

"Owner Representative" means one or more individuals to be designated by the Borrower in a notice to the Administrative Agent.

"Paignton House" is defined in the recitals.

"Partial Expropriation" means any expropriation, seizure or taking by exercise of the power of eminent domain or otherwise of a portion of such property or asset, or confiscation of a portion of such property or asset, or the requisition of the use of a portion of such property or asset, or any transfer made in lieu of, or in anticipation of, the exercise of such taking, or any settlement in lieu thereof, whether for any permanent or temporary use, occupancy or other interest affecting a portion of the Premises.

"Participant" is defined in Section 11.12.2.

"Participant Register" is defined in Section 2.8.2.

"Payment Guaranty" means, on any date, the Guaranty of Payment (which Guaranty of Payment is limited to (x) 10% of the outstanding principal amount of the Credit Extensions and (y) interest thereon from the date of demand and the reasonable costs of enforcement thereof), as originally in effect on the Initial Credit Extension Date, by the Guarantor in favor of the Administrative Agent for the benefit of the Lenders, and as thereafter from time to time amended, supplemented, amended and restated or otherwise modified in accordance with the terms hereof.

"Pension Plan" means any plan to which the Borrower or any of its Affiliates is required to contribute and which is or is required to be registered under any Canadian federal or provincial pension standards legislation, but for greater certainty does not include the Canada Pension Plan or the Quebec Pension Plan.

"Percentage" means, relative to any Lender, the applicable percentage relating to Credit Extensions, as set forth on Schedule IX hereto or as set forth in a Lender Assignment Agreement under the applicable column heading, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreement(s) executed by such Lender and its Assignee Lender(s) and delivered pursuant to Section 11.12.1.

"Permission to Occupy" means a permanent or temporary permission to occupy (which may or may not be embodied in a document), for the Improvements or portion thereof granted by the Building Department pursuant to applicable Legal Requirements which shall permit such portion of the Improvements covered thereby to be used by the Borrower for its intended purposes, shall be in full force and effect and, in the case of a temporary permission to occupy, if such temporary permission to occupy shall provide for an expiration date, any Punchlist Items which must be completed in order for such temporary certificate to be renewed or extended shall be completed no later than five (5) days prior to the applicable expiration date.

"Permit" means any material building, construction, land use, environmental or other permit, license, franchise, approval, consent and authorization (including central bank and planning board approvals from applicable Governmental Instrumentalities) required for or in

connection with the construction, ownership, use, occupation and operation of the Premises and the transactions provided for in the Loan Documents, the Project Documents and the Plans.

"Permitted Lien" means any of the following types of Liens (excluding any such Lien relating to or imposed in connection with any Environmental Claim and any such Lien expressly prohibited to be filed by the Borrower pursuant to the applicable terms of any of the Condominium Documents or the Project Documents):

- (a) Liens in favor of the Administrative Agent for the benefit of the Lenders;
- (b) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business or in the construction of the Improvements; provided, however, that such Liens (other than Liens which, under applicable Legal Requirements are expressly granted seniority thereunder over the Liens created by the Loan Documents), are subject and subordinate to Liens in favor of the Lender and the Borrower has obtained a title insurance endorsement insuring against losses arising therewith or, if such Lien arises after Substantial Completion, the Borrower has bonded such Lien within a reasonable time after becoming aware of the existence of such Lien;
- (c) Liens existing on the Effective Date and set forth in Item 8.2.3 of the Disclosure Schedule;
- (d) Liens created by the Condominium Declarations but only after the Borrower has satisfied the conditions set forth in Section 8.2.3;
- (e) Liens securing the Indebtedness permitted under:
 - (i) clause (d) of Section 8.2.2, provided that such Liens only extend to the collateral securing such Indebtedness with the same priority thereto;
 - (ii) clause (g) of Section 8.2.2; and
 - (iii) clause (h) of Section 8.2.2, provided that such Liens extend only to the FF&E, Personal Property and any related assets that are leased or purchased with the proceeds of such Indebtedness and to any proceeds of such property, and such property is leased or acquired within sixty (60) days of the incurrence of such Indebtedness.
- (f) (x) Liens for Impositions or (y) statutory Liens of landlords, and carriers', warehousemen's, mechanics', suppliers', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business or in the construction of the Improvements (other than Liens under the *Construction Lien Act* (Ontario)), in the case of each of items (x) and (y), with respect to amounts that either (1) are not yet delinquent or (2) are being diligently contested in good faith by appropriate proceedings; provided, however, that, in each case, such Liens (other than Liens which, under applicable Legal Requirements are expressly granted seniority thereunder over the Liens securing the Obligations) are subject and subordinate to Liens in favor of the Lender and any reserve

or other appropriate provision as shall be required in conformity with Canadian GAAP shall have been made therefor;

(g) inchoate liens under the *Construction Lien Act* (Ontario) that have not been preserved or perfected under that Act in respect of which the obligations are not in arrears and relate to the construction contemplated by this Agreement;

(h) registered easements, unregistered hydro easements, rights-of-way, avigational servitudes, restrictions, minor defects or irregularities in title and other similar charges or encumbrances which do not interfere in any material respect with the ordinary conduct of business of the Borrower; provided, however, such Liens (other than any such Liens to which the Administrative Agent has agreed may be senior to Liens securing the Obligations or which, under applicable Legal Requirements are expressly granted seniority thereunder over the Liens securing the Obligations) are subject and subordinate to Liens in favor of the Lender;

(i) licenses of patents, trademarks and other intellectual property rights granted by the Borrower in the ordinary course of business;

(j) any judgment attachment or judgment Lien not constituting an Event of Default; provided, however, that such Liens are subject and subordinate to Liens in favor of the Lender;

(k) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, employment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations (excluding, however, obligations for the payment of borrowed money), incurred in the ordinary course of business so long as no foreclosure, sale or similar proceedings have been commenced with respect to any portion of the Project Security on account thereof, (x) for amounts not yet overdue or (y) for amounts that are overdue and that (in the case of any such amounts overdue for a period in excess of 30 days) are being contested in good faith by appropriate proceedings, so long as (1) such Liens (other than Liens which, under applicable Legal Requirements are expressly granted seniority thereunder over the Liens securing the Obligations) are subject and subordinate to Liens in favor of the Lenders, (2) such reserves or other appropriate provisions, if any, as shall be required by Canadian GAAP shall have been made for any such contested amounts and (3) in the case of a Lien securing the Obligations hereunder, such contest proceedings operate to stay the sale of any portion of the Improvements on account of such Lien;

(l) Liens for taxes, assessments or governmental charges or claims the payment of which is not, at the time due and payable or which is being contested in good faith by appropriate governmental proceedings promptly instituted and diligently contested, so long as (x) such reserve or other appropriate provision, if any, as shall be required in conformity with generally accepted accounting principles shall have been made therefor and (y) in case of any charge or claim which has or may become a Lien

against any portion of the Project Security, such contest proceedings operate to stay the sale of any portion of the Project Security to satisfy such charge or claim; and

(m) a registered easement covering the Encroachment Land so long as such easement does not interfere in any material respect with the ordinary conduct of business of the Borrower (such registered easement may be senior to the Liens securing the Obligations and the Administrative Agent will, after notice, subordinate its Liens to such registered easement).

"Person" means any natural person, corporation, limited liability company, partnership, joint venture, joint stock company, firm, association, trust or unincorporated organization, Governmental Instrumentality, court or any other legal entity, whether acting in an individual, fiduciary or other capacity.

"Personal Property" means materials, furnishings, fixtures, machinery, equipment and all items of tangible and intangible personal property now or hereafter owned by the Borrower, wherever located, and is (a) to be incorporated into the Improvements, (b) used in connection with the construction of the Improvements or (c) to be used in connection with the Premises or the operation thereof.

"Phase I Report" means the report prepared by the Environmental Consultant covering the Environmental Matters discussed therein.

"Phase II Financing Letter" means that certain confidential letter agreement, as originally in effect on the Initial Credit Extension Date, between the Borrower and the Arranger, and as thereafter from time to time amended, supplemented, amended and restated or otherwise modified.

"Plan" means any Pension Plan or Welfare Plan.

"Plans and Specifications" means all plans, specifications, design documents, schematic drawings and related items for the design, architecture and construction of the Improvements that are listed on Schedule III hereto, as the same may be amended, modified or supplemented pursuant to Section 8.2.17.

"Pledge Agreement" means, on any date, the Pledge Agreement, as originally in effect on the Initial Credit Extension Date, between Red Leaves Resort Partnership and the Administrative Agent, for the benefit of the Lenders, and as thereafter from time to time amended, supplemented, amended and restated or otherwise modified in accordance with the terms hereof.

"PPSA" means the *Personal Property Security Act* (Ontario), as the same may be amended, modified or replaced from time to time.

"Preferred Stock" means any Equity Interest with preferential right of payment of dividends or distributions, as applicable, or upon liquidation, dissolution or winding up.

"Premises" means, on any date, the Land and the Improvements owned by the Borrower on such date and the Appurtenant Rights thereto.

"Pre-Sales" means, on any date as to a Construction Phase, the aggregate amount of all purchase prices payable under Bona Fide Sales Contracts covering Units under construction in such Construction Phase in good standing on such date.

"Prime Rate" means, at any time, the greater of:

(a) the rate of interest per annum established and reported by the Administrative Agent from time to time as the reference rate of interest it charges to customers for Dollar denominated commercial loans made by it in Canada; and

(b) the sum of:

(i) the average 30 day CDOR Rate on such day, expressed as a rate per annum; plus

(ii) 75 basis points;

as to which a certificate of the Administrative Agent, absent manifest error, shall be conclusive evidence from time to time. With each quoted or published change in such rate aforesaid of the Administrative Agent there shall be a corresponding change in the rate of interest payable under this Agreement should such changed rate exceed that set forth in clause (b) of this definition, all without the necessity of any notice thereof to the Borrower or any other Person.

"Proceeds from Equity Issuance" means net cash proceeds from the issuance of any Preferred Stock, Capital Stock or other Equity Interests in the Borrower (other than net cash proceeds that are deposited into the Project Account in accordance with item (i) of Section 8.1.8 in order to bring the Budget In Balance (but only so long as a Change in Control does not result from such issuance)).

"Process Agent" is defined in Section 11.15.

"Project Account" means the account established with Depository pursuant to the Project Account Agreement.

"Project Account Agreement" means that certain cash collateral account agreement, as originally in effect on the Initial Credit Extension Date, between the Borrower, the Administrative Agent for the benefit of the Lenders, and the Depository, and as thereafter from time to time amended, supplemented, amended and restated or otherwise modified in accordance with the provisions hereof.

"Project Costs" means all costs incurred or to be incurred prior to Final Completion in accordance with the Budget in connection with the development, design, engineering, procurement, installation, construction, Final Completion and marketing, selling and opening of the Improvements, including without duplication:

- (a) all costs incurred under the GMP Contracts and the other Project Documents;
- (b) all acquisition costs applicable to the Land;
- (c) Interest Expense accruing under this Agreement and the other Loan Documents prior to the Substantial Completion Date;
- (d) reasonable financing and closing costs related to the Improvements, including insurance costs (including, with respect to directors' and officers' insurance, costs relating to such insurance extending beyond the Substantial Completion Date), guarantee fees, legal fees and costs and expenses, financial advisory fees and expenses, technical fees and expenses (including fees and expenses of the Independent Consultants), commitment fees, management fees, agency fees (including fees and expenses of the Administrative Agent), interest, taxes (including goods and services tax and other value-added tax) and other out-of-pocket expenses payable by the Borrower under all documents related to the financing and construction of the Improvements until the Substantial Completion Date;
- (e) the costs of acquiring Permits for the Improvements prior to the Substantial Completion Date (including Permits required for the operation of the Improvements subsequent to the Substantial Completion Date);
- (f) costs incurred in settling insurance claims in connection with Events of Loss and collecting Loss Proceeds; and
- (g) without duplication, working capital costs.

"Project Documents" means, collectively, the Budget, the GMP Contracts, the Major Contracts, the Plans and Specifications, the Construction Schedule, the Easement Agreement, any other Major Contract entered into after the Effective Date, each Operating Agreement, and the Hotel Management Agreement, as the same may be amended, supplemented, amended and restated or otherwise modified in accordance with the terms and conditions hereof and thereof.

"Project Security" means all real and personal property which is subject, or is intended to become subject, to the Liens granted by any of the Loan Documents.

"Province" means the Province of Ontario.

"Punchlist Completion Certificate" means the Punchlist Completion Certificate substantially in the form of Exhibit T.

"Punchlist Item" means any minor or insubstantial detail of construction or mechanical adjustment, the non-completion of which, when all such items are taken together, will not interfere in any material respect with the use or occupancy of any portion of the Improvements for their intended purposes or the ability of the owner of the Improvements to perform work that is necessary or desirable to prepare the Improvements for such use or occupancy; provided, however, that, in all events "Punchlist Items" shall include the items set forth in the Punchlist to

be delivered by the Borrower in connection with Substantial Completion and all items that are listed on the "punchlists" furnished by the Building Department in connection with, or after, the issuance of a temporary Permission to Occupy for the portion of the Improvements as those that must be completed in order for the Building Department to issue a permanent Permission to Occupy.

"Qualified Purchaser" means a bona fide third party purchaser that is not an Affiliate of either of the Loan Parties and which third party purchaser is not a party to more than two (2) Unit Contracts of Sale and such other purchasers designated by the Administrative Agent in its sole discretion as a Qualified Purchaser.

"Rate Protection Agreement" means any interest rate swap, cap, collar or similar agreement entered into by the Borrower in respect of the Credit Extensions pursuant to the terms of this Agreement under which the counterparty to such agreement is (or, at the time such Rate Protection Agreement was entered into, was) a Lender or an Affiliate of a Lender reasonably acceptable to the Administrative Agent.

"Realized Savings" means:

(a) the portion of any decrease to the Guaranteed Maximum Price retained or to be retained by the Borrower in accordance with the provisions of the applicable GMP Contract in the **"Cost of the Work"** (as defined in such GMP Contract) contemplated by a Line Item but only to the extent that the Guaranteed Maximum Price has been reduced as a result of such decrease in the anticipated **"Cost of the Work"** as approved in writing by the GMP Contractor and such reduction is confirmed by the Consulting Engineer;

(b) with respect to the Line Item Category entitled **"Capitalized Interest,"** a decrease in the anticipated cost of construction period interest resulting from (x) a decrease in the interest rates payable by the Borrower prior to the Outside Completion Deadline as determined by the Administrative Agent with the reasonable concurrence of the Borrower taking into account the current and future anticipated interest rates and the anticipated times and amounts of draws of the Loans and creation of Bankers' Acceptances for the payment of Project Costs or (y) the anticipated Substantial Completion Date being earlier than the date set therefor in the Construction Schedule as determined by the Consulting Engineer; and

(c) with respect to any other Line Item, the amount by which the total amount allocated to such Line Item exceeds the total cost incurred by the Borrower to complete all aspects of the Work or pay for the Project Cost contemplated by such Line Item which amount shall not be established until the Borrower has actually completed all such Work or paid the entire amount of the Project Cost, as the case may be;

in each case, which is documented by the Borrower in a Realized Savings Certificate, duly executed and completed with all exhibits and attachments thereto.

