s operating procedures manual, which for greater certainty, has been reviewed and approved by PTC.

“Credit Parties” means, collectively, the Borrower and the Guarantor, and “Credit Party” means any of them.

“Delinquent Asset” means a Lease Asset where any amount payable thereunder or any portion thereof is more than 180 days past due.

“End Date” shall have the meaning set forth in Section 2.1.

“Eligible Asset” means any Lease Asset:

(a) in respect of which the Obligor thereunder is a Person who is resident in Canada and is not (i) an affiliate of the Borrower; (ii) the Government of Canada or any agency or instrumentality thereof or any federal crown corporation other than those listed as exempt under applicable legislation from restrictions or requirements for consent or notice on the assignment of receivables in respect of which they are obligors; or (iii) any provincial government or agency thereof if the enforceability against such government or agency of an assignment of debts owing thereby is subject to any pre-condition which has not been fulfilled;

- (b) which is not a Charged-Off Asset;
- (c) that has a fair market value that is greater than or equal to its face value;
- (d) which is payable to an address in Canada only and is denominated and payable in Canadian Dollars and in respect of which the Obligor has been directed to remit payments to the Collections Account;
- (e) which has been duly authorized, executed and delivered by the parties thereto, has been entered into in compliance with all applicable laws (including any licensure laws applicable to Borrower), and, together with all related Rights (including any guarantee, indemnity or agreement referred to in clause (g) of the definition of Rights), is in full force and effect and constitutes the legal, valid and binding obligation of the related Obligor enforceable against such Obligor in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject to equitable principles of general application (regardless of whether enforcement is sought in a proceeding at law or in equity);
- (f) which is not subject to any dispute, set-off, counterclaim or defense whatsoever, no prepayments have been made thereunder and which is owned by the Borrower and free of any Adverse Claim and has not been extended or otherwise modified except in the ordinary course of business and in accordance with the Credit and Collection Policies;
- (g) in respect of which the Borrower is not in default in the performance of any of the covenants of the Borrower thereunder;
- (h) the terms of which do not contravene any laws, rules or regulations applicable thereto (including, without limitation, such laws, rules, or regulations relating to usury, truth in lending, credit business practices, cost of borrowing, consumer protection, equal credit opportunity, fair debt collection practices and privacy), except where such contravention would not materially adversely affect the collectability or enforceability of the related Rights;
- (i) in which the perfection of the Borrower's rights complies with the requirements of the Credit and Collection Policies in all material respects;
- (j) the related Obligor is not the subject of any Insolvency Event (except where such Insolvency Event occurred prior to the origination of the Lease and such origination was consistent with the Credit and Collection Policies) and there are no such proceedings pending, or to the best of the Borrower's knowledge, threatened against such Obligor;
- (k) in respect of which the related Rights may be assigned in whole or in part without the consent of the related Obligor;
- (l) which is documented pursuant to a form of contract which is similar in all material respects to one of the forms of contract that have previously been delivered to and accepted by PTC, acting reasonably;

- (m) in respect of which the Borrower is the legal and beneficial owner of the Lease Asset, the related Leases and Rights free and clear of any Adverse Claim other than as contemplated hereunder;
- (n) that has not been satisfied, subordinated, waived or rescinded;
- (o) that has not been compromised, adjusted or modified except in accordance with the Credit and Collection Policies;
- (p) that was generated in the ordinary course of business;
- (q) for which all filings or recordings with respect to the Borrower's interest therein and the related Leases and Rights necessary by law or reasonably prudent and desirable for the perfection and protection of such interests including any further filings, recordings or renewals thereof, have been effected by the Borrower; and
- (r) that is not a Non-Performing Asset or a Lease Asset that has more than fifteen percent (15%) of the total amount owing from the Obligor then due and payable and remaining unpaid for more than the number of days set forth in Section 15 after the date due under the terms of the related invoice;

For greater certainty that portion of an account representing cash flows for the period in excess of 120 months, shall not be eligible for the purposes of calculating loan availability.

"Escalation Amount" has the meaning ascribed thereto in the respective rental contracts.

"GAAP" means at any particular time with respect to any Credit Party, generally accepted accounting principles as in effect at such time in Canada, consistently applied.

"Governmental Authority" means any federal, state, provincial, regional, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guarantee" has the meaning ascribed to it in Section 4.1.

"HVAC" has the meaning ascribed to it in the definition of Approved Equipment.

"Indemnitee" has the meaning ascribed to it in Section 14.2.

"Insolvency Event" means, in respect of any Person, such Person shall generally not pay its debts as they become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceedings shall be instituted by or against, as the case may be, seeking to adjudicate it as bankrupt or insolvent or seeking liquidation, winding up, reorganization arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of insolvent debtors, or seeking the entry of an order for relief by the appointment of a receiver, Borrower, custodian or similar official for its or a substantial part of its property and, if such proceeding has been instituted against such Person, while being contested in good faith by such Person, such proceeding has not been stayed or dismissed within 45 days, or a



receiver, Borrower, custodian or other similar official is appointed for it or any substantial part of its property; or a receiver being privately appointed in respect of a substantial part of the assets of such Person; or such Person, takes any corporate action to authorize any of the actions described above.

“Lease” means a lease, rental contract or conditional sales contract or similar agreement for the lease or sale of Approved Equipment.

“Lease Asset” means a Lease together with the related Rights.

