

This is Exhibit J referred to in the affidavit of
MARK KATZ sworn (or affirmed)
before me on [dd/mm/yyyy]

.....
A Commissioner for taking Affidavits
within British Columbia
Ontario

COST OVERRUN AND COMPLETION AGREEMENT

THIS AGREEMENT is dated the 19th day of January, 2007.

BETWEEN:

682202 B.C. LTD. (Inc. No. 682202)
C/O 1200 – 200 Burrard Street, Vancouver, B.C., V7X 1T2

(hereinafter called the "Borrower")

OF THE FIRST PART

AND:

1397225 ONTARIO LIMITED of
5650 Yonge Street, Suite 300, Toronto, Ontario M2M 4H5

(hereinafter called the "Lender")

OF THE SECOND PART

AND:

KINGSWAY ARMS MANAGEMENT SERVICES INC.,
KINGSWAY ARMS HOLDINGS INC., CHAPLIN
VENTURES LTD., COLTER INVESTMENTS (GP) LTD.,
PATRICK BYRNE, GRAHAM PARKER, KINGSWAY
ARMS HOLDINGS B.C. LTD., COLTER INVESTMENTS
LIMITED PARTNERSHIP and 0780293 B.C. LTD. all care of
1200 – 200 Burrard Street, Vancouver, B.C., V7X 1T2

(hereinafter collectively called the "Covenantor")

OF THE THIRD PART

WHEREAS:

A. The Lender has agreed to make the Loan available to the Borrower on the terms and conditions set out in the Commitment Letter, as hereinafter defined.

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B. It is a condition of the Lender making the Loan available to the Borrower that this Agreement be executed by the Borrower.

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration and of the sum of \$10.00 now paid to the Borrower by the Lender, the receipt and sufficiency of which is hereby acknowledged by the Borrower, the Borrower agrees with the Lender as follows:

1. **Definitions**

1.1 Where used in this Agreement the following words shall have the meanings set out below:

- a) "Agreement" means this Agreement as amended from time to time;
- b) "Budget" means the budget (and any amendments thereto) for the Project prepared by the Borrower and approved by the Lender;
- c) "Budget Shortfall" means the amount by which the aggregate cost to complete the construction of the Project after applying any cost savings to cost overruns, including hard and soft costs and the amount required to service the interest on the Loan up to completion of the Project, exceeds the unadvanced portion of the Loan at such time;
- d) "Commitment Letter" means that letter issued by Carlisle Capital Structures Corporation dated October 24, 2006 assumed and accepted by the Borrower and as assigned by Carlisle Capital Structures Corporation to the Lender, and all amendments thereto, setting out the terms and conditions of the credit facility offered to the Borrower;
- e) "Cost Overrun" means an amount determined by the Lender, acting on the advice of its quantity cost surveyor, that the actual cost of construction of a portion of the Project (determined on a line-by-line basis) exceeds the amount established for construction of that portion of the Project as the appropriate line-by-line items in the Budget;
- f) "Lands" means the property owned by the Borrower located at 32331 7th Avenue, Mission, British Columbia and legally described in the attached Schedule "A";
- g) "Loan" means the loan made or to be made by the Lender to the Borrower in the principal amount of \$25,360,000.00 pursuant to the Commitment Letter;
- h) "Project" means the 138-unit independent living facility being constructed on the Lands.

2. **Guaranteed Payment of Budget Shortfall Amounts and Completion of Project**

2.1 If during the term of the Loan the Lender determines that a Cost Overrun has occurred it will provide notice of the Cost Overrun to the Borrower which notice shall require that the Borrower prepare a revised budget for review by the Lender within five (5) business days of receipt of the notice by the Borrower. If the Borrower fails to submit the revised Budget to the Lender, the Lender will, at the expense of the Borrower have its quantity cost surveyor prepare a revised Budget. Upon review of the revised Budget, the Lender will, acting reasonably, determine if a Budget Shortfall has occurred.

2.2 The Borrower and Covenantor shall, upon written notice from the Lender setting out the Lender's determination of the Budget Shortfall forthwith pay the costs of the Project in such amounts, so that the unadvanced portion of the Loan will be sufficient to complete the Project in accordance with the revised Budget.

2.3 The Borrower shall complete the Project promptly and in accordance with the terms and conditions of the Budget and the plans, drawings and specifications for the Project as provided for in the Commitment Letter.

2.4 The Lender may make more than one demand under Section 2.1 or Section 2.2.

2.5 The records of the Lender shall be prima facie evidence of the amount payable under Section 2.2 from time to time, and of the failure of the Borrower to pay any such amount on time.

3. **Miscellaneous**

3.1 This Agreement is in addition to other security now or hereafter provided by the Borrower to the Lender. The Lender may:

- a) grant time, renewals, extensions, indulgences, releases and discharges to;
- b) take securities from;
- c) abstain from taking additional security from;
- d) abstain from perfecting securities of;
- e) accept compositions from; and

otherwise deal with the Borrower and other persons and with items of security as the Lender may see fit and without prejudice to the rights of the Lender under this Agreement or any other item of security held by the Lender from time to time.

3.2 This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.

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3.3 The taking of a judgment or the enforcement of any obligation of the Borrower (whether contained in this Agreement or elsewhere) shall not create a merger or discharge of any other obligation of the Borrower to the Lender.

3.4 If any provision of this Agreement is determined to be invalid, illegal or unenforceable in any respect, then the validity, legality and enforceability of the remaining provisions hereof shall not be affected or impaired thereby.

3.5 This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Borrower and its successors and assigns.

3.6 Whenever the singular number of the masculine gender is used in this Agreement, it shall be deemed to include the plural or the feminine or the body corporate where the context or the parties so require, and the covenants of the Borrower and the Covenantor shall be deemed to be joint and several covenants.