"Realized Savings Certificate" means the Realized Savings Certificates substantially in the form of Exhibit U.

"Red Leaves Resort Association Act" means the Red Leaves Resort Association Act that received Royal Assent on December 21, 2006, as amended from time to time and any successor thereto.

"Red Leaves Resort Partnership" means Red Leaves Resort, an Ontario partnership.

"Register" is defined in Section 2.8.1.

"Registered Credit Extension" has the meaning set forth in Section 2.8.

"Registered Note" means on any date, a Note that has been entered into the Register in accordance with Section 2.8.1.

"Release" means a "release", as such term is defined in any Environmental Law.

"Remaining Costs" means, without duplication, the sum of (w) the Project Costs required to achieve Final Completion plus (x) the Holdback Amounts to be paid to Persons who have supplied labor or materials in connection with a Line Item, plus (y) the amount required to pay fees and interest at the maximum rate of interest set forth in the Loan Documents (after giving effect to the Rate Protection Agreement) through the Substantial Completion Date plus (z) the Required Minimum Contingency.

"Rental Pool" has the meaning given to such term in the Operating Agreement.

"Rent Proceeds" means the proceeds received by the Borrower from renting unsold Units as hotel rooms.

"Required Completion Amount" is defined in clause (a) of Section 5.4.1.

"Required Lenders" means, (i) at any time that there are fewer than three Lenders and neither Lender is a Defaulting Lender, both Lenders and (ii) at any time that clause (i) does not apply,

(a) Non-Defaulting Lenders holding at least 66.6666% of the sum of the aggregate outstanding principal amount of the Loans and Bankers' Acceptances then held by such Lenders plus the participation interests of such Lenders in the Letter of Credit Outstandings or

(b) if no Loans, Bankers' Acceptances or Letters of Credit are then outstanding, Lenders having at least 66.6666% of the Commitments;

provided, however, as to matters relating only to Letters of Credit, "Required Lenders" means Longview/Paignton House Lenders that are Non-Defaulting Lenders holding at least 66.6666% aggregate participation interests of such Lenders in the Letter of Credit Outstandings.

"Required Minimum Contingency" means, on any date,

(a) in the case of the Longview/Paignton House Construction Phase, an amount equal to five percent (5%) of the aggregate unpaid Project Costs on such date set forth on the Budget for such Construction Phase for (i) site and construction costs and (ii) overhead; and

(b) in the case of each of the Waterfront Residences Construction Phase and the Golf Residences Construction Phase, an amount equal to five percent (5%) of the aggregate unpaid Project Costs on such date set forth on the Budget for such Construction Phase for (i) site and construction costs, (ii) marketing costs, (iii) pre-opening costs, (iv) overhead and (vi) consultants' costs.

"Required Scope Change Approval" means, relative to each proposed Scope Change, the consent of the Administrative Agent.

"Rescission Period" means the ten (10) day period referred to in Section 73 of the *Condominium Act* (Ontario).

"Reserve Accounts" means, collectively, the cash collateral accounts established pursuant to the Debt Service Reserve Account Agreement, the FF&E Reserve Account Agreement, the HOA Reserve Account Agreement and the Impositions and Insurance Reserve Account Agreement.

"Residential Condominium Unit" means a separate Unit (other than the Hotel Management Condominium Unit, the Commercial Condominium Unit, a Detached Unit or a Townhouse Unit) constituting a portion of the Condominium Regime which is to be used as a hotel room for residential purposes in accordance with the Condominium Documents and as part of the Rental Pool, together with the undivided fractional interests appurtenant to such Unit in the common elements and special common elements (including any easement, patio, storage or parking allocated to such Condominium Unit).

"Resort" is defined in the first recital.

"Restoration" means the repair and restoration of the Improvements to the condition that it was in immediately prior to the applicable Event of Loss together with such other alterations as may be approved by the Administrative Agent.

"Restricted Payment" is defined in clause (b) of Section 8.2.5.

"Rollover" means in respect of a Bankers' Acceptance, the issuance of a new Bankers' Acceptance on any day in a Face Amount not exceeding the Face Amount of the Bankers' Acceptance maturing on that day, the proceeds of which are used to pay (directly or indirectly) the maturing Bankers' Acceptance.

"S&P" means Standard & Poor's Ratings Group, Inc., a New York corporation, or any successor thereto.

"Sales Materials" means all advertising, offering and promotional materials used in the marketing of the Units for sale, and all materials, disclosures, and information required to be

provided to purchasers of Units pursuant to applicable Legal Requirements including, without limitation, the OSC Ruling.

"Scheduled Amortization" is defined in clause (b) of Section 3.1.1.

"Scope Change" means (x) entering into a GMP Contract or any other Major Contract that is not in effect on the Effective Date, (y) or entering into or amending any Project Document after the Effective Date or (z) any change in the services or work covered by any GMP Contract or Contract which increases or decreases a Line Item in the Budget by more than \$50,000 at any one time or \$100,000 in the aggregate.

"Secured Party" means the Lenders, the Issuer, the Administrative Agent, each counterparty to a Rate Protection Agreement that is (or at the time such Rate Protection Agreement was entered into, was) a Lender or an Affiliate thereof reasonably acceptable to the Administrative Agent and, in each case, each of their respective successors and permitted transferees and assigns.

"Security Agreement" means, on any date, the Security Agreement executed and delivered by an Authorized Representative of the Borrower pursuant to Section 6.2.2, as originally in effect on the Initial Credit Extension Date, and as thereafter from time to time amended, supplemented, amended and restated or otherwise modified.

"Soil Report" is defined in Section 6.2.15.

"Stamping Fee" means the fee charged by a Lender upon the creation of a Bankers' Acceptance, calculated (i) as to Tranche A Borrowings, at a rate per annum equal to 2.5% of the Face Amount of such Bankers' Acceptance for the period from the creation thereof to but excluding the date on which such Bankers' Acceptance is repaid after the maturity thereof, and (ii) as to Tranche B Borrowings, at a rate per annum equal to 2.9278% of the Face Amount of such Bankers' Acceptance for the period from the creation thereof to but excluding the date on which such Bankers' Acceptance is repaid after the maturity thereof.

"Stated Amount" of each Letter of Credit means the total amount available to be drawn under such Letter of Credit upon the issuance thereof.

"Stated Maturity Date" means the date that is thirty-six (36) months after the Effective Date; provided, however, that the Stated Maturity Date shall be extended to the date that is forty-eight (48) months after the Effective Date upon the satisfaction of the conditions in Sections 6.7.1 and 6.7.3 in accordance with the terms of said Sections; and further provided, however, that the Stated Maturity Date shall be further extended to the date that is sixty (60) months after the Effective Date upon the satisfaction of the conditions in Sections 6.7.2 and 6.7.3 in accordance with the terms of said Sections.

"Subsidiary" means, relative to any Person, any corporation, partnership or other business entity of which more than 50% of the outstanding Capital Stock having ordinary voting power to elect the board of directors, managers or other voting members of the governing body of such Person (irrespective of whether at the time Capital Stock of any other class or classes of such Person shall or might have voting power upon the occurrence of any contingency) is at the

time directly or indirectly owned by such Person or one or more other Subsidiaries of such Person.

"Substantial Completion" means, in respect of a particular Construction Phase, that each of the following has occurred:

(a) the construction of the Improvements has been substantially performed (within the meaning of the *Construction Lien Act* (Ontario)) in accordance with this Agreement, the Project Documents and the Condominium Documents, except for the Punchlist Items applicable to the Improvements, and in substantial compliance with all Legal Requirements pertaining to the construction of such Improvements so as to allow them to be utilized for their intended purpose;

(b) reasonable and safe means of access and facilities necessary for the use and occupancy of the Improvements for such Construction Phase have been installed and are operational including corridors, elevators, stairways, heating, ventilation, air conditioning, sanitary, water and electrical facilities and all security systems and life safety systems required by the Project Documents and all Legal Requirements, and that the Borrower has made arrangements to obtain reliable electrical and other utility services at appropriate levels required in order to operate and maintain all of the Improvements in a safe, efficient and reliable manner;

(c) there are no outstanding claims for lien against the Premises or any portion thereof by the GMP Contractor or any Contractor or any other Person under the GMP Contract, Major Contract or other agreement; and

(d) a Permission to Occupy has been granted for the Improvements (and, if such Permission to Occupy is embodied within a document, a copy of such document has been delivered to the Administrative Agent).

"Substantial Completion Certificate" means, collectively, the Borrower's Substantial Completion Certificate and the Consulting Engineer's Substantial Completion Certificate.

"Substantial Completion Date" means the date set forth on the Construction Schedule as the date on which Substantial Completion is expected to occur until such time as the actual date of Substantial Completion Date is established in accordance with clause (c) of Section 5.4.1.

"Syndication Agent" is defined in the preamble.

"Survey" means, as the context may require:

(a) Firstly Described Lands on Exhibit A-1 – (Part 2 on Plan 35R-3373) Plan 35R-3373, dated April 29, 1974 and registered May 10, 1974, was prepared by Maurice W. Fitzmaurice, O.L.S., Bracebridge, Ontario (File Nos. 11596 and 11611);

(b) Secondly, Thirdly and Fourthly Described Lands on Exhibit A-1 - (Parts 5, 6, 7 and 8 on Plan 35R-20257) Plan 35R-20257, dated May 3, 2004 and registered May 17, 2004, was prepared by John W. Hiley of Coote, Hiley, Jemmett Limited, O.L.S., 6 Dominion Street,

Unit 3, Bracebridge, Ontario P1L 2A6; Phone 705-645-4611 or 800-494-1443; Fax: 705-645-1845 (File No. 18943); and

(c) Fifthly Described Lands on Exhibit A-1 - (Plan 35R-21398) Plan 35R-21398, dated August 15, 2006 and registered September 20, 2006, was prepared by T.A. Bunker Surveying Ltd., Gravenhurst, Ontario (File No. 2791).

"Tax" means any federal, provincial, state, local, foreign or other tax, levy, imposition, fee, assessment or other government charge, including income, estimated income, business, occupation, franchise, property, payroll, personal property, sales, goods and services, transfer, use, employment, commercial rent, occupancy, franchise or withholding taxes, and any premium, including interest and penalties in connection therewith.

"Title Insurer" means, First Canadian Title Limited.

"Title Insurance Policy" means each policy of title insurance issued to the Lenders by the Title Insurer as of the Initial Credit Extension Date, as provided in Section 6.2.9, including all endorsements issued by the Title Insurer with respect thereto.

"Total Expropriation" means any expropriation, seizure or taking by exercise of the power of eminent domain or otherwise of a portion of such property or asset, or confiscation of a portion of such property or asset, or the requisition of the use of all or a portion of such property or asset, or any transfer made in lieu of, or in anticipation of, the exercise of such taking, or any settlement in lieu thereof, whether for any permanent or temporary use, occupancy or other interest affecting such portion of the Premises as, when so taken or condemned, would leave, in the Administrative Agent's good faith determination, a balance of the Premises that, due either to the area so taken or the location of the part so taken in relation to the part not taken, would not, under economic conditions, physical constraints, zoning laws, building regulations and other Legal Requirements then existing, readily accommodate a new or reconstructed building or buildings and other improvements of a type fully comparable to the Improvements prior to giving effect to of such taking or expropriation.

"Townhouse Unit" means a separate townhouse residence which is either (x) a Condominium Unit constituting a portion of the Condominium Regime that is described as a townhouse residence in the Condominium Documents, together with the undivided fractional interests appurtenant to such Townhouse Unit in the common elements and special common elements (including any easement, patio, storage or parking allocated to such Townhouse Unit) or (y) a portion of the Improvements that is not a part of the Condominium Regime together with all Appurtenances thereto which are to be owned in fee simple by the purchaser thereof.

"Tranche A Borrowing" means Loans and Banker's Acceptances of the same type made by the Tranche A Lenders on the same Business Day and pursuant to the same Credit Extension Request in accordance with Section 2.3.1 and, for purposes of Section 2.6, the issuance of a Letter of Credit thereunder.

"Tranche A Commitment" means, as the context may require, a Golf Residences Tranche A Commitment, a Longview/Paignton House Tranche A Commitment or a Waterfront Residences Tranche A Commitment.

"Tranche A Commitment Amount" means, as the context may require, a Golf Residences Tranche A Commitment Amount, a Longview/Paignton House Tranche A Commitment Amount or a Waterfront Residences Tranche A Commitment Amount.

"Tranche A Lender" means, as the context may require, a Golf Residences Tranche A Lender, a Longview/Paignton House Tranche A Lender or a Waterfront Residences Tranche A Lender.

"Tranche A Loan" is defined in Section 2.1.1.

"Tranche B Borrowing" means Loans and Banker's Acceptances of the same type made by the Tranche B Lenders on the same Business Day and pursuant to the same Credit Extension Request in accordance with Section 2.3.1 and, for purposes of Section 2.6, the issuance of a Letter of Credit thereunder.

"Tranche B Commitment" means, as the context may require, a Golf Residences Tranche B Commitment, a Longview/Paignton House Tranche B Commitment or a Waterfront Residences Tranche B Commitment.

"Tranche B Commitment Amount" means, as the context may require, a Golf Residences Tranche B Commitment Amount, a Longview/Paignton House Tranche B Commitment Amount or a Waterfront Residences Tranche B Commitment Amount.

"Tranche B Lender" means, as the context may require, a Golf Residences Tranche B Lender, a Longview/Paignton House Tranche B Lender or a Waterfront Residences Tranche B Lender.

"Tranche B Loan" is defined in Section 2.1.1.

"Transaction" means the transactions contemplated by the Loan Documents, the Condominium Documents, the Project Documents and the ECD Insurance Documents.

"type" means, relative to any Credit Extension, the portion thereof, if any, being maintained as a Loan or a Bankers' Acceptance.

"Unit" means as the context may require a Condominium Unit, a Townhouse Unit or a Detached Unit.

"Unit Contracts of Sales" means all contracts of sale executed by the Borrower and the purchaser of a Residential Condominium Unit, a Detached Unit or a Townhouse Unit.

"Unit Owner" means the owner of a Unit.

"United States" or **"U.S."** means the United States of America, its fifty states and the District of Columbia.

"Unutilized Portion" is defined in clause (a) of Section 10.9.

"USA Patriot Act" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001), as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"Waterfront Residences" is defined in the recitals.