“Leased Equipment” means in respect of a Lease, the equipment leased to the related Obligor hereunder, including any replacements thereof under the terms of the Lease.

“Loan” has the meaning ascribed to it in Recital A.

“Loan Documents” has the meaning ascribed to it in Section 5.1(a).

“Maximum Amount of Loan” means the amount set forth in Section 15.

“Non-Performing Asset” means any Lease Asset that is more than 180 days past due.

“Note” has the meaning ascribed to it in Section 2.4.

“Obligor” means in respect of any Lease Asset, the Person or Persons obligated to make payments thereunder.

“Outstanding Balance” means at any time in respect of a Lease Asset, the product of (i) 90%, and (ii) the sum of the present values of all unpaid Scheduled Payments arising under such Lease Assets, discounted to such date at a discount rate equal to 4.00% per annum.

“Person” includes any natural person, corporation, company, limited liability company, unlimited liability company, trust, joint venture, association, incorporated organization, partnership, Governmental Authority or other entity.

“Records” means, in respect of any Lease Asset, all contracts (including those evidencing such Lease Asset), books, records, reports and other documents and information (including, to the extent obtainable by way of existing software controlled by the Borrower, hard copies of all data maintained in databases of the Borrower, tapes and disks) maintained by or on behalf of the Borrower in respect of the Lease Assets and the related Obligor.

“Rental Amount” means in respect of a Lease, the original regularly-scheduled monthly rental payment amount of the Obligor thereunder (excluding any Escalation Amount).

“Reporting Period” means a calendar month.

“Reserves” means a cash reserve of three and three-quarters percent (3.75%) held by the Borrower and available to be applied toward losses or other shortfalls suffered in respect of the Lease Assets acquired under the related rental contracts.

“Reserve Account” means the account established and maintained in the name of PTC as the account owner at The Toronto–Dominion Bank (Branch ID: 01020, Account Number: 5530265) or such other account as is designated by notice to the Borrower as the Reserve Account for the purposes hereof.

“Rights” means, in respect of any Lease Asset, the following:

- (a) all rights and benefits accruing to the Borrower under such Lease Asset, including all right, title and interest in and to the related receivables;
- (b) all of the Borrower’s right, title and interest in and to the related Leased Equipment;
- (c) all of the Borrower’s right, title and interest in the Reserves in respect of the Lease Asset and available to be applied toward the payment of any Lease Asset under the terms of the related rental contract;
- (d) all right in or to payments (including both proceeds and, to the extent the Borrower has any rights therein, premium refunds) under any insurance policies maintained by the related Obligor pursuant to the terms of such Lease Asset or by the Borrower in respect of such Lease Asset;
- (e) all claims, demands, actions, damages and indemnities owing to the Borrower under such Lease Asset;
- (f) the right of the Borrower to ask, demand, sue for, collect, receive and enforce any and all sums payable under the Lease Asset and to enforce all other covenants, obligations, rights and remedies thereunder with respect thereto;
- (g) all of the right, title and interest of the Borrower in, to and under all prepayments, guarantees, promissory notes and indemnities (including all security interests and all property subject thereto) from time to time supporting or securing payment or performance of the related Obligor’s obligations in respect of the Lease Asset, whether pursuant to the Lease Asset or otherwise;
- (h) the related Records; and
- (i) all proceeds of or relating to any of the foregoing.

“Scheduled Payment” means, in respect of a Lease Asset, (a) the Rental Amount and (b) the monthly payment of any Escalation Amount payable by the obligor thereunder during a term not exceeding the lesser of (i) the term of the receivable, (ii) ten years, and (iii) the remainder of the Prescribed Term, as such term is defined in the related rental contract.

“Security” has the meaning ascribed to it in Section 3.1.

“Security Agreement” means the general security agreement dated as of the date hereof between the Borrower and PTC, as the same may be amended, restated, supplemented, replaced or otherwise modified from time to time;

“Subordinated Debt” means subordinated debt incurred by the Borrower from time to time to finance or refinance the acquisition of Leases, which debt may be secured but shall be subordinated and postponed to the Loan.

## 2. LOAN

### 2.1 LOAN

Subject to the terms and conditions contained in this Agreement and in the other documents, instruments and agreements executed in connection with the Loan, including without limitation, the Security Agreement and the other Loan Documents, PTC will establish for the Borrower the Loan as a demand line of credit against which PTC will make Advances (“Advances”) for the purpose of financing or refinancing the acquisition of (i) specified Delinquent Assets and (ii) Eligible Assets. Subject to the terms hereof, including without limitation Section 2.2, the Borrower shall have the right to obtain Advance(s), repay Advance(s) and obtain additional Advance(s); however, all of the Advance(s) hereunder shall be deemed to be a single loan. At no time shall (i) the unpaid principal balance of the Loan exceed the lesser of (a) the Borrowing Base, and (b) the Maximum Amount of Loan and (ii) all Advance(s) of the Loan shall be made on or before the date set forth in Section 2.8 (“End Date”).

### 2.2 ADVANCE(S)

Subject to the terms and conditions hereof, Advance(s) of the Loan will be limited as follows:

- i. First Draw: A one-time Advance in respect of the specified Delinquent Assets, made on the date hereof, by delivery of an Advance Request together with a current Borrowing Base Certificate.
- ii. Second Draw: a one-time Advance in respect of the Eligible Assets, made on the date hereof, by delivery of an Advance Request together with a current Borrowing Base Certificate.