3.7 If either the Borrower or the Covenantor is comprised of more than one person, the obligations of such persons under this Agreement are joint and several.

3.7 The headings of this Agreement have been inserted for convenience of reference only and do not form part of this Agreement.

3.8 This Agreement may be executed in counterparts and all counterparts so executed (including those executed and delivered by fax) will constitute one Agreement binding on the parties effective upon execution.

4. Notice

Any notice, demand or document to be delivered with respect to this Agreement shall be given in writing, delivered or transmitted by facsimile to:

If to the Lender:

1397225 Ontario Limited
c/o Peoples Trust Company
1400-888 Dunsmuir Street, Vancouver, B.C. V6C 3K4

Attention: Ms. Aleta Brown
Fax: (604) 683-8798

If to the Borrower and/or Covenantor:

C/O Borden Ladner Gervais, LLP
1200 - 200 Burrard Street, Vancouver, B.C., V7X 1T2

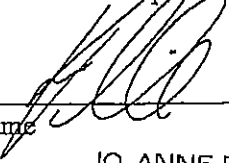
Attention: Jo-Anne Chia
C/O Fax: (604) 622-5009

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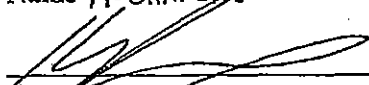
and shall be deemed to have been received on the day following delivery or transmission by facsimile.

IN WITNESS WHEREOF this Agreement has been executed by the Borrower and the Covenantors as of the day and year first above written.

Executed in the presence of:


 Name
 JO-ANNE B. CHIA
 Barrister & Solicitor
 1200 Waterfront Centre, 200 Burrard Street
 P.O. Box 48600, Vancouver, Canada V7X 1T2
 Address/Occupation 604-4219

) 682202 B.C. LTD., by its authorized
) signatory(ies)
)
)
)


 Name M. CHAPLIN

 Name K. LEBOUX

Executed in the presence of:

 Name

 Address/Occupation

) KINGSWAY ARMS MANAGEMENT
) SERVICES INC., by its authorized
) signatory(ies)
)
)
)

 Name

 Name

Executed in the presence of:

 Name

 Address/Occupation

) KINGSWAY ARMS HOLDINGS INC., by
) its authorized signatory(ies)
)
)
)

 Name

 Name

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and shall be deemed to have been received on the day following delivery or transmission by facsimile.

IN WITNESS WHEREOF this Agreement has been executed by the Borrower and the Covenantors as of the day and year first above written.

Executed in the presence of:

Name


Address/Occupation

) 682202 B.C. LTD., by its authorized
) signatory(ies)
)
)
)

) Name
)
)

) Name
)

Executed in the presence of:

Fatoula Loizides 
Name Office manager

8555 Jane street, Ste 102

Vaughan ON


Address/Occupation

) KINGSWAY ARMS MANAGEMENT
) SERVICES INC., by its authorized
) signatory(ies)
)
)
)


) Name PATRICK BYRNE, President
)
)

) Name
)

Executed in the presence of:

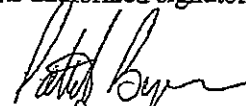
Fatoula Loizides 
Name Office manager

8555 Jane Street Ste 102

Vaughan ON

Address/Occupation

) KINGSWAY ARMS HOLDINGS INC., by
) its authorized signatory(ies)
)
)
)


) Name PATRICK BYRNE, President
)
)

) Name
)

-7-

Executed in the presence of:

Fotoula Loizides
Name Office Manager

8555 Jane Street, Ste 102
Vaughan ON
Address/Occupation

Graham Parker
GRAHAM PARKER

Executed in the presence of:

Name

Address/Occupation

Michael Chaplin
MICHAEL CHAPLIN

Executed in the presence of:

Fotoula Loizides
Name Office Manager

8555 Jane Street, Ste 102
Vaughan ON
Address/Occupation

KINGSWAY ARMS HOLDINGS B.C.
LTD., by its authorized signatory(ies)

Patricia Byrne
Name PATRICIA BYRNE

Name

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Executed in the presence of:

Name_____
GRAHAM PARKER_____
Address/Occupation

Executed in the presence of:

Name_____
MICHAEL CHAPLIN_____
Address/Occupation

Executed in the presence of:

KINGSWAY ARMS HOLDINGS B.C.
LTD., by its authorized signatory(ies)_____
Name_____
Name_____
Address/Occupation_____
Name

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Executed in the presence of:) 398810 B.C. LTD., by its authorized
) signatory(ies)
)
 Name)
) Name
)
 Address/Occupation) Name
)

Executed in the presence of:

Name

JO-ANNE B. CHIA
 Barrister & Solicitor

1200 Waterfront Centre, 200 Burrard Street
 Box 48666, Vancouver, Canada V7X 1T2

Address/Occupation Tel 604-4219

) COLTER INVESTMENTS LIMITED
) PARTNERSHIP, by its General Partner,
) Colter Investments (GP) Ltd., by its
) authorized signatory(ies)
)
)
)
)
)
)

Name

Name

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Executed in the presence of:

Name

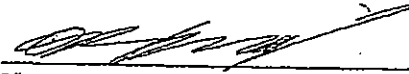
ROBERT A. TONSOO

LAWYER & NOTARY

200 - 270 HWY 33-W

Address/Occupation KELOWNA BC V1X 1X7

491-0206

) 0780293 B.C. LTD., by its authorized
) signatory(ies)) 
) Name DENNIS BIGHAM

) Name

SCHEDULE "A"

PID: 017-490-146

Lot A, Section 20, Township 17, NWD, Plan LMP1741