"Waterfront Residences Available Deposit Deficit" is defined in item (ii) of clause (c) of Section 5.2.5.

"Waterfront Residences Commitment" means, as the context may require, a Waterfront Residences Tranche A Commitment or a Waterfront Residences Tranche B Commitment.

"Waterfront Residences Commitment Amount" means, as the context may require, the Waterfront Residences Tranche A Commitment Amount or the Waterfront Residences Tranche B Commitment Amount.

"Waterfront Residences Tranche A Commitment" means, on any date, relative to any Waterfront Residences Tranche A Lender, the portion of the Waterfront Residences Tranche A Commitment Amount of such Lender reduced by the principal amount of any Loans made or outstanding Bankers' Acceptances created by such Lender with respect to the Waterfront Residences Construction Phase as of such date.

"Waterfront Residences Tranche B Commitment" means, on any date, relative to any Waterfront Residences Tranche B Lender, the portion of the Waterfront Residences Tranche B Commitment Amount of such Lender reduced by the principal amount of any Loans made or outstanding Bankers' Acceptances created by such Lender with respect to the Waterfront Residences Construction Phase as of such date.

"Waterfront Residences Tranche A Commitment Amount" means an amount equal to the lesser of (i) 53.5482% of the total Project Costs of the Waterfront Residences Construction Phase, (ii) 53.5482% of the appraised value of the Waterfront Residences as set forth in the Appraisal received by the Administrative Agent pursuant to Section 6.2.11, and (iii) \$10,524,544 (as same may be increased or decreased in accordance with Section 2.2). The Waterfront Residences Tranche A Commitment Amount of each Waterfront Residences Tranche A Lender is set forth below such Lender's signature hereto or in a Lender Assignment.

"Waterfront Residences Tranche B Commitment Amount" means an amount equal to the lesser of (i) 11.4518% of the total Project Costs of the Waterfront Residences Construction Phase, (ii) 11.4518% of the appraised value of the Waterfront Residences as set forth in the Appraisal received by the Administrative Agent pursuant to Section 6.2.11, and (iii) \$2,250,768 (as same may be increased or decreased in accordance with Section 2.2). The Waterfront Residences Tranche B Commitment Amount of each Waterfront Residences Tranche B Lender is set forth below such Lender's signature hereto or in a Lender Assignment.

"Waterfront Residences Tranche A Lender" means a Lender that has a Waterfront Residences Tranche A Commitment, or has made Loans or created Bankers' Acceptances, in each case, with respect thereto.

"Waterfront Residences Tranche B Lender" means a Lender that has a Waterfront Residences Tranche B Commitment, or has made Loans or created Bankers' Acceptances, in each case, with respect thereto.

"Waterfront Residences Construction Phase" means the construction of the portion of the Improvements designated as the Waterfront Residences and certain common property together with related facilities and amenities, as more particularly described in the Project Documents.

"Waterfront Residences Construction Phase GMP Contract" means, on any date, the Agreement between Owner and Contractor (Guaranteed Maximum Cost) covering the Waterfront Residences Construction Phase, if, as and when such agreement becomes effective in accordance with its terms, between the Borrower and the GMP Contractor, and as thereafter from time to time amended, supplemented, amended and restated or otherwise modified in accordance with this Agreement.

"Waterfront Residences Equity" means the funds or property to be contributed in an aggregate amount no less than \$8,426,093, which shall be comprised of cash contributions by the Borrower and application of Available Waterfront Residences Deposits.

"Waterfront Residences Project Costs" means Project Costs payable with respect to the Waterfront Residences Construction Phase.

"Wedge Parcel" means, prior to acquisition thereof by the Borrower, the land outlined in red on the plan attached hereto as Exhibit A-2, and after acquisition thereof by the Borrower, the land described in Exhibit A-2 attached to an amendment to this Agreement.

"Welfare Plan" means employee benefit, fringe benefit, supplemental, unemployment benefit, termination, health, welfare, medical, dental, disability, life insurance or similar plan, program or arrangement relating to current or former directors, officers or employees of the Borrower maintained, sponsored or funded by the Borrower, under which the Borrower may have any liability, contingent or otherwise.

"WestLB" is defined in the preamble.

"wholly-owned" means, with respect to any direct or indirect Subsidiary, any Subsidiary all of the outstanding common stock (or similar equity interest) of which (other than any director's qualifying shares or investments by foreign nationals mandated by applicable laws) is owned directly or indirectly by the Borrower.

"Work" is the work covered by a GMP Contract or a Contract.

SECTION 1.2 Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings

when used in the Disclosure Schedule, any Loan Request, Bankers' Acceptance Request, Letter of Credit Issuance Request, Conversion/Rollover Notice and Compliance Certificate delivered from time to time in connection with this Agreement.

SECTION 1.3 Cross-References. Unless otherwise specified, references in this Agreement and in each other Loan Document to any Article or Section are references to such Article or Section of this Agreement or such other Loan Document, as the case may be, and, unless otherwise specified, references in any Article, Section or definition to any item or clause are references to such item or clause of such Article, Section or definition.

SECTION 1.4 Accounting and Financial Determinations. Unless otherwise specified, all accounting terms used herein or in any other Loan Document shall be interpreted, and all accounting determinations and computations hereunder or thereunder (including under Section 8.2.19) shall be made, in accordance with, those generally accepted accounting principles ("Canadian GAAP") currently applied in Canada in the preparation of the financial statements referred to in Section 8.1.1. Unless otherwise expressly provided, all financial covenants and defined financial terms for the Person covered thereby shall be computed on a consolidated basis for such Person and its Subsidiaries, in each case, without duplication.

ARTICLE II

COMMITMENTS, BORROWING AND ISSUANCE

PROCEDURES, NOTES AND LETTERS OF CREDIT

SECTION 2.1 Commitments. On the terms and subject to the conditions of this Agreement (including Section 2.1.4 and Article VI),

(a) each Lender severally agrees to make Loans and to accept Bankers' Acceptances pursuant to its Commitment, in each case as described in this Section 2.1; and

(b) the Issuer agrees that it will issue Letters of Credit in accordance with Section 2.1.3, and each Longview/Paignton House Lender that has a Letter of Credit Commitment severally agrees that it will purchase participation interests in such Letters of Credit in accordance with Section 2.6.1.

No Lender shall have any liability for the failure of another Lender to make its Commitment available or to accept Bankers' Acceptances or to advance such Lender's Percentage of any Loans to be made to the Borrower; provided, however, that any Lender hereunder shall have the right to accept the Commitments, Loans, Letter of Credit Outstandings and Bankers' Acceptances on behalf of a Defaulting Lender, and to fund a Defaulting Lender's Percentage of a Loan in which case the provisions of Sections 4.9 and 10.9 shall apply.

SECTION 2.1.1 Loan Commitment. From time to time on any Business Day occurring prior to the Commitment Termination Date, (x) each Lender that has a Tranche A Commitment will make a loan (relative to such Lender, its "**Tranche A Loan**") to the Borrower and (y) each Lender that has a Tranche B Commitment will make a loan (relative to such Lender, its

"Tranche B Loan") to the Borrower, in each case, equal to such Lender's Percentage of the aggregate amount of each Borrowing of the Loans requested by the Borrower to be made on such day (such Loans to be pro rata among the applicable Tranche A Commitments and Tranche B Commitments). On the terms and subject to the conditions hereof, the Borrower may from time to time borrow and prepay the Loans but no amount paid or prepaid with respect to the Loans may be reborrowed.

SECTION 2.1.2 Bankers' Acceptances. From time to time on any Business Day but prior to the Commitment Termination Date, each Lender that has a Commitment will accept Bankers' Acceptances equal to such Lender's Percentage of the aggregate amount of Bankers' Acceptances requested by the Borrower to be created on such day pro rata among the applicable Tranche A Commitments and Tranche B Commitments. On the terms and subject to the conditions hereof, the Borrower may from time to time repay Bankers' Acceptances but no amount repaid with respect to the Bankers' Acceptances (other than amounts paid to Lenders upon the maturity of a Bankers' Acceptance with respect to a Rollover) may be reborrowed.

SECTION 2.1.3 Letter of Credit Commitment. From time to time on any Business Day but prior to the Commitment Termination Date or the Substantial Completion Date, whichever is earlier, the Issuer will

(a) issue one or more Letters of Credit (relative to such Issuer, its "Letter of Credit") in form reasonably satisfactory to the Borrower and the Issuer for the account of the Borrower in the Stated Amount requested by the Borrower on such day; or

(b) extend the Letter of Credit Stated Expiry Date of an existing Letter of Credit previously issued in accordance with clause (a) of this Section 2.1.3 to a date not later than the earlier of (x) the Business Day immediately preceding the Substantial Completion Date with respect to beneficiaries of Letters of Credit that are not the Township of Muskoka Lakes or the District Municipality of Muskoka, (y) the Business Day immediately preceding the Stated Maturity Date with respect to Letters of Credit held by the Township of Muskoka Lakes or the District Municipality of Muskoka, and (z) one year from the date of such extension.

SECTION 2.1.4 Lenders Not Required to Make Credit Extensions. No Lender shall be required to make any Credit Extension if, after giving effect thereto, the aggregate outstanding principal amount:

(a) of all Credit Extensions

(i) to be made by all Lenders with a Tranche A Commitment would exceed the applicable Tranche A Commitment Amount or

(ii) to be made by such Lender with a Tranche A Commitment, would exceed such Lender's then existing applicable Tranche A Commitment; or

(b) of all Credit Extensions

(i) to be made by all Lenders with a Tranche B Commitment would exceed the applicable Tranche B Commitment Amount or

(ii) to be made by such Lender with a Tranche B Commitment, would exceed such Lender's then existing applicable Tranche B Commitment; or

(c) of all Credit Extensions

(i) of all Lenders with a Commitment would exceed the applicable Commitment Amount or

(ii) of such Lender with a Commitment, would exceed such Lender's then existing applicable Commitment.

provided, however, in no event shall the foregoing prohibit or restrict any Lender from acquiring another Lender's Credit Extension Commitment, Bankers' Acceptance Obligations or Letter of Credit Outstandings in accordance with Section 11.12.

SECTION 2.1.5 Issuer Not Required to Issue Letters of Credit. No Issuer shall be required to issue any Letter of Credit if, after giving effect thereto, (x) the aggregate amount of all Letter of Credit Outstandings would exceed the Letter of Credit Commitment Amount or (y) the sum of the aggregate amount of all Letter of Credit Outstandings plus the aggregate principal amount of all Loans and Bankers' Acceptances Obligations then outstanding would exceed the applicable Commitment Amount.

SECTION 2.2 Adjustment of Loan Commitments. (a) The Borrower may, from time to time on any Business Day occurring after the Substantial Completion Date, voluntarily reduce the aggregate amount of Commitments on the Business Day so specified by the Borrower; provided, however, that all such reductions shall be pro rata among the applicable Tranche A Commitments and Tranche B Commitments, shall require at least one Business Day's prior notice to the Administrative Agent and shall be permanent, and any partial reduction of the aggregate Commitment Amounts shall be in a minimum amount of \$1,000,000 and in an integral multiple of \$500,000. After giving effect to the reductions of the aggregate Commitments, the commitment by the Issuer to issue Letter(s) of Credit pursuant to Section 2.1.3 and the Lenders to accept Bankers' Acceptances pursuant to Section 2.1.2 and shall be proportionately reduced.

(b) So long as no Event of Default has occurred and is continuing, the Borrower may, after it has satisfied the conditions in Section 6.4.2 as to both of the Golf Residences Construction Phase and the Waterfront Residences Construction Phase and the applicable conditions in Section 8.2.16 and 8.2.18, reallocate the amounts set forth (x) in clause (iii) of the definitions of Golf Residences Tranche A Commitment Amount and Waterfront Residences Tranche A Commitment Amount and (y) in clause (iii) of the definitions of Golf Residences Tranche B Commitment Amount and Waterfront Residences Tranche B Commitment Amount from one to the other; provided, however, that the maximum amount reallocated from one Commitment Amount to the other Commitment Amount shall not exceed the maximum amounts set forth in clauses (i) and (ii) of such definitions.

SECTION 2.3 Borrowing Procedure. Credit Extensions shall be made by the Lenders in accordance with this Section 2.3.

SECTION 2.3.1 Borrowing Procedure. On the terms and subject to the conditions of this Agreement, each Borrowing shall be comprised of the type of Tranche A Loans, Tranche B Loans and Bankers' Acceptances to be created among the applicable Tranche A Commitments and Tranche B Commitments, and shall be made on the Business Day, specified in the applicable Credit Extension Request. On or before 11:00 a.m. (Toronto time) on such Business Day each Lender that has a Commitment shall deposit with the Administrative Agent same day funds in an amount equal to such Lender's Percentage of the requested Borrowing; provided, however, that with respect to Bankers' Acceptance Proceeds, the amount of each such deposit shall only be the amount of Bankers' Acceptance Proceeds not required by clause (e) of Section 2.3.3 to be applied against maturing Bankers' Acceptances. Such deposit will be made to an account which the Administrative Agent shall specify from time to time by notice to the Lenders. To the extent funds are received from the Lenders, the Administrative Agent shall make such funds available to the Borrower by wire transfer to the Disbursement Account for distribution thereafter by the Administrative Agent's attorneys after such wire transfer has been made.

SECTION 2.3.2 Loans. On the terms and subject to the conditions of this Agreement prior to the Commitment Termination Date, the Borrower may from time to time irrevocably request that Loans (which shall be pro rata among the applicable Tranche A Commitments and Tranche B Commitments) be made by the Lenders. Any such request for Loans shall be made in accordance with Section 2.3.1 and Section 2.4; provided, however, that any of the Loans which are advanced by the Longview/Paignton House Lenders (x) to reimburse the Issuer for or fund draws under a Letter of Credit shall be made in accordance with Sections 2.6.1 and 2.6.2 or (y) to the Administrative Agent to honor Bankers' Acceptances upon the maturity thereof shall be made in accordance with clause (h) of Section 2.3.3.

SECTION 2.3.3 Bankers' Acceptances. On the terms and subject to the conditions of this Agreement, the Borrower may from time to time irrevocably request that Bankers' Acceptances be created and purchased by the Lenders. Any such request for Bankers' Acceptances shall be subject to Section 2.1.2 (as to Bankers' Acceptances created from each Lender's Commitments (which shall be pro rata among the applicable Tranche A Commitments and Tranche B Commitments)) and shall be made in accordance with Section 2.3.1, this Section 2.3.3 and Section 2.4.