No Advance shall cause the aggregate principal amount of Advance(s) outstanding hereunder to exceed the Borrowing Base or the Maximum Amount of Loan. In addition to statutory holidays, PTC’s offices close for lending annually between December 15th and January 2nd for the winter holidays. Hence, no Advance(s) can occur during this period.

Cash reserves held by the Borrower in accordance with respective rental contracts shall be held in the Reserve Account and applied by the Borrower to shortfalls in respect of Leases as provided under the related rental contracts.

### 2.3 [Reserved]

## 2.4 NOTE

The Loan shall be evidenced by a promissory note ("Note") of even date herewith in a form prepared and approved by PTC in the Maximum Amount of Loan, payable in accordance with the terms thereof.

## 2.5 INTEREST AND PAYMENTS

Interest on the principal amounts of the Advance(s) outstanding from time to time shall be the per annum rate specified in Section 15 as the Interest of the Loan (the "**Interest Rate**") as adjusted below and should such rates of interest as calculated thereunder exceed that allowed by law, the applicable rate of interest will be the maximum rate of interest allowed by applicable law.

Interest on the principal amount of the Advance(s) outstanding from time to time will be calculated and compounded monthly, not in advance, at the Interest Rate, both before and after maturity and default, and with interest on overdue interest at the same rate, until payment in full has been made of the principal amount and all accrued interest.

All interest hereunder shall be payable for the actual number of days elapsed (including the first day and the last day).

Accrued interest on the Loan shall be payable in arrears on the first (1<sup>st</sup>) day of each month and upon termination of the commitments hereunder (including upon the occurrence of the End Date).

The Borrower shall pay to PTC on the End Date or other date of maturity of the Note or Loan, whether by acceleration or otherwise, the aggregate principal amount of all amounts of Advance(s) outstanding on such date.

All payments and prepayments of principal, interest and fees under this Agreement and the Note and Loan shall be made to PTC prior to 12:00 p.m. (noon), Pacific Time, in immediately available funds and for the ratable benefit of PTC.

## 2.6 PREPAYMENTS

If for any reason the aggregate principal amount of the Loan outstanding at any time shall exceed the lesser of (i) the Maximum Amount of the Loan and (ii) the Borrowing Base at such time, the Borrower, without notice or demand, shall immediately make a principal payment to PTC in an amount equal to such excess plus accrued and unpaid interest thereon. If any fine, penalty, sanction, order or other liability is imposed upon or determined against any of the Borrower or PTC in connection with or relating to any Eligible Asset the purchase of which was financed by an Advance hereunder, such Lease Asset shall cease to be an Eligible Asset and the Borrower shall immediately, make a principal payment to PTC in an amount equal to the Advance made in connection with the relevant Eligible Asset. The Borrower may from time to time, prepay all or part of the outstanding principal balance of the Loan provided that in the

event of any prepayment prior to the expiration of ninety (90) days from the date hereof, the Borrower shall pay to PTC an amount equal to the interest that would otherwise have been payable under the Note from the date of the prepayment until the end of such ninety (90) days.

## 2.7 REMITTANCE ACCOUNT.

The Collections received by Borrower from its collection of Leases, which have been assigned, by way of security pursuant to Section 3.1, shall be remitted to the Collections Account and subject to the terms of the Blocked Account Agreement.

## 2.8 END DATE / RENEWAL

The Loans shall mature and be repayable on the End Date specified in Section 15. Notwithstanding the foregoing, the End Date may be extended by PTC for an additional 6 months by written notice to the Borrower, such notice to be sent no earlier than 6 months prior to the scheduled End Date and no later than 4 months prior to the scheduled End Date. Upon such extension, the End Date shall be deemed to be such date 6 months following the scheduled End Date for all purposes hereunder until further extended by PTC pursuant to this Section 2.8.

## 3. SECURITY

### 3.1 Security

As security for the payment of the Loan, and all other liabilities and obligations of Borrower to PTC, now existing or hereafter created, Borrower shall grant a security interest in and set over to PTC, all of the Borrower's present and after-acquired personal property, including without limitation all of the Borrower's rights, titles and interests in an amount equal to the Borrowing Base in respect of all of Borrower's Lease Assets ("**Security**"), and any cash flow and proceeds therefrom. Such assignment, pledge and security interest shall be granted by way of the Security Agreement and such other instruments or specific assignments, by way of security, and shall be registered and perfected under applicable personal property security legislation in all required jurisdictions, in each case, as determined by PTC in its sole discretion.

### 3.2 RESTRICTIONS

Except as set out herein, the Borrower may not grant or assign, pledge or set over any of its rights, titles or interests in a Lease to any third party. Borrower shall be free to sell, assign or convey any Eligible Assets to any Person provided that (i) the Borrower offers to sell, assign or convey any Eligible Assets firstly to PTC, on substantially similar terms (ii) PTC declines to purchase such Eligible Assets on such terms, and following any such sale, assignment and conveyance, (iii) the aggregate amount of all outstanding Advance(s) shall not exceed the Borrowing Base at any time and (iv) the Borrower shall within 15 days of such sale, assignment and conveyance either (A) deliver to PTC an amount equal to 100% of the net proceeds of such sale, assignment and conveyance as a prepayment of the amounts outstanding under the Advance(s) or (B) use such net proceeds to purchase and refinance additional Eligible Assets.

