

HYPOTHEC ON IMMOVABLE PROPERTY

On this _____ day of _____,
two thousand and _____,

BEFORE Me _____, the undersigned
Notary for the Province of Québec, practising in the _____

A P P E A R E D:

The Bank of Nova Scotia, a bank constituted under the Bank Act (Canada) and named in Schedule 1 of such Act, having its Head Office at 1709 Hollis Street, Halifax, Nova Scotia, B3J 3B7 and a branch located at _____

_____ herein represented
by _____, its
_____, duly authorized for
the purposes hereof pursuant to a resolution of the Board of Directors of the Bank dated June 1, 2004

_____,
the notice of address for said branch having been registered at the Land Register for the Registry Office of _____

under number _____

(the "Bank")

A N D:

(the “Grantor”)

WHO HAVE DECLARED AND AGREED TO THE FOLLOWING:

I. OBLIGATIONS SECURED

The Bank has granted credit facilities to the Grantor in the amount of _____ dollars (\$ _____) which have been and will be availed of in the manner agreed upon between the Bank and the Grantor. All the present and future obligations of the Grantor to the Bank arising from the credit facilities as well as from any renewal or replacement of same and all increases and other amendments thereto, are hereinafter collectively called the "Indebtedness".

DELETE
INAPPLICABLE,
PARAGRAPH AS
APPROPRIATE.

The Grantor acknowledges having executed one or more guarantees in favour of the Bank whereby the Grantor has guaranteed to and in favour of the Bank the payment and fulfilment of all obligations and indebtedness of

present and future, direct and indirect, up to the amount, if any, specified in the guarantee(s). The obligations of the Grantor to the Bank arising from the guarantee(s), as well as from any guarantee(s) renewing, amending or replacing same, are hereinafter collectively called the "Indebtedness".

II. HYPOTHEC

In order to secure the payment of the Indebtedness and the fulfilment of its obligations under this deed, as well as to secure the execution of all its other obligations to the Bank, present and future, direct and indirect, the Grantor hypothecates the following immovable for the sum of _____ dollars (\$ _____), with interest at the prime lending rate of the Bank plus 6% per annum from the date hereof:

DESCRIPTION

The Grantor also hypothecates the following property for the purposes and the sum (together with the interest) indicated above in this article II:

1. all present and future rents and revenues of the immovable;
2. all present and future movable property which is currently or will become in the future physically attached or joined to the immovable; and
3. the indemnities payable under all insurance policies covering the immovable and the property mentioned in paragraphs 1 and 2 above.

All property hypothecated under this deed is collectively called the “mortgaged property”. If the hypothec affects more than one immovable, the term “immovable” means any and all such immovables.

III. DECLARATIONS

The Grantor declares and warrants the following:

1. The Grantor owns the immovable and the mortgaged property is free and clear of all real rights, hypothecs or security other than the following:
2. The rents and revenues of the immovable have not been assigned to any third party.

3. If the Grantor is an individual, the Grantor's matrimonial status is the following:
4. The immovable has not undergone construction or renovation within the last six months, except, where applicable, for the work disclosed to the Bank in writing. No creditor has published an action against the Grantor or registered a prior notice of the exercise of a hypothecary right.

IV. COVENANTS

1. On demand, the Grantor shall remit to the Bank a copy of all leases of the immovable and shall furnish to the Bank any information relating to the rents of the immovable.
2. The Grantor shall pay when due all duties, taxes and charges relating to the mortgaged property, as well as any debt which could rank prior to the hypothec constituted herein. On demand, the Grantor shall furnish to the Bank proof that the payments mentioned in this paragraph have been made.
3. The Grantor shall insure the mortgaged property with an insurer acceptable to the Bank and keep it constantly insured for its full insurable value against damage caused by theft, fire and all other risks that a prudent administrator would insure the property against. The Grantor shall also obtain insurance covering the loss of revenues resulting from the loss of the mortgaged property. The Bank is hereby designated as the beneficiary of the indemnities payable by virtue of these policies. The Grantor shall cause such designation to be inscribed in the policies, which must also contain the customary clauses protecting hypothecary creditors in the form approved by the Insurance Board of Canada. The Grantor shall provide the Bank with a copy of each policy and, at least thirty (30) days prior to the expiration or cancellation of any policy, a copy of the renewal or replacement.
4. The Grantor shall do any act and sign all documents necessary for the hypothec constituted herein to have full effect and be constantly set up against third parties.
5. The Grantor shall protect and adequately maintain the mortgaged property and exercise its activities in a manner to preserve its value. The Grantor shall conform to the requirements of all laws and regulations applicable to the carrying on of its enterprise and to the holding of the mortgaged property, including environmental laws and regulations.