(a) Each Bankers' Acceptance shall be (w) in a form satisfactory to the applicable Lender, (x) issued as "depository bill" (as that term is defined in the DBNA), (y) deposited with The Canadian Depository for Securities Limited and (z) made payable to "CDS & Co." The following practices and procedures, subject to the requirements of the DBNA, shall apply:

(i) each Bankers' Acceptance created and purchased by a Lender hereunder shall have marked prominently and legibly on its face and within its text, at or before the time of issue, the words "This is a depository bill subject to the *Depository Bills and Notes Act*";

(ii) any reference to authentication of that Bankers' Acceptance will be removed; and

(iii) that Bankers' Acceptance shall not be marked with any words prohibiting negotiation, transfer or assignment of it or of an interest therein.

(b) Each Bankers' Acceptance Request shall specify the proposed aggregate Face Amount of such Bankers' Acceptances, the proposed date of the acceptance of such Bankers' Acceptances, and the proposed date of the maturity of such Bankers' Acceptances (which shall be no more than thirty (30) days or extend beyond the Stated Maturity Date). Promptly following receipt of a Bankers' Acceptance Request, the Administrative Agent shall notify each Lender of such Bankers' Acceptance Request and of the Face Amount of each Bankers' Acceptance to be created by such Lender based upon such Lender's Percentage, the term thereof, the maturity date thereof, and if the Administrative Agent is reasonably able to determine, the amount of the Stamping Fee payable to each Lender pursuant to clause (c).

(c) Each Lender that accepts a Bankers' Acceptance shall be required to fund or discount such Bankers' Acceptance in the market or purchase the same for its own account such that the purchase price therefor shall be equal to the face amount of such Bankers' Acceptance less an amount that reflects a rate per annum equal to the Stamping Fee plus the CDOR Rate (if the Lender is a Schedule I chartered bank under the *Bank Act* (Canada)) or the CDOR Rate plus 0.10% (if the Lender is not a Schedule I chartered bank under the *Bank Act* (Canada)).

(d) The Borrower unconditionally agrees to pay to each Lender in same day funds the Face Amount of each Bankers' Acceptance created by such Lender pursuant hereto on the maturity date of such Bankers' Acceptance (such Obligation with respect to each Bankers' Acceptance being the "**Bankers' Acceptance Obligation**"). The Borrower shall not repay any Bankers' Acceptance other than on the maturity date thereof.

(e) Subject to Section 2.1.4, when the Borrower pays any Bankers' Acceptance on the maturity thereof, it shall be entitled to request a Rollover pursuant to Section 2.4 in an aggregate principal amount not in excess of the face amount of the matured Bankers' Acceptance, and the terms of this Agreement relating to Bankers' Acceptances shall be applicable thereto. All Bankers' Acceptance Proceeds shall be credited by the Administrative Agent for the account of the Lenders to the Borrower and all repayments of maturing Bankers' Acceptances shall be made by the Borrower to the Administrative Agent for the account of the Lenders. If the Borrower fails to request that the Lenders accept new Bankers' Acceptances in replacement of such maturing Bankers' Acceptances, and does not repay such Bankers' Acceptances on the maturity thereof, the provisions of Section 2.4 shall apply.

(f) As a material inducement to each Lender agreeing to accept Bankers' Acceptances hereunder, the Borrower, to the fullest extent permitted by law, hereby constitutes and appoints irrevocably each Lender as the true and lawful agent and attorney-in-fact of the Borrower, coupled with an interest, with full power of substitution and hereby empowers each Lender (and its Participants) to execute and deliver Bankers' Acceptances for and on behalf of the Borrower. The Borrower recognizes and agrees that all Bankers' Acceptances signed and/or endorsed by a Lender on behalf of the Borrower shall bind the Borrower as fully and effectually

as if signed in the handwriting of and duly issued by the proper signing officers of the Borrower. Each Lender is hereby authorized (in accordance with a Bankers' Acceptance Request) to issue such Bankers' Acceptances endorsed in blank in such face amounts as may be determined by such Lender; provided, however, that the aggregate amount thereof is equal to the aggregate amount of Bankers' Acceptances required to be created and purchased by such Lender. No Lender shall be liable for any damage, loss or other claim arising by reason of any loss or improper use of any such instrument except the gross negligence or willful misconduct of the Lender or its officers, employees, agents or representatives.

(g) Each Lender shall advise the Borrower and the Administrative Agent promptly if at any time such Lender intends to materially change the manner in which it distributes Bankers' Acceptances in the market.

(h) If, upon the occurrence of and during the continuation of any Default of the type described in Section 9.1.10, or with notice from the Administrative Agent, upon the occurrence and during the continuance of any other Event of Default, the Administrative Agent, on their behalf of the Lenders makes a demand for payment at a time when any Bankers' Acceptances are outstanding hereunder, the Lenders shall be entitled, without any further authorization from the Borrower, to be deemed to have made Loans to the Borrower hereunder (which shall be allocated pro rata among the applicable Tranche A Commitments and Tranche B Commitments), payable upon demand, in amounts equal to the face amount at maturity of all Bankers' Acceptances outstanding hereunder at such time, and such Loans will bear interest at a rate set forth in Section 3.2.2, from the maturity of such Bankers' Acceptance until such Loans are indefeasibly repaid in full. The proceeds of such Loans shall be held by the Agent as cash collateral for payment of the Bankers' Acceptance Obligations for the benefit of the Lenders, and shall be applied in payment of such Bankers' Acceptances as they mature.

(i) If a Lender is not a chartered bank under the *Bank Act* (Canada) or if a Lender notifies the Administrative Agent in writing that it is otherwise unable to accept Bankers' Acceptances, such Lender will, instead of accepting and purchasing Bankers' Acceptances, make a Loan (a "**B/A Equivalent Loan**") to the Borrower in the amount and for the same term as the Bankers' Acceptance which such Lender would otherwise have been required to accept and purchase hereunder. Each such Lender will provide to the Administrative Agent the discount proceeds of such B/A Equivalent Loan for the account of the Borrower. Each such B/A Equivalent Loan will bear interest at the same rate which would result if such Lender had created (and been paid a Stamping Fee) and purchased (on a discounted basis) a Bankers' Acceptance for the relevant period (it being the intention of the parties that each such B/A Equivalent Loan shall have the same economic consequences for the Lenders and the Borrower as the Bankers' Acceptance which such B/A Equivalent Loan replaces). All such interest shall be paid in advance on the date such B/A Loan is made, and will be deducted from the amount to be advanced on account of such B/A Equivalent Loan in the same manner in which the discount proceeds of a Bankers' Acceptance would be deducted from the face amount of the Bankers' Acceptance. Subject to repayment requirements, on the last day of the relevant period for such B/A Equivalent Loan, the Borrower shall be entitled to convert each such B/A Equivalent Loan into another type of Loan, or to roll over each such B/A Equivalent Loan into another B/A Equivalent Loan, all in accordance with the applicable provisions of this Agreement.

(j) The Borrower waives presentment for payment and any other defense to payment of any amounts due to a Lender in respect of a Bankers' Acceptance created and purchased by it pursuant to this Agreement which might exist solely by reason of such Bankers' Acceptance being held, at the maturity thereof, by such Lender in its own right, and the Borrower agrees not to claim any days of grace if such Lender, as holder, sues the Borrower on the Bankers' Acceptance for payment of the amount payable by the Borrower thereunder. On the maturity date of a Bankers' Acceptance, or such earlier date as may be required or permitted pursuant to the provisions of this Agreement, the Borrower shall pay the Lender that has created and purchased such Bankers' Acceptance the full face amount of such Bankers' Acceptance and, after such payment, the Borrower shall have no further liability in respect of such Bankers' Acceptance and such Lender shall be entitled to all benefits of, and be responsible for all payments due to third parties under, such Bankers' Acceptance.

(k) Except as required by any Lender upon the occurrence of an Event of Default, no Bankers' Acceptance or B/A Equivalent Loan may be repaid by the Borrower prior to its maturity date; provided, however, that the Borrower may defease any Bankers' Acceptance or B/A Equivalent Loan by depositing with the Administrative Agent an amount that is sufficient to repay such Bankers' Acceptance or B/A Equivalent Loan on its maturity date.

SECTION 2.4 Conversion and Rollover Elections. By delivering a Conversion/Rollover Notice to the Administrative Agent on or before 10:00 a.m., New York City time, on a Business Day occurring thirty (30) or more days prior to the Stated Maturity Date, the Borrower may from time to time irrevocably elect, on not less than one Business Day's notice in the case of Loans, or three Business Days' notice in the case of Bankers' Acceptances, and in either case not more than five Business Days' notice, that all, or any portion in an aggregate minimum amount of \$1,000,000, be, in the case of Loans, converted into Bankers' Acceptances or be, in the case of Bankers' Acceptances, converted into Loans (in the absence of delivery of a Conversion/Rollover Notice with respect to any Bankers' Acceptance at least three Business Days (but not more than five Business Days) before the last day of the then current maturity date with respect thereto, such Bankers' Acceptance shall, on such last day, automatically convert to a Loan); provided, however, that (x) each such Conversion or continuation shall be pro rated among the applicable outstanding Loans of all Lenders that have made such Loans, (y) no portion of the outstanding principal amount of any Loans may be converted into Bankers' Acceptances and no Rollovers will be permitted when any Default has occurred and is continuing and (z) no Bankers' Acceptance may be converted into a Loan on any day other than the maturity date of such Bankers' Acceptance.

SECTION 2.5 Funding. Each Lender may, if it so elects, fulfill its obligation to accept Bankers' Acceptances hereunder by causing one of its foreign branches or Affiliates (or an international banking facility created by such Lender) to accept such Bankers' Acceptance; provided, however, that such Bankers' Acceptance shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of the Borrower to repay such Bankers' Acceptance shall nevertheless be to such Lender for the account of such foreign branch, Affiliate or international banking facility.

SECTION 2.6 Letter of Credit Issuance Procedures. By delivering to the Administrative Agent a Letter of Credit Issuance Request on or before 11:00 a.m., (Toronto time), on a Business

Day, the Borrower may from time to time irrevocably request, on not less than three (3) nor more than fifteen (15) Business Days' prior notice in the case of an initial issuance of a Letter of Credit for the account of the Borrower, and not less than three (3) Business Days' prior notice in the case of a request for the extension of the Letter of Credit Stated Expiry Date of a Letter of Credit, that the Issuer extend the Letter of Credit Stated Expiry Date of, as the case may be, that the Issuer issue an irrevocable Letter of Credit in such form as may be requested by the Borrower and approved by the Issuer, solely for the purposes described in clause (c) of Section 8.1.2. Each Letter of Credit shall by its terms be stated to expire on a date no later than the earlier to occur of (x) the Business Day immediately preceding the Substantial Completion Date or (y) one (1) year from the date of its issuance; provided, however, that each such Letter of Credit issued to the Township of Muskoka Lakes and the District Municipality of Muskoka shall provide that the expiry date thereof shall automatically be extended for successive one year periods from the then applicable expiry date unless the Issuer has provided a notice to the Beneficiary thereof at least thirty (30) days prior to the then applicable expiry date that such Letter of Credit will not be extended beyond such applicable expiry date (the applicable expiry date of a Letter of Credit shall be its "Letter of Credit Stated Expiry Date") and that the Beneficiary will be entitled to draw the then aggregate amount which is undrawn and available thereunder. The Issuer will make available to the Beneficiary thereof the original of each Letter of Credit which it issues hereunder. The issuance of a Letter of Credit under this Section 2.6 shall be deemed to be a Borrowing under the Longview/Paignton House Commitments (which shall be allocated pro rata among the applicable Longview/Paignton House Tranche A Commitments and Longview/Paignton House Tranche B Commitments) in the face amount of such Letter of Credit.

SECTION 2.6.1 Other Lenders' Participation. Upon the issuance of each Letter of Credit pursuant hereto, and without further action, each Longview/Paignton House Lender (other than the Issuer) shall be deemed to have irrevocably purchased, to the extent of its Letter of Credit Commitment, a participation interest in such Letter of Credit (including any Letter of Credit Reimbursement Obligation with respect thereto (which shall be allocated pro rata among the applicable Longview/Paignton House Tranche A Commitments and Longview/Paignton House Tranche B Commitments)), and each Longview/Paignton House Lender shall, to the extent of its then existing Commitments, be responsible for funding promptly (and in any event within one (1) Business Day) to the Issuer such Lender's Percentage of the Letter of Credit Reimbursement Obligation which has not otherwise been reimbursed by the Borrower in accordance with Section 2.6.3. In addition, each Longview/Paignton House Lender shall, to the extent of its Commitments, be entitled to receive a ratable portion of the Letter of Credit fees payable pursuant to Section 3.3.2 with respect to each Letter of Credit (other than the issuance fees payable to the Issuer of such Letter of Credit pursuant to the last sentence of Section 3.3.2) and of interest payable pursuant to Section 3.2 with respect to any Letter of Credit Reimbursement Obligation. To the extent that a Longview/Paignton House Lender has reimbursed any Issuer such Lender's Percentage of each Letter of Credit Disbursement as required by this Section, such Lender shall be entitled to receive its ratable portion of any amounts subsequently received (from the Borrower or otherwise) in respect of such Letter of Credit Disbursement. The obligations of each Longview/Paignton House Lender under this Section 2.6.1 are obligatory on the part of each such Lender, such obligations of each Longview/Paignton House Lender shall be performed whether or not a Default exists hereunder and whether or not the conditions set forth in Article VI have been satisfied, shall be absolute, unconditional, and irrevocable, and shall be performed by each Longview/Paignton House

Longview/Paignton House Lender strictly in accordance with the terms and provisions of this Agreement, under any and all circumstances and irrespective of any set-off, counterclaim, or defense to payment which the Longview/Paignton House Lenders, individually or collectively, may have or have had against the Issuer. Notwithstanding anything to the contrary in this Section 2.6.1, so long as any Letter of Credit is outstanding, each of the Longview/Paignton House Lenders shall have the absolute obligation to make a Loan to the Borrower (which shall be allocated pro rata among the applicable Longview/Paignton House Tranche A Commitments and Longview/Paignton House Tranche B Commitments) and pay the proceeds of such Borrowing to the Issuer in accordance with Section 2.6.2.