### 3.3 ADDITIONAL DOCUMENTS

Borrower shall execute from time to time upon the request of PTC, a standard Blocked Account Agreement in respect of the Collections Account and the Reserve Account and such financing statements or other documents as reasonably required by PTC to perfect or continue PTC's rights, titles and interests in the Leases. For greater certainty, such Blocked Account Agreement shall permit Borrower to withdraw funds from the Collections Account and the Reserve Account unless and until "activated" by PTC on the occurrence of an Event of Default.

## 4. GUARANTEE

### 4.1 GUARANTOR

Guarantor shall grant and execute in favour of PTC a guarantee (the "Guarantee") whereby Guarantor shall irrevocably and unconditionally guarantee to PTC the due and punctual payment in full of the Note, Loan and all other liabilities and obligations of Borrower to PTC hereunder when the same shall become due, and such Guarantee shall be in form and content satisfactory to PTC in its sole discretion.

## 5. CONDITIONS PRECEDENT

### 5.1 CONDITIONS PRECEDENT TO ADVANCE(S)

In addition to the conditions set out in Section 2.2, PTC shall have no obligation to make any Advance until the conditions set forth in the following subparagraphs and elsewhere herein have been satisfied at the expense of the Borrower, as determined by PTC in its sole and absolute discretion:

(a) each Credit Party shall have delivered, or cause to be delivered, to PTC, in form and substance satisfactory to PTC, this Agreement, the Note, the Security Agreement, the Blocked Account Agreement and the Guarantee, and such other documents, instruments, financing statements, certificates, legal opinions, and agreements as PTC may reasonably request (collectively, the "**Loan Documents**");

(b) each Credit Party shall have delivered, or cause to be delivered, to PTC, in form and substance satisfactory to PTC in its sole and absolute discretion certified copies of resolutions of such Credit Party's Borrowers, directors or partners, as the case may be, authorizing such Credit Party to execute, deliver, honour and perform the Agreement, the Note, the Security Agreement and a certificate of incumbency certifying the names and signatures of the Borrowers, officers or partners, as the case may be, of each Credit Party authorized to sign the Loan Documents;

(c) All of PTC's liens and security interests securing the Note, Loan, and all other liabilities and obligations of Borrower to PTC shall have been validly perfected and be representative of a first charge over the Security;

(d) PTC shall have received evidence of, or undertakings from the Borrower's solicitors in relation to, the discharge of any indebtedness or Adverse Claims, except as permitted in accordance with Section 8.1(g), as determined satisfactory in the reasonably exercised opinion of PTC's solicitors;

(e) No material adverse change shall have occurred in the business or financial condition of Borrower since the date of the latest financial statements given to PTC by on behalf of Borrower;

(f) Each of the warranties and representations made by Borrower in this Agreement shall be true and correct as of the date of each Advance; and

(g) Borrower shall have kept and performed the various covenants, obligations and agreements on its part to be kept and performed under this Agreement and no Event of Default, or act or event which with the giving of notice or the passage of time, or both, would constitute an Event of Default hereunder shall have occurred and be continuing.

## 5.2 REQUEST FOR ADVANCE

Advance(s) may be made by PTC upon receipt of an Advance Request (including a calculation of the current Borrowing Base) executed by the Persons named in Section 15 hereof, either one acting alone, who are authorized to request Advance(s) and direct disposition of any such Advance(s), for and on behalf of the Borrower, until written notice of the revocation of such authority is received from Borrower by PTC. Each request by Borrower for an Advance shall constitute a reaffirmation, as of the date of such request, of all of the representations and warranties of Borrower contained in this Agreement.

## 5.3 NO WAIVER

No Advance, or any waiver of a condition in connection therewith, shall constitute a waiver of any of the conditions to any further Advance(s).

## 6. FEES

### 6.1 FEES

As additional consideration for PTC's commitments herein, Borrower agrees to pay to PTC the following fees, which shall be fully earned and non-refundable to Borrower, shall be held and retained by PTC as its sole property and shall not be applied to any payments due under the Loan Documents or Note other than this Section 6:

(a) a commitment fee in the amount set forth in Section 15 hereof, payable on or before the date hereof and in each instance where the Maximum Amount of Loan is increased or renewed for a new term;

(b) a non-utilization fee computed at the rate per annum set forth in Section 15 hereof on the unused portion of the Maximum Amount of Loan and payable quarterly in arrears to be calculated from the date hereof, where the phrase 'unused portion of the Maximum Amount of

Loan' means the average difference between (i) the Maximum Amount of Loan and (ii) the outstanding principal balance of the Loan on each day during such period; and

(c) an inspection fee in the amount per inspection set forth in Section 15 hereof, payable within ten (10) days of Borrower being billed therefor by PTC.