6. The Grantor shall keep all books and accounts that a prudent administrator would keep with respect to the mortgaged property. The Grantor shall permit the Bank to examine and obtain copies of same.
7. The Grantor shall keep the mortgaged property free of all real rights, hypothecs and security, save those consented to in writing by the Bank. The Grantor shall not assign, in whole or in part, the rents and revenues of the immovable to a third party or shall not exact or accept payment in advance of more than one month's rent. The Grantor shall not lease the mortgaged property to any one unless the Bank gives its prior written consent thereto.
8. The Grantor shall not transfer the ownership of the mortgaged property unless the Bank consents thereto in writing. Despite any such transfer, the Grantor will remain bound to the payment of the Indebtedness and this deed shall remain in effect.
9. The Grantor shall neither change the use, destination or nature of the mortgaged property, nor effect any construction or renovation of the immovable, unless the Bank consents thereto in writing. If the Grantor is a corporation, the Grantor shall not amalgamate or merge with another entity or commence winding-up proceedings, without the written consent of the Bank.
10. The Grantor shall furnish to the Bank all information that the Bank could reasonably require with respect to the mortgaged property or to verify if the Grantor is conforming to its obligations under this deed. The Grantor shall inform the Bank of any fact or event which could adversely affect the value of the mortgaged property or the financial condition of the Grantor.
11. The Grantor shall pay all costs related to this hypothec and any discharge thereof. On demand, the Grantor shall furnish to the Bank a certificate of location of recent date and addressed to the Bank.
12. The Grantor shall reimburse the Bank for all costs and expenses incurred by the latter to exercise its rights or to fulfil the obligations of the Grantor, with interest at the prime lending rate of the Bank in effect from time to time, plus 3% per annum. This hypothec and security interest created herein shall also secure repayment of these costs and charges as well as payment of interest.

V. RIGHTS OF THE BANK

1. The Bank may from time to time, at the Grantor's expense, inspect the immovable or have it appraised. The Grantor shall permit the Bank to have access to the immovable and to examine all books of account and documents relating to the immovable or its operation.
2. The Bank may, without being bound to do so, fulfil any or all of the obligations of the Grantor under this deed.
3. The Grantor may collect the rents and revenues of the immovable as long as the Bank has not withdrawn its authorization to do so. If the Bank withdraws this authorization, it may then collect the rents and revenues of the immovable. It shall then be entitled to a reasonable commission for this collection, which may be deducted from any sum collected.
4. In the event that the Bank has the possession of the immovable, it shall have no obligation to maintain the use for which the immovable is normally destined, to make it productive or to continue its use or operation.
5. The Grantor constitutes the Bank its irrevocable attorney, with power of substitution, in order to do any act and to sign any document necessary or useful to the exercise of the rights conferred on the Bank under this deed.
6. The rights conferred on the Bank under this article V may be exercised by the Bank before or after default by the Grantor under the terms of this deed.

VI. DEFAULTS AND RECOURSES

1. The Grantor shall be in default in each and every one of the following events:
 - a) If any or all of the obligations secured under this deed are not paid when due;
 - b) If any of the declarations made in article III is erroneous;
 - c) If the Grantor does not fulfil any of its obligations under this deed;
 - d) If the Grantor is in default under any other contract or agreement between it and the Bank or another creditor, or under any other hypothec or security affecting the mortgaged property;
 - e) If the Grantor ceases to carry on its business, becomes insolvent or bankrupt; or
 - f) If any or all of the mortgaged property is seized or is subject to a taking of possession by a creditor, a receiver or any other person performing similar functions.
2. If the Grantor is in default, the Bank may terminate any obligation it may have to grant credit or make advances to the Grantor and it may also declare due all obligations of the Grantor which are not yet due. If the Grantor is in default, the Bank may also exercise all recourses conferred on it by law and may realize its hypothec, notably by exercising the hypothecary rights provided in the Civil Code of Québec.
3. If the Grantor is in default, the Bank may, at the expense of the Grantor, use and manage the mortgaged property, with full authority to make new leases or renew any leases and upon such terms and conditions as the Bank may deem proper. The Bank may also compromise or transact with the debtors of the rents and revenues the immovable and may grant releases and discharges thereto.