SECTION 2.6.2 Letter of Credit Disbursements. The Issuer will notify the Borrower and the Administrative Agent promptly of the presentment for payment of any Letter of Credit, together with notice of the date (the "**Letter of Credit Disbursement Date**") such payment shall be made (each such payment, a "**Letter of Credit Disbursement**"). Immediately thereafter, the Administrative Agent shall give telephonic and facsimile notice to the Longview/Paignton House Lenders of the presentation of such sight draft, the amount of such sight draft, the date on which payment thereon has been or will be made, and the Percentage of each Longview/Paignton House Lender in the amount of such sight draft together with a copy of the sight draft and accompanying documents. A copy of such sight draft, together with such accompanying documents, shall, for purposes of this Agreement, be deemed to be a Loan Request to each of the Lenders for a Longview/Paignton House Loan (which, on the date of such Borrowing, shall be allocated pro rata among the applicable Longview/Paignton House Tranche A Commitments and Longview/Paignton House Tranche B Commitments and shall bear interest at the Prime Rate). Subject to the terms and provisions of such Letter of Credit, the Issuer shall make such Letter of Credit Disbursement to the Beneficiary (or its designee) of such Letter of Credit. Prior to 11:00 a.m. (Toronto time) on the first Business Day following the date on which notice was given by the Administrative Agent to the Longview/Paignton House Lenders, the Longview/Paignton House Lenders shall make a Loan (which shall be allocated pro rata among the applicable Longview/Paignton House Tranche A Commitments and Longview/Paignton House Tranche B Commitments) as an obligatory Loan hereunder and advance as an obligatory advance hereunder the proceeds of such Borrowing to the Administrative Agent (whether or not the Borrower has satisfied the conditions set forth in Article VI of this Agreement), for the account of the Issuer, in an amount equal to such Longview/Paignton House Lender's Percentage of the amount which the Issuer has disbursed under such Letter of Credit, together with interest thereon at a rate equal to that then in effect for Loans (with the Prime Rate Margin accruing on such amount) pursuant to Section 3.2 for the period from the Letter of Credit Disbursement Date through the date of such reimbursement. The Loans made pursuant to this Section 2.6.2 shall be applied to the payment of such sight draft (and at the election of the Issuer be advanced directly to the Beneficiary) and shall not be used for any other purpose. Without limiting in any way the foregoing and notwithstanding anything to the contrary contained herein or in any separate application for any Letter of Credit, the Borrower hereby acknowledges and agrees that it shall be obligated to reimburse the Issuer upon each Letter of Credit Disbursement by means of a Borrowing of Loans (which shall be allocated pro rata among the applicable Longview/Paignton House Tranche A Commitments and Longview/Paignton House Tranche B Commitments) made pursuant to this Section 2.6.2.

SECTION 2.6.3 Reimbursement. The obligation (a "Letter of Credit Reimbursement Obligation") of the Borrower under Section 2.6.2 to reimburse the Issuer with respect to each Letter of Credit Disbursement (including interest thereon), and, upon the failure of the Borrower to reimburse the Issuer, each Longview/Paignton House Lender's obligation under Section 2.6.1 to reimburse the Issuer, shall be absolute, unconditional and irrevocable under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower or such Longview/Paignton House Lender, as the case may be, may have or have had against the Issuer or any other Lender, including any defense based upon the failure of any Letter of Credit Disbursement to conform to the terms of the applicable Letter of Credit (if, in the Issuer's good faith opinion, such Letter of Credit Disbursement is determined to be appropriate) or any non-application or misapplication by the Beneficiary of the proceeds of such Letter of Credit; provided, however, that after paying in full its Letter of Credit Reimbursement Obligation hereunder, nothing herein shall adversely affect the right of the Borrower or such other Lender, as the case may be, to commence any proceeding against the Issuer for any wrongful Letter of Credit Disbursement made by the Issuer under a Letter of Credit as a result of acts or omissions in violation of the terms of this Agreement or constituting gross negligence or willful misconduct on the part of the Issuer.

SECTION 2.7 Deemed Letter of Credit Disbursements and Certain Deposits. The following provisions shall apply to Letters and Credit and Bankers' Acceptances, as applicable.

SECTION 2.7.1 Deemed Letter of Credit Disbursements and Certain Deposits. Upon the occurrence and during the continuance of any Default of the type described in Section 9.1.10 or, with notice from the Administrative Agent, upon the occurrence and during the continuance of any other Event of Default,

(a) an amount equal to that portion of all Letter of Credit Outstandings attributable to the then aggregate amount which is undrawn and available under all Letters of Credit issued and outstanding hereunder shall, without demand upon or notice to the Borrower, be deemed to have been paid or disbursed by the Issuer under such Letters of Credit (notwithstanding that such amount may not in fact have been so paid or disbursed);

(b) notwithstanding the maturity date of any outstanding Bankers' Acceptances, an amount equal to the Face Amount of all Bankers' Acceptances issued and outstanding which the Lenders and any Participants are required to honor shall thereupon become immediately due and payable by the Borrower; and

(c) upon notification by the Administrative Agent to the Borrower of its obligations under this Section, the Borrower shall be obligated to reimburse immediately the Issuer for the amount deemed to have been so paid or disbursed by such Issuer with respect to such Letters of Credit, in which case the last sentence of Section 2.6.2 shall apply, and to deposit with the Administrative Agent the amount then due and payable pursuant to clause (a).

Any amounts so payable by the Borrower pursuant to this Section 2.7 shall be deposited in cash with the Administrative Agent and held as collateral security for the Obligations in connection

with such Bankers' Acceptances and the Letters of Credit issued by the Issuer, and the Administrative Agent shall make disbursements thereof from time to time to in order for such Lenders and Participants to honor such Bankers' Acceptances and to reimburse the Issuer for payments made by the Issuer with respect to Letters of Credit. At such time when the Default giving rise to the deemed disbursements and deposit requirements hereunder shall have been cured or waived, the Administrative Agent shall return to the Borrower all amounts then on deposit with the Administrative Agent pursuant to this Section which have not been applied to the satisfaction of such Obligations.

SECTION 2.7.2 Nature of Letter of Credit Reimbursement Obligations and Bankers' Acceptances. The Borrower shall assume all risks of the acts, omissions or misuse of any Bankers' Acceptance and together with each Longview/Paignton House Lender, to the extent set forth in Section 2.6.1, of any Letter of Credit by the Beneficiary thereof. The Issuer and the Lenders (except to the extent of its own gross negligence or willful misconduct) shall not be responsible for:

- (a) the form, validity, sufficiency, accuracy, genuineness or legal effect of Bankers' Acceptance or any Letter of Credit or any document submitted by any party in connection with a Drawing or the application for and issuance of a Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged;
- (b) the form, validity, sufficiency, accuracy, genuineness or legal effect of any instrument transferring or assigning or purporting to transfer or assign a Bankers' Acceptance or a Letter of Credit or the rights or benefits thereunder or the proceeds thereof in whole or in part, which may prove to be invalid or ineffective for any reason;
- (c) failure of the Beneficiary to comply fully with conditions required in order to demand payment under a Letter of Credit;
- (d) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, facsimile or otherwise; or
- (e) any loss or delay in the transmission or otherwise of any document or draft required in order to make a Letter of Credit Disbursement under a Letter of Credit.

None of the foregoing shall affect, impair or prevent the vesting of any of the rights or powers granted to the Issuer or any Lender hereunder. In furtherance and not in limitation or derogation of any of the foregoing, any action taken or omitted to be taken by a Lender or an Issuer in good faith (and not constituting gross negligence or willful misconduct) shall be binding upon the Borrower and the Issuer and each such Lender, and shall not put such Issuer or any Lender under any resulting liability to the Borrower or any such Lender, as the case may be.

SECTION 2.8 Registered Note; Registered Credit Extensions. The Administrative Agent agrees to record each Borrowing and each Lender's Loans, Bankers' Acceptance Obligations and Letter of Credit Outstandings in the Register referenced in Section 2.8.1. Each Borrowing and each Lender's Credit Extensions recorded on the Register (each a "**Registered Credit Extension**") may not be evidenced by promissory notes other than Registered Notes (as

defined below). Upon the registration of any Borrowing or any Lender's Credit Extension, the Borrower agrees at the request of any Lender, to execute and deliver to such Lender a Note, in conformity with the terms of this Agreement, in registered form to evidence such Registered Credit Extension, substantially in the form of the applicable Note, and registered as provided in Section 2.8.1 (a "Registered Note"), payable to the order of such Lender and otherwise duly completed, provided that any Registered Note issued to evidence any Lender's Credit Extensions shall be issued in the principal amount of the applicable Lender's Commitment Amount. Once recorded in the Register, each Borrowing and each Lender's Credit Extensions may not be removed from the Register so long as it or they remain outstanding, and a Registered Note may not be exchanged for a promissory note that it is not a Registered Note. Each Lender shall make (or cause to be made) appropriate entries in its books and records which shall evidence, inter alia, the type of Credit Extension and the date of, the outstanding principal of and the interest rate applicable to the Credit Extension evidenced thereby. Such entries shall be conclusive and binding on the Borrower absent manifest error; provided, however, that the failure of any Lender to make any such entries shall not limit or otherwise affect any Obligations of any Loan Party.

SECTION 2.8.1 Register. Subject to the last sentence of this Section 2.8.1, the Administrative Agent shall maintain, or cause to be maintained, a register (the "**Register**") on which it enters the name of the Lender that is the owner of each Registered Credit Extension held by it. A Registered Credit Extension (and the Registered Note evidencing the same) may be assigned or sold in whole or in part only by registration of such assignment or sale on the Register (and each Registered Note shall expressly so provide). Subject to the last sentence of this Section 2.8.1, any assignment or sale of all or part of such Registered Credit Extension (and the Registered Note evidencing the same) may be effected only by registration of such assignment or sale on the Register, together with the surrender of the Registered Note, if any, evidencing the same duly endorsed by (or accompanied by a written instrument of assignment or sale duly executed by) the holder of such Registered Note, whereupon, at the request of the designated assignee(s) or transferee(s), one or more new Registered Notes in the same aggregate principal amount shall be issued to the designated assignee(s) or transferee(s). Prior to the registration of an assignment or sale of any Registered Credit Extension (and the Registered Note evidencing the same), the Borrower, the Administrative Agent and the Lenders shall treat the Person in whose name such Registered Credit Extension (and the Registered Note evidencing the same) is registered as the owner thereof for the purpose of receiving all payments thereon and for all other purposes, notwithstanding notice to the contrary.

SECTION 2.8.2 Participant Register. In the event that a Lender sells participations in a Registered Credit Extension, such Lender shall maintain a register on which it enters the name of all participants in the Registered Credit Extension held by it (the "**Participant Register**"). A Registered Credit Extension (and the Registered Note, if any, evidencing the same) may be participated in whole or in part only by registration of such participation on the Participant Register (and each Registered Note shall expressly so provide). Any participation of such Registered Credit Extension (and the Registered Note, if any, evidencing the same) may be effected only by the registration of such participation on the Participant Register.

ARTICLE III

REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1 Repayments and Prepayments; Application.

SECTION 3.1.1 Repayments and Prepayments. The Borrower shall repay in full the unpaid principal amount of each Loan, Bankers' Acceptance Obligation and Letter of Credit Outstandings upon the Stated Maturity Date. Prior thereto, payments and prepayments of Loans shall or may be made as set forth below.

(a) From time to time on any Business Day occurring after the first anniversary of the Initial Credit Extension Date, subject to clause (k) of Section 2.3.3, the Borrower may make a voluntary prepayment, in whole, of the outstanding principal amount of any Credit Extension, provided, however, that any such voluntary prepayment shall require at least thirty (30) days prior written notice to the Administrative Agent.

(b) If the conditions in Sections 6.7.1 and 6.7.3 are satisfied and the Stated Maturity date is extended from February 1, 2010 to February 1, 2011 in accordance with the terms of said Section, commencing on March 1, 2010 and on the first day of each calendar month thereafter until the Stated Maturity Date as so extended (at which time all unpaid Loans, Bankers' Acceptance Obligations, all Letter of Credit Outstandings and all other Obligations shall be immediately due and payable) the principal amount of the Loans and Bankers' Acceptance Obligations then outstanding shall be amortized (the "**Scheduled Amortization**") on a monthly basis equal to the principal component of a level payment of principal and interest which would be sufficient to amortize fully over a twenty (20) year term (such term commencing on March 1, 2010) a principal amount equal to the sum of the Loans and Bankers' Acceptance Obligations then outstanding plus all Letter of Credit Outstandings assuming a fixed interest rate per annum over such twenty (20) year term equal to the sum of the CDOR Rate plus the Applicable B.A. Rate Margin.

(c) In addition to the Scheduled Amortization, the Borrower shall make mandatory prepayments of principal (the "**Mandatory Prepayments**") of Loans and Bankers' Acceptance Obligations from time to time from (w) 100% of the Proceeds from Equity Issuance, (x) 100% of Net Disposition Proceeds, (y) the Minimum Release Price upon a Disposition of a Condominium Unit permitted under clause (c) of Section 8.2.10, and (z) amounts the Borrower is then entitled to retain as liquidated damages under a purchase agreement covering any Unit (other than amounts that have otherwise been applied in accordance with this Agreement).

(d) In addition to the Scheduled Amortization and the Mandatory Prepayments, beginning on the first day of the calendar month after the first anniversary of the Substantial Completion Date and on the first day of each calendar month thereafter, to the extent not required for the payment of Operating Expenses, the Administrative Agent may release amounts on deposit in the Debt Service Reserve Account for application against the outstanding principal amount of the Loans and

Bankers' Acceptance Obligations if the Debt Service Coverage Ratio is less than 1.30:1.00 for the twelve (12) month period ending at the end of the calendar month in which the first anniversary of the Substantial Completion Date occurs, and for each calendar month thereafter, until the Debt Service Coverage Ratio is equal to or greater than 1.30:1.00.

(e) In addition to the Scheduled Amortization, the entire outstanding principal balance of all Loans shall become immediately due and payable (and any outstanding Letters of Credit and Bankers' Acceptances shall be cash collateralized as contemplated by Section 2.7), and the obligation of any Lender to make a Loan (except as otherwise required under Section 2.6.2) or create a Bankers' Acceptance or the Issuer to issue any Letters of Credit shall automatically terminate upon (a) a sale, transfer or conveyance of or borrowing against (whether or not secured by) the Premises or a portion thereof not otherwise permitted under the Loan Documents or (b) a Change in Control.

Each payment and prepayment of any Credit Extension shall be accompanied by any amount due under Section 4.2; provided, however, that so long as no Default then exists, the Borrower may defease any Bankers' Acceptance or B/A Equivalent Loan by depositing with the Administrative Agent the amount of such payment or prepayment which will be applied against such Bankers' Acceptance or B/A Equivalent Loan on its maturity date.

SECTION 3.1.2 Application. Amounts paid or prepaid pursuant to Section 3.1.1 shall be applied as set forth in this Section.

(a) So long as no Event of Default has occurred and is continuing, the Lenders shall apply all amounts received in accordance with the provisions of this Agreement first, to all Obligations (other than principal and interest on the Loans and Bankers' Acceptance Obligations), second, to accrued and unpaid interest on the Loans and other Obligations, third, pro rata among the outstanding principal amount of the Loans being maintained as Loans, and fourth, to the outstanding principal amount of the Credit Extensions being maintained as Bankers' Acceptances (subject to the last sentence of Section 3.3.1); provided, however, that any repayment of Bankers' Acceptances, if not made on the maturity date with respect thereto, shall be prepaid subject to the provisions of Section 4.2.