## 7. REPRESENTATIONS AND WARRANTIES

### 7.1 REPRESENTATIONS AND WARRANTIES

Each Credit Party makes the following representations and warranties to PTC, which representations and warranties shall survive the execution of this Agreement:

(a) Legal Status. Borrower is a corporation duly formed and is validly existing under the laws of Ontario and is qualified to transact business in Ontario and in every other jurisdiction in which the nature of its business requires such qualifies; and each of the Borrower and the Guarantor is a corporation that has been duly organized and is validly existing under the laws of Ontario and is qualified to transact business, and has made all filings and is in good standing, in Ontario and in every other jurisdiction in which the nature of its business requires such qualifies;

(b) No Violation. The making and performance by the Credit Parties of the Loan Documents do not violate any provision of law, nor any provision of such Credit Party's formation documents, including, without limitation, articles of incorporation, or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which such Credit Party is a party or by which such Credit Party may be bound;

(c) Authorization. This Agreement and the other Loan Documents have been duly authorized, executed and delivered, and are legal, valid and binding agreements of the Credit Parties who are party thereto enforceable against such Credit Party in accordance with their terms, except as enforceability may be limited by bankruptcy, solvency, reorganization, moratorium or similar laws effecting creditors' rights generally and by general principles of equity;

(d) Financial Statements. All financial statements and reports (including Borrowing Base Certificates) that have heretofore been presented to PTC in conjunction with the transaction which is the subject of this Agreement, have been prepared in conformity with GAAP consistently applied, fairly and accurately present the financial condition and income of the subject thereof, as of the date given, and neither contain any untrue statement of a material fact nor fail to state a material fact required in order to make such financial statements not misleading. Since the date of such financial statements, there has been no adverse material change in the financial condition or operations of the subject thereof;

(e) Consent and Licences. No consent, approval or authorization of, or registration or filing with, any governmental body or authority, or any other Person, firm or entity not a party hereto, is or will be required as a condition to the valid execution, delivery, performance or enforceability of documents contemplate herein, or the transactions contemplated hereby or thereby, or to the conduct of the business of Borrower;



(f) Litigation. There is no material litigation either pending or, to the best of its knowledge, threatened against the Credit Parties before any court or administrative agency, or before any arbitrator, which may have a material adverse effect on the assets, business, financial conditions or operations of the Credit Parties, or which would prevent or hinder the performance of the obligations of the Credit Parties under the Agreement, and, furthermore, each Credit Party has not violated any law in any material respect and, to the best of its knowledge, is not the subject of any investigation by a governmental agency that could reasonably be expected to result in an indictment or a forfeiture or seizure of any of its assets; and

(g) Environmental Matters. Each Credit Party, to the best of its knowledge after due investigation, is in compliance in all material respects with all applicable environmental, health and safety statutes and regulations and each Credit Party does not have any material contingent liability in connection with any improper treatment, storage, disposal or release into the environment of any hazardous or toxic waste or substance.

## 8. COVENANTS OF THE CREDIT PARTIES

### 8.1 COVENANTS

Until the payment in full of the Loan and until the fulfillment of all of its obligations hereunder, each Credit Party shall comply with the following covenants:

(a) Books and Records. Each Credit Party shall at all times keep accurate and complete books, records and accounts of all of such Credit Party's business activities, prepared in accordance with GAAP consistently applied, and each Credit Party shall permit PTC, or any Persons designated by PTC, at any reasonable time, to inspect, audit and examine such books, records and accounts and to make copies or extracts thereof;

(b) Statements and Reports. Each Credit Party shall furnish to PTC:

(i) within the number of days set forth in Section 15 hereof after the end of each fiscal year of such Credit Party, financial statements of such Credit Party, which shall include a balance sheet, an income statement showing the results of operations for such a fiscal year and a change in financial position statement for such fiscal year, together, in each case, with the comparable figures for the immediately preceding fiscal year, all in reasonable detail and prepared in accordance with GAAP, consistently applied, which statements shall contain the certification requirements set forth in Section 15 hereof;

(ii) within the number of days set forth in Section 15 hereof after the end of each of the fiscal periods of the Credit Parties set forth in Section 15 hereof, financial reports of the Credit Parties, which shall include a balance sheet, an income statement showing the results of operations for such fiscal period and a change in financial position statement for such fiscal period, together, in each case, with the comparable figures for the immediately preceding corresponding fiscal period, all in reasonable detail and prepared

in accordance with GAAP, consistently applied, and containing the certifications required pursuant to Section 15 hereof;

(iii) within twenty (20) days after the end of each month a Borrowing Base Certificate which shall include the following:

(A) An aging and listing of all accounts receivable prepared in accordance with GAAP which itemizes each account debtor, including each Lease, by name and addresses and which states the total amount payable to Borrower and contains a breakdown indicating future amounts due and when due, current amounts due, amounts thirty (30) days past due, sixty (60) days past due, and ninety (90) or more days past due, and reflecting any credit adjustments, returns and allowances;

(B) An aging and listing of all accounts payable-trade prepared in a similar manner; and

(C) The balance of all amounts held in the Reserve Account that are represented or included in the Borrowing Base, together with a calculation of all amounts required to be deposited;

(iv) promptly, from time to time, upon request of PTC, such other information concerning the financial condition, business and affairs of each Credit Party as shall be reasonably requested by PTC;

(c) Notices. Each Credit Party shall promptly notify PTC in writing of the occurrence of any Event of Default or any act or event which, with the giving of notice or the passage of time, or both, would be such an Event of Default and of any legal action, proceeding or investigation threatened or instituted against such Credit Party that might have a material adverse effect upon the operations, financial condition or business of the Credit Parties or the Borrower's ability to repay the Loan, or PTC's security interest in the Leases or any of them, and from time to time, at PTC's request, each Credit Party will furnish to PTC a summary of the status of all such actions, proceedings or investigation;