VII. ADDITIONAL HYPOTHEC

To secure the payment of any interest not already secured by the hypothec constituted in article II, and to further secure the fulfilment of all of the Grantor's obligations under this deed, the Grantor hypothecates the immovable and the other property referred to in article II for an additional sum equal to twenty percent (20%) of the amount in principal of the hypothec constituted in article II.

VIII. GENERAL PROVISIONS

1. The prime lending rate of the Bank is a variable per annum reference rate of interest (as announced and adjusted by the Bank from time to time) for Canadian dollar loans made by the Bank in Canada.
2. The hypothec created herein is in addition to and not in substitution for any other hypothec or security held by the Bank.
3. This hypothec is intended to be a continuing security and shall continue to exist notwithstanding the payment from time to time, in whole or in part, of any of the obligations secured by this deed. Furthermore, any new obligation of the Grantor towards the Bank from time to time secured hereby will be one for which the Grantor has obligated itself again in accordance with Article 2797 of the Civil Code of Québec. The Grantor shall not, without the written authorization of the Bank, subrogate a third party in the hypothec and the rights of the Bank constituted herein.
4. In each of the events provided in paragraph 1 of article VI, the Grantor shall be in default by the mere lapse of time, without the necessity of any notice or demand.

5. Any sum collected by the Bank in the exercise of its rights provided herein or by law may be kept by the Bank, as mortgaged property, or may be applied to the payment of the obligations secured by this deed, whether due or not. The Bank shall have the choice of how any such sum will be applied.
6. The Bank is not bound to exercise the rights provided herein or by law and shall not be responsible for the non-exercise of its rights. The Grantor shall do all things necessary to ensure that the lessees of the immovable regularly pay their rent and the Bank shall have no obligation to inform the Grantor of any payment irregularity of which it is aware.
7. The exercise by the Bank of any of its recourses shall not preclude the Bank from exercising any other recourse provided herein or by law. All the recourses of the Bank are cumulative and not alternative. The non-exercise by the Bank of any of its recourses shall not constitute a renunciation of the exercise of such recourse at a later date. The Bank may exercise its recourses herein without being required to exercise any recourse against any other person liable for the payment of the obligations secured by this deed or to realize any other security held for the payment of such obligations.
8. The Bank shall be bound only to exercise reasonable care in the exercise of its rights and the fulfilment of its obligations and, in any event, it shall only be liable for its intentional fault or gross negligence.
9. The Bank may delegate to another person the exercise of its rights or the accomplishment of its obligations resulting herefrom. In such a case, the Bank may furnish to this person any information it may have concerning the Grantor or the mortgaged property.
10. The rights conferred on the Bank herein shall benefit any successor of the Bank, including any entity resulting from the amalgamation of the Bank with any other entity.
11. If the word "Grantor" designates more than one person, each such person shall be solitarily liable to the Bank for the fulfilment of the obligations provided in this deed. Each Grantor may be compelled to pay the total amount of said obligations.
12. If any provision hereof is determined to be void or unenforceable in whole or in part, it shall be deemed not to affect or impair any other provision hereof.
13. The rights and recourses of the Bank may be exercised against all the mortgaged property or separately against any portion thereof.
14. This deed shall be governed and interpreted by the law in force in the Province of Québec.
15. The parties hereto have expressly agreed that this deed be executed in the English language. Les parties ont expressément convenu que le présent acte soit rédigé en anglais.

IX. ELECTION OF DOMICILE

The Grantor, in conformity with article 83 of the Civil Code of Québec, elects domicile at the Office of the Prothonotary of the Superior Court for the district in which the immovable is located.

WHEREOF ACT:

THUS DONE AND PASSED AT THE said City of
and of record in the Office of the undersigned Notary under the number
of his original minutes.
AND after due reading hereof the parties signed with and in the presence of the
said Notary.

DATE RECEIVED
.....
RECORDED
APPROVED
E.O.
AUDITOR

No. _____

Date _____

DEED OF IMMOVABLE HYPOTHEC

by

to

THE BANK OF NOVA SCOTIA