(b) After an Event of Default has occurred and is continuing, all amounts received by the Lenders shall be applied first, to the costs and expenses of protecting and preserving the security interests of the Lenders under the Loan Documents, second, to the costs and expenses of protecting and preserving the Premises, third, to the costs and expenses of enforcing the rights of the Lenders under the Loan Documents, fourth, to all other Obligations due under the Loan Documents (other than principal and interest on the Loans and Bankers' Acceptance Obligations), fifth, pari passu to the Lenders for accrued and unpaid interest on the Loans and other Obligations, and to the Lenders for all amounts due to them or their Affiliates under any Rate Protection Agreements, sixth, pro rata among the aggregate outstanding principal balance of the Loans, Bankers' Acceptance Obligations and Letter of Credit Outstandings (including amounts to be funded by the Borrower under Section 2.7; provided, however, that any repayment of

Bankers' Acceptances, if not made on the maturity date with respect thereto, shall be prepaid subject to the provisions of Section 4.2); and, after all amounts evidenced and secured by the Loan Documents have been indefeasibly paid in full, the balance, if any, shall be delivered to the Borrower.

(c) Each payment and prepayment of the principal amount of the Loans and Bankers' Acceptance Obligations shall be applied ratably against the outstanding principal amount of Loans and Bankers' Acceptance Obligations in the inverse order of payment.

SECTION 3.2 Interest Provisions. Interest on the outstanding principal amount of Loans and the Letter of Credit Reimbursement Obligations shall accrue and be payable in accordance with this Section 3.2.

SECTION 3.2.1 Rates. Subject to Section 2.3.1, pursuant to an appropriately delivered Credit Extension Request or Conversion/Rollover Notice, the Borrower may elect that Loans comprising a Borrowing accrue interest at a rate per annum on that portion maintained from time to time as a Loan, equal to the sum of the Prime Rate from time to time in effect plus the Applicable Prime Rate Margin.

SECTION 3.2.2 Post-Maturity Rates. After the date any principal amount of any Loan or Letter of Credit Reimbursement Obligation is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise), or after any other monetary Obligation of the Borrower shall have become due and payable, the Borrower shall pay, but only to the extent permitted by law without any reduction in the rate of interest lawfully payable hereunder, interest (after as well as before judgment) on such amounts at a rate per annum equal to the rate that would otherwise be applicable to such Loans made as Loans pursuant to Section 3.2.1 plus 3%.

SECTION 3.2.3 Payment Dates. Interest accrued on each Loan shall be payable, without duplication:

- (a) on the Stated Maturity Date therefor;
- (b) on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan on the principal amount so paid or prepaid;
- (c) on the first day of each calendar month occurring after the Initial Credit Extension Date;
- (d) with respect to any Loan converted into Bankers' Acceptances on a day when interest would not otherwise have been payable pursuant to clause (c), on the date of such Conversion; and
- (e) on that portion of any Loan the Stated Maturity Date of which is accelerated pursuant to Section 9.2 or Section 9.3, immediately upon such acceleration.

Interest accrued on Loans or other monetary Obligations arising under this Agreement or any other Loan Document after the date such amount is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.3 Fees. The Borrower agrees to pay the fees set forth in this Section 3.3. All such fees shall be non-refundable.

SECTION 3.3.1 Commitment Fee. From and after the Effective Date, the Borrower shall pay the Lenders a non-refundable fee (the "**Commitment Fee**") on the daily average undrawn amount of the Commitment Amount (which undrawn amount will be reduced by the daily average undrawn amount of each issued Letter of Credit) at a rate equal to (x) 0.375% per annum as to the daily average of undrawn Tranche A Commitments and (y) 0.4917% per annum as to the daily average of undrawn Tranche B Commitments. The applicable Commitment Fee shall be payable to the Lenders in proportion to each Lender's Percentage of the applicable Commitment Amount on the first day of each calendar month in arrears and upon any termination of any Commitment, in each case, for the number of days elapsed over a 365 or 366 day year, as applicable.

SECTION 3.3.2 Letter of Credit Fee. From and after the date that a Letter of Credit is issued until such time as such Letter of Credit is fully drawn or, if applicable, returned to the Issuer, the Borrower agrees to pay to the Administrative Agent, for the account of the Longview/Paignton House Lenders, a Letter of Credit fee in an amount equal to (i) as to the Longview/Paignton House Tranche A Lenders, the then Applicable B.A. Rate Margin multiplied by 82.381801% of the Stated Amount of such Letter of Credit (such percentage of the Stated Amount shall be allocated pro rata among the applicable Longview/Paignton House Tranche A Lenders participating in such Letter of Credit) and (ii) as to the Longview/Paignton House Tranche B Lenders, the then Applicable B.A. Rate Margin multiplied by 17.618199% of the Stated Amount of such Letter of Credit (such percentage of the Stated Amount shall be allocated pro rata among the applicable Longview/Paignton House Tranche B Lenders participating in such Letter of Credit), such fees being payable on the first day of each calendar month in arrears to the Longview/Paignton House Lenders in proportion to each such Lender's Percentage of the Stated Amount of such Letter of Credit. The Borrower further agrees to pay to the Issuer, on the date that it issues a Letter of Credit, the Issuer's customary issuance fee in effect at the time that such Letter of Credit is issued.

ARTICLE IV

CERTAIN CREDIT EXTENSION PROVISIONS

SECTION 4.1 Illegality. If any Lender shall determine (which determination shall, upon notice thereof to the Administrative Agent and the Borrower, be conclusive and binding on the Borrower absent manifest error) that the introduction of, any change in, or interpretation of any law makes it unlawful, or any central bank or other Governmental Instrumentality asserts that it is unlawful, for such Lender to create or maintain any Credit Extension, or to convert any Loan into, a Bankers' Acceptance, the obligations of such Lender to make or maintain any such Credit Extensions or convert any Loan into a Bankers' Acceptance shall, upon such determination, forthwith be suspended, and all outstanding Bankers' Acceptances shall automatically convert

into Loans (which shall be allocated pro rata among the applicable Tranche A Commitments and Tranche B Commitments) on the maturity date thereof, or sooner, if required by such law or assertion. Such suspension shall continue until such Lender shall notify the Administrative Agent that the circumstances causing such suspension no longer exist.

SECTION 4.2 Funding Losses. In the event any Lender shall incur any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to accept a Bankers' Acceptance to fund a Rollover as, or to convert any portion of the principal amount of any Loan into, a Bankers' Acceptance) or loss of revenue, profit or yield as determined by such Lender in its judgment reasonably exercised as a result of

- (a) any Conversion or repayment or prepayment of the principal amount of any Bankers' Acceptances on a date other than the maturity date thereof, whether pursuant to Section 3.1 or otherwise;
- (b) any Credit Extensions not being made as Bankers' Acceptances in accordance with the Bankers' Acceptance Request therefor; or
- (c) any Credit Extensions not being converted into, Bankers' Acceptances or Rollovers in accordance with the Conversion/Rollover Notice therefor,

then, upon the written notice of such Lender to the Borrower (with a copy to the Administrative Agent), the Borrower shall, within five days of its receipt thereof, pay directly to such Lender such amount as shall (in the reasonable determination of such Lender) reimburse such Lender for such loss, expense or loss of revenue, profit or yield. Such written notice (which shall include calculations in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Borrower.

SECTION 4.3 Increased Capital Costs. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Instrumentality affects or would affect the amount of capital required or expected to be maintained by any Lender or any Person controlling such Lender, and such Lender reasonably determines that the rate of return on its or such controlling Person's capital as a consequence of the Commitments or the Loans made, or the Letters of Credit participated in, or the Bankers' Acceptances created by such Lender is reduced to a level below that which such Lender or such controlling Person could have achieved but for the occurrence of any such circumstance, then, in any such case upon notice from time to time by such Lender to the Borrower, the Borrower shall immediately pay directly to such Lender additional amounts sufficient to compensate such Lender or such controlling Person for such reduction in rate of return. A statement of such Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Borrower. In determining such amount, such Lender may use any method of averaging and attribution that it (determines in good faith in its sole and absolute discretion) shall deem applicable. Notwithstanding the foregoing, no amount may be claimed by a Lender under this Section 4.3 unless any such increase in cost to a Lender or reduction in amount receivable by

a Lender first arises after the Effective Date and similar claims are being made by such Lender of substantially all of its borrowers in respect of whose loans it is incurring similar costs or reductions.

SECTION 4.4 Lender's Tax. All payments by the Borrower to the Administrative Agent or the Lenders of principal of, and interest on, the Credit Extensions and all other amounts payable to the Administrative Agent or the Lenders hereunder (including fees) shall be made free and clear of and without withholding or deduction for any present or future income, excise, stamp or franchise taxes or other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding franchise taxes and taxes imposed on or measured by any Lender's capital, net income or receipts, and, at any time when no Event of Default has occurred and is continuing, any withholding tax that is imposed on any amounts payable to a Lender where such Lender is not a Canadian Resident (each such non-excluded item being called a "Lender's Tax"). In the event that any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Lender's Tax pursuant to any applicable law, rule or regulation, then the Borrower will

- (a) pay directly to the relevant taxing authority the full amount required to be so withheld or deducted;
- (b) promptly forward to the Administrative Agent an official receipt or other documentation satisfactory to the Administrative Agent evidencing such payment to such authority; and
- (c) pay to the Administrative Agent for the account of the Lenders such additional amount or amounts as are necessary to ensure that the net amount actually received by each Lender after giving effect to such withholding or deduction will equal the full amount such Lender would have received had no such withholding or deduction been required.

Moreover, if any Lender's Tax is directly asserted against the Administrative Agent or any Lender with respect to any payment received by the Administrative Agent or such Lender hereunder, the Administrative Agent or such Lender may pay such Lender's Tax and the Borrower will promptly pay such additional amounts (including any penalties, interest or expenses) as are necessary in order that the net amount received by such Person after the payment of such Lender's Tax (including any Lender's Tax on such additional amount) shall equal the amount such Person would have received had not such Lender's Tax been asserted.

If the Borrower fails to pay any Lender's Tax when due to the appropriate taxing authority or fails to remit to the Administrative Agent, for the account of the respective Lenders, the required receipts or other required documentary evidence, the Borrower shall indemnify the Lenders for any incremental Lender's Tax, interest or penalties that may become payable by any Lender as a result of any such failure.

SECTION 4.5 Payments, Computations, etc. All payments by the Borrower pursuant to this Agreement, the Notes, each Letter of Credit or any other Loan Document shall be made by the Borrower in Dollars to the Administrative Agent and, unless expressly provided, shall be for

the pro rata account of the Lenders entitled to receive such payment. All such payments required to be made to the Administrative Agent shall be made, without setoff, deduction or counterclaim, not later than 2:00 p.m., Toronto time, on the date due, in same day or immediately available funds, to such account in the Province as the Administrative Agent shall specify from time to time by notice to the Borrower. Funds received after that time shall be deemed to have been received by the Administrative Agent on the next succeeding Business Day. On the date of receipt or deemed receipt, as the case may be, the Administrative Agent shall promptly remit in same day funds to each Lender its share, if any, of such payments received by the Administrative Agent for the account of such Lender. All interest and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 365 or 366 days, as applicable. Whenever any payment to be made shall otherwise be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees, if any, in connection with such payment.

For purposes of the *Interest Act* (Canada), whenever any interest or fee under this Agreement is calculated using a rate based on a year of 365 days or 366 days, as the case may be, the rate determined pursuant to such calculation, when expressed as applicable, is equivalent to (x) the applicable rate based on a year of 365 days or 366 days, as applicable, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by 365 or 366, as applicable. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement and the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

SECTION 4.6 Sharing of Payments. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Loan, Bankers' Acceptance or Letter of Credit Reimbursement Obligation (other than pursuant to the terms of Sections 4.2, 4.3, or 4.4) in excess of its pro rata share of payments then or therewith obtained by all Lenders, such Lender shall purchase from the other Lenders such participations in Credit Extensions made by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; provided, however, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and each Lender which has sold a participation to the purchasing Lender shall repay to the purchasing Lender the purchase price to the ratable extent of such recovery together with an amount equal to such selling Lender's ratable share (according to the proportion of

(a) the amount of such selling Lender's required repayment to the purchasing Lender

to

(b) total amount so recovered from the purchasing Lender)

of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 4.7) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. If, under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this Section applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section to share in the benefits of any recovery on such secured claim.

SECTION 4.7 Setoff. Each Lender shall, upon the occurrence and during the continuance of any Default described in clauses (a) through (e) of Section 9.1.10 or, with the consent of the Required Lenders, upon the occurrence and during the continuance of any other Event of Default, have the right to appropriate and apply to the payment of the Obligations owing to it (whether or not then due), and (as security for such Obligations) the Borrower hereby grants upon the execution of this Agreement to each Lender a continuing security interest in, any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter maintained with such Lender; provided, however, that any such appropriation and application shall be subject to the provisions of Section 4.6. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender; provided, however, that the failure or delay to give such notice shall not affect the validity of such setoff and application. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Lender may have.

SECTION 4.8 Mitigation. Each Lender agrees that if it makes any demand for payment under Sections 4.2, 4.3 or 4.4, or if any adoption or change of the type described in Section 4.1 shall occur with respect to it, will use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and so long as such efforts would not be disadvantageous to it, as determined in its sole discretion) to designate a different lending office if the making of such a designation would reduce or obviate the need for the Borrower to make payments under Sections 4.1, 4.2, 4.3 or 4.4.

SECTION 4.9 Replacement of Lenders. Each Lender hereby severally agrees as set forth in this Section 4.9. If

(a) (i) any Lender (other than the Tranche B Lenders) makes demand upon the Borrower for (or if the Borrower is otherwise required to pay) amounts pursuant to Section 4.2, 4.3 or 4.4 and the payment of such additional amounts are, and are likely to continue to be, more onerous in the reasonable judgment of the Borrower than with respect to the other Lenders or (ii) a Lender becomes a Defaulting Lender (each, an "**Affected Lender**") and a Non-Defaulting Lender has not increased its Commitments in accordance with clause (a) of Section 10.9, the Borrower may, within thirty (30) days of receipt by the Borrower of such demand or notice (or the occurrence of such other event causing the Borrower to be required to pay such compensation) or from the date that such Lender becomes a Defaulting Lender, as the case may be, give notice in writing to the

Administrative Agent and such Affected Lender of its intention to replace such Affected Lender with the Eligible Assignee designated in such notice. If the Administrative Agent shall, in the exercise of its reasonable discretion and within thirty (30) days of its receipt of such notice, notify the Borrower and such Affected Lender in writing that the designated Eligible Assignee is satisfactory to the Administrative Agent and the Issuer (such consent not being required where such Person is already a Lender or an Approved Fund), then such Affected Lender shall, subject to the payment of any amounts due pursuant to Section 4.2 by the Borrower, assign, in accordance with Section 11.12.1, all of its Commitments, Loans, Notes and other rights and obligations under this Agreement and all other Loan Documents (including Letter of Credit Reimbursement Obligations, if applicable) to such designated Eligible Assignee; provided, however, that (i) such assignment shall be without recourse, representation or warranty (except as to (x) such Affected Lender's then existing Commitment and the outstanding principal amount of Loans, Bankers' Acceptance Obligations and Letter of Credit Outstandings held by such Affected Lender and (y) the absence of Liens arising by, through and under such Affected Lender) and shall be on terms and conditions reasonably satisfactory to such Affected Lender and such designated Eligible Assignee, (ii) the purchase price paid by such designated Eligible Assignee shall be in the amount of such Affected Lender's Loans and Banker's Acceptance Obligations and Letter of Credit Reimbursement Obligations, together with all accrued and unpaid interest and fees in respect thereof, plus all other amounts (including the amounts demanded and unreimbursed under Sections 4.2, 4.3 and 4.4), owing to such Affected Lender or such Defaulting Lender hereunder and (iii) the Borrower shall pay to any Affected Lender that is not a Defaulting Lender and the Administrative Agent all reasonable out-of-pocket expenses incurred by such Affected Lender and the Administrative Agent in connection with such assignment and assumption (including the processing fees described in Section 11.12.1).