(d) Maintain Business. Each Credit Party shall maintain in full force and effect all material licenses, permits, authorizations, bonds, franchises and other rights necessary or desirable to the profitable conduct of its business, shall continue in, and limit its operations to, the same general lines of business as are presently conducted and shall comply with all applicable laws, orders, regulations and ordinances of all governmental authorities, in all material respects and shall maintain its corporate existence;

(e) Mergers, Sale of Assets. Borrower will not, without PTC's prior written consent: (i) sell, lease, transfer or dispose of substantially all of its assets to another entity; or (ii) consolidate with or merge into another entity, permit any other entity to merge into it or consolidate with it, or permit any transfer of the ownership of, or power to control, Borrower;

(f) Dividends and Other Distributions. Unless otherwise indicated herein, Borrower will not, without PTC's prior written consent, declare, order, pay or make, directly or indirectly any dividend or other distribution or other payment or loan;

(g) Indebtedness. Borrower will not, without PTC's prior written consent,

(i) incur, create, assume or permit to exist any obligation or indebtedness, except

(A) existing indebtedness disclosed on financial statements previously delivered to PTC;

(B) the Loan;

(C) other indebtedness and trade obligations and normal accruals in the ordinary course of business;

(D) other indebtedness subordinated and postponed to repayment of Advance(s) that are subject to a subordination and postponement agreement that is in form and content satisfactory to PTC;

(ii) become liable, directly, or indirectly, as guarantor or otherwise, for any obligation of any other Person, except existing obligations of such kind previously disclosed to PTC in writing and other than the indebtedness set out in Section 8.1(g)(i) above, in excess of the amount set forth in Section 15;

(h) Lien. Borrower will not, without PTC's prior written consent, agree for any Person, to have the benefit of or recourse to the Borrower's assets except to the extent fully subordinated to the security interest, claims, and liens of PTC under the Security Agreement;

(i) Insurance. Each Credit Party shall maintain and keep in force insurance of the types and amounts customarily carried in its lines of business, including, without limitation, fire, public liability, product liability, property damage and workers' compensation, such insurance to be carried with companies and in amounts satisfactory to PTC, in its reasonable discretion, and each Credit Party shall deliver to PTC from time to time as PTC may request, schedules setting forth all insurance then in effect and copies of the policies;

(j) Debts. Each Credit Party shall pay all permitted debts, legal awards, taxes, levies, penalties, interest and any other obligation, immediately upon such obligation coming due;

(k) Underwriting. Borrower has and will undertake all appropriate underwriting of the Leases and is holding and will hold written proof of the same, on behalf of PTC; and

(l) Environmental Matters. Each Credit Party will take all reasonable actions to prevent the occurrence of any material violation of any applicable environmental, health and safety statutes and regulations, or any order or judgment of any court with respect to environmental pollution or contamination, hazardous waste disposal or any other environmental matter and each Credit

Party shall promptly give written notice to PTC of the following occurrences and of the steps being taken by such Credit Party, with respect thereto:

(i) notice that such Credit Party's operations are not in full compliance with the requirements of applicable environmental, health and safety statutes and regulations;

(ii) notice that such Credit Party is subject to a governmental investigation evaluating whether any remedial action is needed to respond to the release of any hazardous or toxic waste or substance into the environment; or

(iii) notice that any properties or assets of such Credit Party are subject to any environmental lien.

(m) Monitoring. The Borrower shall monitor the level of complaints received by it arising from all Eligible Assets acquired by the Borrower and take commercially reasonable steps to address such complaints. If, at any given time, the level of unresolved complaints exceeds 1% (being the percentage of active obligors with unresolved complaints to total active obligors) or if the level of total complaints (whether resolved or not) exceeds 5% (as the percentage of active obligors who have made a complaint to total active obligors), such excess shall be reported to the next meeting of the directors of Crown Crest Capital Management Corp. for a discussion on required management actions in respect of the interests of the obligors.

## 8.2 Non-Performing Receivable

If any Eligible Asset becomes a Non-Performing Asset, the Borrower shall (i) notify PTC in writing of such event and (ii) repay any amount by which the aggregate outstanding amount of Advance(s) hereunder exceeds the Borrower Base as a result of such Eligible Asset becoming a Non-Performing Asset.

## 9. EVENTS OF DEFAULT

9.1 EVENTS OF DEFAULT. The occurrence of one or more of the following events shall constitute an Event of Default under this Agreement:

(a) The Borrower defaults in the repayment of any of the amounts payable hereunder, under the Note or any of the Loan Documents and such default is not remedied within three (3) Business Days following notice from PTC;

(b) There shall occur a material event of default under any of the Security Agreement, the other Loan Documents and if such event of default is capable of being cured or remedied, such event of default is not cured or remedied within 30 days following notice from PTC;

(c) Any Credit Party fails to observe or perform any of the covenants, obligations (including payments) conditions and agreements on the part of the Credit Parties contained herein in any material respect and if such failure is capable of being cured or remedied, such failure is not cured or remedied within 30 days following notice from PTC;

(d) If any representation or warranty made by the Credit Parties to PTC contained herein or any other document proves to have been untrue in any material respect when made, and if capable of being remedied, is not so remedied within 30 days following notice from PTC;

(e) Any Credit Party shall be in default in the payment or performance of any material obligation under any indenture, contract, mortgage, law, deed of trust or other agreement or instrument to which such Credit Party is a party or by which it is bound, and if such default is capable of being cured or remedied, is not so cured or remedied within 30 days of notice from PTC;

(f) The dissolution, termination of existence, insolvency, bankruptcy or business failure of any Credit Party, as applicable, or upon the appointment of a receiver, receiver-manager or receiver and manager of any part of the property of any Credit Party, or the commencement by or against any Credit Party of any proceeding under any bankruptcy, arrangement, reorganization, dissolution, liquidation, insolvency or similar law for the relief of or otherwise affecting creditors of any Credit Party, or by or against any guarantor or surety for any Credit Party which is not dismissed within 45 days, or upon the issue of any writ of execution, warrant, attachment, sequestration, levy, third party demand, notice of intention to enforce security or garnishment or similar process against any Credit Party;

(g) Any Credit Party commits or threatens in writing to commit an act of bankruptcy (as defined in the *Bankruptcy and Insolvency Act*);

(h) The institution by any Credit Party of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of any Credit Party;

(i) There shall exist any act, omission, event or undertaking which would, or would reasonably be expected to, singly or in the aggregate, have a materially adverse effect upon (a) the ability of Borrower taken as a whole to perform their respective obligations under this Agreement or any other Loan Document in any material respect, (b) the legality, validity, binding effect, enforceability or admissibility into evidence of any Loan Document the ability of the PTC to enforce any rights or remedies under or in connection with any Loan Document or (c) the perfection or priority of the Security granted pursuant to the Security Agreement;

(j) PTC in good faith believes the prospect of repayment of the Loan or performance of the obligations hereunder is or is about to be impaired; or

(k) The amount on deposit in the Reserve Account is less than 50% of the aggregate required "Cash Reserve Amount" specified under each program agreement relating to Eligible Assets.

## 10. REMEDIES OF PTC UPON DEFAULT

10.1 REMEDIES. At any time after any Event of Default has occurred, PTC may, without presentment, demand, protest or further notice of any kind (all of which are hereby expressly waived) and, notwithstanding the provisions contained in any other document or instrument executed or to be executed by the Credit Parties to PTC hereunder or contained in any other agreement, take any one or more of the following actions:

- (a) Declare the entire principal and any accrued interest on the Loan, together with all costs and expenses, to be immediately due and payable, and to enforce payment thereof by any means permitted by law or in equity;
- (b) Without accelerating payment, enforce the payment of sums of principal and interest then due (including any penalty interest or late payment charges);
- (c) Require the Credit Parties to take or refrain from taking any action which may be necessary to cure such Event of Default and to obtain affirmative or negative injunctions or restraining orders with respect thereto;
- (d) File suit for any sums owing or for damages; and
- (e) Exercise any other remedy or right provided in law or in equity or permitted under this Agreement, the Security Agreement or any other Loan Document, including without limitation, the activation of the Blocked Account Agreement in respect of the Collections Account.

## 10.2 REMEDIES CUMULATIVE

Any and all remedies conferred upon PTC shall be deemed cumulative with, and nonexclusive of any other remedy conferred hereby or by law, and PTC in the exercise of any one remedy shall not be precluded from the exercise of any other.

## 11. FEES AND EXPENSES

In addition to interest and principal as stated in the Note, Borrower shall pay all costs of closing the Loan and all expenses of PTC with respect thereto, including, but not limited to, inspection fees, due diligence costs and in-house and outside legal fees (including legal fees incurred by PTC subsequent to the closing of the Loan in connection with the enforcement of the Loan), filing fees and similar items. PTC will provide a reasonably detailed summary of such costs and expenses prior to the closing of the Loan. Said costs and expenses may, at PTC's option, be deducted from the disbursements of Loan proceeds hereunder. In addition to any liability Borrower may have under applicable law, Borrower shall pay PTC's attorneys' fees and costs incurred in the collection of any indebtedness hereunder, or in enforcing this Agreement, whether or not suit is brought, and any attorneys' fees and costs incurred by PTC in any proceeding under bankruptcy law in order to collect any indebtedness hereunder or to preserve, protect or realize upon any security for such indebtedness.

## 12. WAIVER

Any waiver of any of the terms of this Agreement by PTC shall not be construed as a waiver of any other terms of this Agreement, and no waiver shall be effective unless made in writing. The failure of PTC to exercise any right with respect to the declaration of any default shall not be deemed or construed to constitute a waiver by, or to preclude PTC from exercising any right with respect to such default at a later date or with respect to any subsequent default by Borrower.

### 13. NOTICES

Any notices required or permitted to be given pursuant to this Agreement shall be in writing and shall be given by personal delivery or by mailing the same, postage prepaid, to the address set forth in Section 15 hereof. Any such notice shall be deemed received for purposes of this Agreement upon delivery if given by personal delivery or three (3) days after the mailing thereof if given by mail. If either party desires to change the address to which notices are to be sent it shall do so in writing and deliver the same to the other party in accordance with the notice provisions set forth above.

### 14. MISCELLANEOUS

#### 14.1 PARTIES

This Agreement is made solely among the Borrower, the Guarantor and PTC, no other Person shall have any right of action hereunder. The parties expressly agree that no Person shall be a third-party beneficiary to this Agreement.