(b) Upon the effective date of an assignment described in clause (a), the Borrower shall issue a replacement Note or Notes, as the case may be, to such replacement Lender for registration in accordance with Section 2.8, and upon such registration such Person shall become a "Lender" for all purposes under this Agreement and the other Loan Documents. Upon any such termination or assignment, such replaced Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of any provisions of this Agreement which by their terms survive the expiration or earlier termination of this Agreement.

ARTICLE V

FUNDING

SECTION 5.1 Representations Regarding Improvements Status. The Borrower represents that it has entered into certain Major Contracts and the Borrower has incurred and paid for certain Project Costs prior to the date hereof. In order to account for such construction activity for purposes of the funding procedures and mechanics set forth herein, the Borrower shall certify and make the representations set forth in the Borrower's Closing Certificate as to various facts pertaining to the status of the Improvements and each Construction Phase, including, without limitation, the work performed, the Major Contracts entered into and the

Project Costs incurred for each such Construction Phase to the date of the Borrower's Closing Certificate. The Consulting Engineer shall confirm such certifications and representations of the Borrower in the manner set forth in the Consulting Engineer's Closing Certificate.

SECTION 5.2 Periodic Advances. Advances shall be made from time to time as construction of the Improvements progresses, but no more frequently than once every twenty-five (25) days. The amount of each Advance shall not exceed the lesser of the amount set forth in the Credit Extension Request or the amount of such Advance which has been approved by the Consulting Engineer.

SECTION 5.2.1 Advances for Direct Costs. No Advance will be made for any Direct Costs unless the Work and materials and the amount of the Direct Costs thereof are set forth in the Budget as Line Items (or portions thereof) to be funded from the Loans and Bankers' Acceptance Proceeds. Advances for Direct Costs with respect to the trade or any portion of construction covered by any of the Line Items (or portions thereof) in the Budget to be funded from the Loans and Bankers' Acceptance Proceeds shall not exceed the amount calculated as follows:

(a) the total Direct Costs as set forth as a Line Item in the Budget to perform and complete the trade or portion of construction covered by such Line Item shall be multiplied by the stage of completion of such trade or portion of construction (expressed as a percentage) as determined by the Consulting Engineer; provided, however, if the value of the work in place with respect to such Line Item is less than the foregoing result, the value of work in place with respect to such Line Item shall be substituted for the foregoing result;

(b) the Holdback Amount, if applicable, shall be subtracted from the result in clause (a);

(c) the amounts previously advanced for such Direct Costs as set forth in such Line Item (regardless of the Available Funds used therefor) shall be subtracted from the result in clause (b);

(d) the result in clause (c) shall be funded in accordance with Section 5.2.5.

SECTION 5.2.2 Advances for Indirect Costs. To the extent that any Credit Extension Request shall include Indirect Costs, the Administrative Agent will, upon satisfaction of the applicable conditions set forth in this Agreement, include the full amount of such Indirect Costs in an Advance if (a) such Indirect Costs are set forth in the Budget as a portion of the Project Costs to be funded from the Credit Extensions and (b) the Administrative Agent has received satisfactory evidence that such Indirect Costs are then due and payable; provided, however, that such Indirect Costs shall be funded in accordance with Section 5.2.5; and further provided, however, that the amount of any interest included in any Credit Extension Request shall be subject to Section 5.2.4.

SECTION 5.2.3 Advances for Unincorporated Materials. To the extent that any Credit Extension Request shall include any amount in respect of materials not yet incorporated into the

Improvements, the Administrative Agent will include such amount in an Advance if the following provisions are satisfied, as applicable:

- (a) such items are building materials or components or systems which are in substantially final form ready for incorporation into the Improvements, the Borrower shall have provided the Administrative Agent and the Consulting Engineer with a detailed inventory of such stored materials, components and systems and the Consulting Engineer shall have verified that such inventory items are stored as herein required;
- (b) such materials, components or systems are stored on the Land in a secure area, in a bonded warehouse in the Province (and the warehouseman has entered into a bailee agreement permitting the Administrative Agent access to such stored items), or at such other site as the Administrative Agent shall reasonably be approved, and in all cases shall be protected from theft, vandalism and weather conditions to the reasonable satisfaction of the Administrative Agent and the Consulting Engineer;
- (c) the Borrower shall have granted the Lenders a perfected and continuing first security interest in such stored materials, components and systems prior to or simultaneously with the making of any such Credit Extension available to the Borrower (and the warehouseman has entered into a bailee agreement permitting the Administrative Agent access to such stored items and has delivered warehouseman's receipts), subject to no Liens other than Permitted Liens;
- (d) such materials, components or systems under materials only contracts will be paid for in full with the funds to be disbursed and such materials, components or systems under labor and materials contracts shall be subject to the requirements in clause (b) of Section 5.2.1, and all rights or claims of the supplier will be released upon full payment;
- (e) the Administrative Agent and the Consulting Engineer shall have received reasonably satisfactory evidence that such materials, components or systems are adequately insured for the benefit of the Lenders; and
- (f) The aggregate cost of such materials, components and systems stored at the Resort has been reviewed and certified by the Consulting Engineer.

SECTION 5.2.4 Advances for Interest. The Credit Extension Commitment Amount includes amounts payable as interest thereon. Such interest shall be advanced by the Lenders in accordance with this Agreement and the other Loan Documents; provided, however, that such interest shall be advanced in accordance with Section 5.2.5; and further provided, however, that the amount of any interest included in any Credit Extension Request shall be reduced by available Net Operating Income. The Lenders shall not be obligated to make any Advance for interest from and after the Substantial Completion Date.

SECTION 5.2.5 Funding of Project Costs. Project Costs shall be funded as set forth below:

- (a) Longview/Paignton House Project Costs shall be funded in the following order:

(i) to the extent that the cash portion of the Longview/Paignton House Equity (other than Available Longview/Paignton House Deposits) has not been funded in accordance with Section 6.3.1 or amounts have been deposited into the Project Account to pay for the Longview/Paignton House Project Costs, the Longview/Paignton House Project Costs that are to be funded shall first be funded from such cash portion of the Longview/Paignton House Equity and such amounts deposited into the Project Account to pay for the Longview/Paignton House Project Costs;

(ii) after the amounts in item (i) have been applied against such Longview/Paignton House Project Costs and such Longview/Paignton House Project Costs have not been fully funded, the balance of such Longview/Paignton House Project Costs and subsequent Longview/Paignton House Project Costs shall be funded from Available Longview/Paignton House Deposits, up to the amount of \$2,000,000; provided, however, that if a sufficient amount of Available Longview/Paignton House Deposits are not available to fund such \$2,000,000, the Owner then shall deposit the deficiency into the Project Account in accordance with Section 8.1.8 for application in accordance therewith;

(iii) after the amounts in items (i) and (ii) have been applied against such Longview/Paignton House Project Costs and such Longview/Paignton House Project Costs have not been fully funded, the balance of such Longview/Paignton House Project Costs and subsequent Longview/Paignton House Project Costs shall be funded from unutilized Commitments (but only to the extent such unutilized Commitments are Available Funds), up to the amount of \$8,000,000;

(iv) if such Advance is being made prior to December 31, 2007, after the amounts in items (i), (ii) and (iii) have been applied against such Longview/Paignton House Project Costs and such Longview/Paignton House Project Costs have not been fully funded, (x) one-third of the balance of such Longview/Paignton House Project Costs shall be funded from Available Longview/Paignton House Deposits (to the extent available) and (y) two-thirds of such balance shall be funded from unutilized Commitments (to the extent such unutilized Commitments are Available Funds); provided, however, that if after giving effect to the application of the amounts funded in accordance with items (x) and (y) of this clause (iv), such Longview/Paignton House Project Costs have not been fully funded, the balance of such Longview/Paignton House Project Costs (the "Longview/Paignton House Available Deposit Deficit") shall be funded from unutilized Commitments (to the extent that such unutilized Commitments are Available Funds);

(v) if such Advance is being made on or after December 31, 2007, after the amounts in items (i), (ii) and (iii) have been applied against such Longview/Paignton House Project Costs and such Longview/Paignton House Project Costs have not been fully funded, (x) the balance of such Longview/Paignton House Project Costs shall first be funded from Available

Longview/Paignton House Deposits until the aggregate Longview/Paignton House Available Deposit Deficits have been funded and (y) after giving effect to the application of amounts funded in accordance with item (x) of this clause (v) such Longview/Paignton House Project Costs have not been fully funded, (1) one-third of the balance of such Longview/Paignton House Project Costs shall be funded from Available Longview/Paignton House Deposits (to the extent available) and (2) two-thirds of such balance shall be funded from unutilized Commitments (to the extent such unutilized Commitments are Available Funds); provided, however, that if after giving effect to the amounts funded in accordance with items (x) and (y) of this clause (v) such Longview/Paignton House Project Costs have not been fully funded, the Owner shall deposit the remaining portion of the Longview/Paignton House Available Deposit Deficit in the Project Account in accordance with Section 8.1.8 for application in accordance therewith; and

(vi) after the maximum amount of Available Longview/Paignton House Deposits have been funded and the amounts in items (i), (ii), (iii), (iv) and (v) have been applied against such Longview/Paignton House Project Costs, the balance of such Longview/Paignton House Project Costs and all subsequent Longview/Paignton House Project Costs shall be funded from unutilized Commitments (to the extent that such unutilized Commitments are Available Funds).

(b) Golf Residences Project Costs shall be funded in the following order:

(i) to the extent that the cash portion of the Golf Residences Equity (other than Available Golf Residences Deposits) has not been funded in accordance with Section 6.3.1 or amounts have been deposited into the Project Account to pay for Golf Residences Project Costs, the Golf Residences Project Costs that are to be funded shall first be funded from such cash portion of the Golf Residences Equity and such amounts deposited into the Project Account for payment of Golf Residences Project Costs;

(ii) if such Advance is being made on or before the date that is six months prior to Substantial Completion Date of the Golf Residences Construction Phase, after the amounts in item (i) have been applied against such Golf Residences Project Costs and such Golf Residences Project Costs have not been fully funded, (x) one-third of the balance of such Golf Residences Project Costs shall be funded from Available Golf Residences Deposits (to the extent available) and (y) two-thirds of such balance shall be funded from unutilized Commitments (to the extent such unutilized Commitments are Available Funds); provided, however, that if after giving effect to the application of the amounts funded in accordance with items (x) and (y) of this clause (ii), such Golf Residences Project Costs have not been fully funded, the balance of such Golf Residences Project Costs (the "Golf Residences Available Deposit Deficit") shall be funded from unutilized Commitments (to the extent that such unutilized Commitments are Available Funds);

(iii) if such Advance is being made after the date that is six months prior to Substantial Completion Date of the Golf Residences Construction Phase, after the amounts in items (i) and (ii) have been applied against such Golf Residences Project Costs and such Golf Residences Project Costs have not been fully funded, (x) the balance of such Golf Residences Project Costs shall first be funded from Available Golf Residences Deposits until the aggregate Golf Residences Available Deposit Deficits have been funded and (y) after giving effect to the application of amounts funded in accordance with item (x) of this clause (iii), (1) one-third of the balance of such Golf Residences Project Costs shall be funded from Available Golf Residences Deposits (to the extent available) and (2) two-thirds of such balance shall be funded from unutilized Commitments (to the extent such unutilized Commitments are Available Funds); provided, however, that if after giving effect to the amounts funded in accordance with items (x) and (y) of this clause (iii) such Golf Residences Project Costs have not been fully funded, the Owner shall deposit the remaining portion of the Golf Residences Available Deposit Deficit in the Project Account in accordance with Section 8.1.8 for application in accordance therewith; and

(iv) after the maximum amount of Available Golf Residences Deposits have been funded and the amounts in items (i), (ii) and (iii) have been applied against such Golf Residences Project Costs, the balance of such Golf Residences Project Costs and all subsequent Golf Residences Project Costs shall be funded from unutilized Commitments (to the extent that such unutilized Commitments are Available Funds).

(c) Waterfront Residences Project Costs shall be funded in the following order:

(i) to the extent that the cash portion of the Waterfront Residences Equity (other than Available Waterfront Residences Deposits) has not been funded in accordance with Section 6.3.1 or amounts have been deposited into the Project Account to pay for Waterfront Residences Project Costs, the Waterfront Residences Project Costs that are to be funded shall first be funded from such cash portion of the Waterfront Residences Equity and such amounts deposited into the Project Account for payment of Waterfront Residences Project Costs;

(ii) if such Advance is being made on or before the date that is six months prior to Substantial Completion Date of the Waterfront Residences Construction Phase, after the amounts in item (i) have been applied against such Waterfront Residences Project Costs and such Waterfront Residences Project Costs have not been fully funded, (x) one-third of the balance of such Waterfront Residences Project Costs shall be funded from Available Waterfront Residences Deposits (to the extent available) and (y) two-thirds of such balance shall be funded from unutilized Commitments (to the extent such unutilized Commitments are Available Funds); provided, however, that if after giving effect to the application of the amounts funded in accordance with items (x) and (y) of this clause (ii), such Waterfront Residences Project Costs have not been fully funded, the balance of such Waterfront Residences Project Costs (the "Waterfront

Residences Available Deposit Deficit") shall be funded from unutilized Commitments (to the extent that such unutilized Commitments are Available Funds);

(iii) if such Advance is being made after the date that is six months prior to Substantial Completion Date of the Waterfront Residences Construction Phase, after the amounts in items (i) and (ii) have been applied against such Waterfront Residences Project Costs and such Waterfront Residences Project Costs have not been fully funded, (x) the balance of such Waterfront Residences Project Costs shall first be funded from Available Waterfront Residences Deposits until the aggregate Waterfront Residences Available Deposit Deficits have been funded and (y) after giving effect to the application of amounts funded in accordance with item (x) of this clause (iii), (1) one-third of the balance of such Waterfront Residences Project Costs shall be funded from Available Waterfront Residences Deposits (to the extent available) and (2) two-thirds of such balance shall be funded from unutilized Commitments (to the extent such unutilized Commitments are Available Funds); provided, however, that if after giving effect to the amounts funded in accordance with items (x) and (y) of this clause (iii) such Waterfront Residences Project Costs have not been fully funded, the Owner shall deposit the remaining portion of the Waterfront Residences Available Deposit Deficit in the Project Account in accordance with Section 8.1.8 for application in accordance therewith; and

(iv) after the maximum amount of Available Waterfront Residences Deposits have been funded and the amounts in items (i), (ii) and (iii) have been applied against such Golf Residences Project Costs, the balance of such Waterfront Residences Project Costs and all subsequent Waterfront Residences Project Costs shall be funded from unutilized Commitments (to the extent that such unutilized Commitments are Available Funds).