#### 14.2 INDEMNITY

Borrower agrees to indemnify PTC and each of its directors, officers, employees, Borrowers, advisors and agents (each such Person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable legal fees (on a solicitor and own client basis), disbursements and other charges, incurred by or asserted or awarded against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto or thereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, (iii) any claim made against the Borrower in any capacity or any Indemnitee by any Obligor arising from, in connection with or relating to the performance of observance of any of the Borrower's covenants, duties or obligations hereunder, in respect of or relating to any of the Lease Assets, (iv) the failure of the Borrower in any capacity to perform or observe any of its covenants, duties or obligations hereunder, in respect of or relating to any of the Lease Assets or (v) any fine, penalty, sanction, order, or other liability imposed upon or determined against any of the Borrower, in any capacity or any Indemnitee by any Governmental Authority in connection with or relating to any Lease Asset; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses have resulted from the gross negligence or wilful misconduct of any Indemnitee. The provisions of this Section 14.2 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of the Loan, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation

made by or on behalf of PTC. All amounts due under this Section 14.2 shall be payable promptly after written demand therefor.

#### 14.3 ENTIRE AGREEMENT

This Agreement including the Schedules attached hereto and by this reference incorporated herein, together with all other documents hereto, constitutes the entire agreement of the parties hereto and thereto, and no prior agreement or understanding with respect to the Loan, whether written or oral and including, but not limited to, any loan commitment issued by PTC to Borrower, shall be of any further force or effect, all such other prior agreements and commitments having been superseded in their entirety by this Agreement.

#### 14.4 ASSIGNMENT

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns; provided, however, that neither this Agreement nor any rights or obligations hereunder shall be assignable by Borrower without the prior express written consent of PTC first having been obtained, and any purported assignment made in contravention hereof shall be void. Only after the occurrence and during the continuance of an Event of Default, PTC may assign any part of or all of the Loan and its rights and obligations hereunder in its sole discretion. PTC may participate all or any portion of the Loan to such other party or parties as PTC shall select provided that any disclosure of information provided to any participant shall be subject to Section 14.9.

#### 14.5 GOVERNING LAW

This Agreement shall be construed in accordance with and governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein (without regard to the conflicts of laws rules of the Province of British Columbia).

#### 14.6 TIME

Time is of the essence hereof.

#### 14.7 SURVIVAL

The representations and warranties hereunder shall survive the closing of the Loan and PTC may enforce such representations and warranties at any time. The covenants of the Credit Parties shall survive the closing of the Loan and shall be performed fully and faithfully by the Credit Parties at all times. The indemnities of Borrower shall survive repayment of the Loan.



#### 14.8 SEVERABILITY

If any term or provision of this Agreement of any other document, or the application thereof to any circumstance, shall be invalid, illegal or unenforceable to any extent, such term or provision shall not invalidate or render unenforceable any other term or provision of this Agreement or any other Loan Document, or the application of such term or provision to any other circumstance. To the extent permitted by law, the parties hereto hereby waive any provision of law that renders any term or provision hereof invalid or unenforceable in any respect.

#### 14.9 CONFIDENTIALITY

Each party hereto will maintain on a confidential basis (except as otherwise permitted hereunder or as required by applicable law) all information relating to the other party provided to it hereunder by the other parties; provided, however, that this Section shall not apply to any information which (i) was lawfully in the public domain at the time of communication to the first party, (ii) lawfully enters the public domain through no fault of the first party subsequent to the time of communication to the first party, (iii) was lawfully in possession of the first party free of any obligation of confidence at the time of communication to the first party, (iv) was lawfully communicated to the first party free of any obligation of confidence subsequent to the time of initial communication to the first party or (v) was lawfully communicated to any Person free from any obligation of confidence subsequent to the time of communication to the first party.

#### 15. STATEMENT OF TERMS

15.1 Maximum Amount of Loan (Section 1): \$2,000,000 (Canadian)

15.2 Number of Days Past Due: 10 days

15.3 Interest on the Loan (Section 2.5): BMO Prime + 3.3%

15.4 End Date (Section 2.8): October 31, 2018

15.5 Persons Authorized to Requested Advance(s) (Section 5.2): Lawrence Krimker and such others as designated by notice in writing

15.6 Commitment Fee (Section 6.1(a)): 15 bps of Maximum Amount of Loan

15.7 Non-Utilization Fee (Section 6.1(b)): 32.5 bps of the undrawn amount

15.8 Inspection Fee (Section 6.1(c)): Reasonable charges billed by qualified contractors, along with their related expenses

15.9 Audited Statements due within 120 days of each fiscal year end (Section 8.1(b)(i))

15.10 Statements due within 60 days of each fiscal quarter end (Section 8.1(b)(ii))

15.11 Maximum amount of indebtedness, liabilities or other contingent obligations (Section 8.1(g)(ii)): \$25,000

15.12 Addresses for Notices (Section 13):

To Borrower:

Crown Crest Financial Corp.  
1201-200 Yorkland Blvd.  
Toronto, ON  
M2J 5C1

Attention: President

To PTC:

People's Trust Company  
1400-888 Dunsmuir Street  
Vancouver, BC V6C 3K4


Attention: President and CEO

With a copy to General Counsel and Executive VP & Chief Financial Officer



*[Signature Page Follows]*

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

**CROWN CREST FINANCIAL CORP.**

By:   
\_\_\_\_\_  
Name: Lawrence Krimker  
Title: President

**PEOPLES TRUST COMPANY**

By:    
\_\_\_\_\_  
Name:   
Title: **Samson Lim**  
**Executive Vice President &**  
**Chief Financial Officer**  
*waiters / RSI*  
*COO.*