SECTION 5.3 Mechanics for Obtaining Advances.

SECTION 5.3.1 Notices from the Borrower. (a) The Borrower shall deliver to the Administrative Agent and the Consulting Engineer a Credit Extension Request requesting that an Advance be made on or after the tenth (10th) Business Day after delivery of such Credit Extension Request.

(b) On the terms and subject to the conditions of this Agreement, the Borrower shall irrevocably request by notice (which may be made in the Credit Extension Request or by separate notice) delivered to the Administrative Agent no earlier than five (5) and no later than three (3) Business Days prior to the requested Credit Extension Date whether such Borrowing shall be Loans or Bankers' Acceptances. If any such Credit Extension Request does not specify the type of Credit Extension or if no separate notice is given, as aforesaid, the Borrower shall be deemed to have requested Loans. Each such Credit Extension Request shall set forth each Construction Phase for which a Credit Extension is being requested, the pro rata allocation of such Credit Extension among the applicable Tranche A Commitments and Tranche B Commitments, and identify the payee, broken down by Contractor; Line Item and Line Item

Category with respect to each such Construction Phase. Promptly after delivery of each Credit Extension Request, the Consulting Engineer shall review such Credit Extension Request and attachments thereto to determine whether all required documentation has been provided. The Consulting Engineer also shall review the Work referenced in such Credit Extension Request, including work estimated to be completed through the applicable Credit Extension Date as such Work is being performed.

SECTION 5.4 Payments of Interest and Other Amounts Under the Loan Documents; Obligatory Advances for Letters of Credit. The Borrower shall include in each Credit Extension Request the amount required to pay interest and all other amounts (other than amounts due under Section 3.1.1) that will become due and payable under or with respect to the Obligations and the Rate Protection Agreement, if any, on or after the requested Credit Extension Date under such Credit Extension Request and prior to the immediately succeeding Credit Extension Date. Each such Credit Extension Request shall identify the Obligations on which such interest is, or will become, due and payable and specify the amount and the date on which such interest or other amount is, or will become, due and payable. If the Borrower fails to set forth such information in any Credit Extension Request or fails to deliver timely any Credit Extension Request, then, the Administrative Agent may revise the Credit Extension Request to provide for such payment. The Borrower acknowledges that failure of any notice referenced in this Section 5.4 to be delivered to the Administrative Agent shall not in any way exonerate or diminish the Borrower's obligation to make all payments with respect to the Obligations and the Rate Protection Agreement, if any, as and when due. Notwithstanding anything to the contrary in this Agreement upon (i) any draw of all or a portion of any Letter of Credit issued by one or more of the Longview/Paignton House Lenders and (ii) payment made with respect to maturing Bankers' Acceptances, at the option of the Administrative Agent, such draw or payment, as the case may be, shall be deemed to be a request by the Borrower to make an Advance pursuant to this Section.

SECTION 5.4.1 Substantial Completion Procedures. (a) No less than ten Business Days prior to the anticipated date on which Substantial Completion is to occur, the Borrower shall deliver to the Administrative Agent and the Consulting Engineer the Borrower's Substantial Completion Certificate with all attachments thereto. The Borrower's Substantial Completion Certificate shall indicate the anticipated date on which Substantial Completion is to occur and set forth all the other information required thereby, including the aggregate amount of Project Costs anticipated to become due and payable after such date in order to achieve Final Completion (the "Required Completion Amount").

(b) The Administrative Agent and the Consulting Engineer shall review the Borrower's Substantial Completion Certificate. If the Administrative Agent or the Consulting Engineer discovers any mathematical or other minor errors in the Borrower's Substantial Completion Certificate, such Person shall request the Borrower to revise and resubmit the Borrower's Substantial Completion Certificate. Within five (5) days after the Consulting Engineer approves the Borrower's Substantial Completion Certificate, the Consulting Engineer shall deliver to the Administrative Agent and the Borrower the Consulting Engineer's Substantial Completion Certificate.

(c) Upon receipt by the Administrative Agent of the Consulting Engineer's Substantial Completion Certificate confirming, to the extent required thereby, the certifications set forth in the Borrower's Substantial Completion Certificate, the Administrative Agent shall, subject to its approval of the Borrower's Substantial Completion Certificate, countersign the Borrower's Substantial Completion Certificate.

(d) The Borrower shall include the Required Completion Amount in its Credit Extension Request made on or after the Substantial Completion Date, and each of the Lenders shall make available their respective Percentage of the Required Completion Amount (which shall be allocated pro rata among the applicable Tranche A Commitments and Tranche B Commitments) calculated in accordance with this Section 5.4 as set forth in the Borrower's Substantial Completion Certificate that has been countersigned by the Administrative Agent.

(e) For purposes of this Agreement, the date on which Substantial Completion is deemed to have occurred shall be the date on which the Borrower's Substantial Completion Certificate is countersigned by the Administrative Agent and such date shall thereafter be the Substantial Completion Date.

SECTION 5.5 Acquiescence Not to Constitute Waiver. The making of any Advance, creation of a Bankers' Acceptance or issuance of any Letter of Credit shall not constitute any waiver by the Lenders or the Issuer or affect any of the Borrower's obligations hereunder. To the extent that the Administrative Agent, the Lenders or the Issuer may have waived satisfaction of any requirements precedent to the making of any Advance, acceptance of a Bankers' Acceptance or issuance of a Letter of Credit, respectively, the Administrative Agent, the Lenders and the Issuer, as applicable, may at any time thereafter require the Borrower to satisfy all such requirements with respect to a subsequent Advance.

SECTION 5.6 Trust Funds. The Borrower shall receive and hold in trust until disbursement in accordance with this Agreement and the ECD Insurance Documents, as applicable, all Advances, Bankers' Acceptance Proceeds and Available Deposits made hereunder or thereunder directly to the Borrower, for the purpose of paying Project Costs and all other costs, expenses and fees in accordance with this Agreement and the ECD Insurance Documents, as applicable.

SECTION 5.7 Subrogation Rights of the Lenders. To the extent that proceeds of the Credit Extensions are used to pay Indebtedness secured by any outstanding Lien, security interest, charge or prior encumbrance against the Premises, the Lenders shall be subrogated to any and all rights, security interests and Liens owned by any owner or holder of such outstanding Liens, security interests, charges or encumbrances, irrespective of whether said Liens, security interests, charges or encumbrances are released (without any obligation on the part of the Borrower to obtain assignment or other documentation from the Person to which the Lenders have been subrogated).

ARTICLE VI

CONDITIONS TO CLOSING; CONDITIONS TO CREDIT EXTENSIONS; CONDITIONS TO EXTENSIONS OF THE STATED MATURITY DATE

SECTION 6.1 Conditions to Closing. The obligations of the Lenders under this Agreement and the other Loan Documents shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 6.1.

SECTION 6.1.1 Authority of the Borrower. The Administrative Agent shall have received (w) a copy of the Organizational Documents of the Borrower, certified by an Authorized Representative of the Borrower as of the date of this Agreement, (x) a certificate of status from the appropriate Governmental Instrumentality of the Province, (y) a copy of one or more resolutions or other authorizations of the Borrower, certified by the Authorized Representative of the Borrower as of the date of this Agreement as being in full force and effect, authorizing the Credit Extensions and the execution, delivery and performance of this Agreement, the other Loan Documents, the Project Documents, the Condominium Documents and any other Instruments or agreements required hereunder or thereunder to which the Borrower is, or is expected to become, a party and (z) a chart showing all Persons having a direct or indirect interest in the Borrower.

SECTION 6.1.2 Incumbency of the Borrower. The Administrative Agent shall have received a certificate from the Borrower, signed by an Authorized Representative of the Borrower and dated as of the date of this Agreement, as to the incumbency of the Person or Persons authorized to execute and deliver this Agreement, the other Loan Documents, the Project Documents, the Condominium Documents and any other Instruments or agreements required hereunder or thereunder to which Borrower is, or is expected to become, a party.

SECTION 6.1.3 Other Parties. With respect to the Guarantor, the Administrative Agent shall have received (v) a copy of the Organizational Documents of the Guarantor, certified by the Authorized Representative of the Guarantor as of the date of this Agreement, (w) a copy of the certificate of status issued by the Governmental Instrumentality under which the Guarantor was organized, (x) a certificate from the Guarantor signed by an Authorized Representative of the Guarantor and dated as of the date of this Agreement as to the incumbency of the Person or Persons authorized to execute and deliver the Loan Documents to which the Guarantor is a party, (y) a copy of one or more resolutions or other authorizations of the Guarantor, certified by an Authorized Representative of the Guarantor and dated as of the date of this Agreement as being in full force and effect, authorizing the execution, delivery and performance of the Loan Documents to which the Guarantor is a party and (z) a chart showing all Persons having a direct or indirect interest in the Guarantor.

SECTION 6.1.4 Corporate Proceedings. All corporate, partnership and legal proceedings and all instruments in connection with the Transaction shall be reasonably satisfactory in form and substance to the Administrative Agent and the Administrative Agent shall have received all information, legal and technical opinions and copies of all documents, including records of corporate or partnership proceedings, and copies of any approval by any

Governmental Instrumentality required in connection with the Transaction, which the Administrative Agent may have requested in connection herewith, such documents to be satisfactory in form and substance to the Administrative Agent, and where appropriate, to be certified by an Authorized Representative or a Governmental Instrumentality.

SECTION 6.1.5 Service of Process. The Administrative Agent shall have received a letter from the Process Agent in form and substance acceptable to the Administrative Agent consenting to the appointment of the Process Agent by the Borrower and the Guarantor, as each such Person's agent to receive service of process in New York, New York.

SECTION 6.1.6 Waiver of Lien Rights. The Administrative Agent shall have received a waiver from Red Leaves Resort Association pursuant to which Red Leaves Resort Association waives irrevocably and unconditionally, as against the Administrative Agent and the Lenders, its right under the Red Leaves Resort Association Act to enforce its right to encumber the property of its members, such waiver to be for a period commencing on the Effective Date and ending two years after the Final Completion Date; provided, however, that after the sale of any particular Condominium Unit to a Qualified Purchaser has been completed in accordance with clause (c) of Section 8.2.10, such waiver shall cease to be applicable to such Condominium Unit.

SECTION 6.1.7 Searches. The Administrative Agent shall have received such PPSA, bankruptcy, judgment, tax Lien, building code violation and other searches of public records as it may reasonably require with respect to the Borrower, the Premises and the Guarantor.

SECTION 6.1.8 Insurance. The Borrower shall have provided evidence of the specified insurance policies required to be in full force and effect on the Effective Date with the applicable coverages listed on Schedule VI.

SECTION 6.1.9 In Balance Requirement. The Budget shall be In Balance as determined by the Administrative Agent and the Consulting Engineer.

SECTION 6.1.10 No Defaults or Material Adverse Effect. No Default, Material Adverse Effect or material disruption of, or material adverse change in, the financial, banking or capital market conditions shall have occurred and be continuing.

SECTION 6.1.11 No Damage. To the extent constructed on the Effective Date, the Improvements shall not have been damaged by fire, explosion, accident, flood or other casualty except as set forth in Item 7.14 in the Disclosure Schedule as in effect on the Effective Date.

SECTION 6.2 The Initial Credit Extension. The obligation of each Lender and each Issuer to make the initial Credit Extension (the "**Initial Credit Extension**") shall be subject to the satisfaction of each of the conditions precedent set forth in Section 6.1 and this Section 6.2.

SECTION 6.2.1 Notes. The Administrative Agent shall have received, for the account of each Lender, such Lender's Notes duly executed and delivered by an Authorized Representative of the Borrower.

SECTION 6.2.2 Security Agreement. The Administrative Agent shall have received, with counterparts for each Lender, executed counterparts of the Security Agreement, dated as of the Initial Credit Extension Date, duly executed by the Borrower, together with

(a) executed copies of financing statements under the PPSA, naming the Borrower as the debtor and the Administrative Agent as the secured party for the benefit of the Lenders, or other similar instruments or documents, to be filed under the PPSA for all jurisdictions as may be necessary or, in the reasonable opinion of the Administrative Agent, desirable to perfect the security interests of the Administrative Agent pursuant to the Security Agreement and the other Project Documents;

(b) executed copies of proper termination statements under the PPSA, if any, necessary to release all Liens and other rights of any Person

(i) in any collateral described in the Security Agreement previously subject to a Lien or other right granted to any Person, and

(ii) securing any of the Indebtedness to be Paid,

together with such other PPSA termination statements as the Administrative Agent may reasonably request from the Loan Parties; and

(c) certified copies of search reports certified by the offices from which they were requested or another Person acceptable to the Administrative Agent, dated a date reasonably near to the Initial Credit Extension Date, listing all effective financing statements which name the Borrower (under its present name and any previous names) and which are filed in the jurisdictions in which filings were made pursuant to clause (a) above, together with copies of such financing statements (none of which (other than those described in clause (a), if such search report, as the case may be, is current enough to list such financing statements described in clause (a)) shall cover any collateral described in the Security Agreement).

SECTION 6.2.3 Mortgage. The Administrative Agent shall have received the Mortgage, dated as of the Initial Credit Extension Date, and duly executed by the Borrower, together with

(a) evidence of the completion (or satisfactory arrangements for the completion) of all recordings, registrations and filings of the Mortgage as may be necessary or, in the reasonable opinion of the Administrative Agent, desirable effectively to accept a valid, perfected first priority Lien against the Premises and the other interests described therein purported to be covered thereby;

(b) the Title Insurance Policy described in Section 6.2.9 together with all endorsements described therein; and

(c) such other approvals, opinions, or documents as the Administrative Agent may reasonably request including consents and estoppel agreements together with each Survey.

SECTION 6.2.4 Other Loan Documents. The Administrative Agent shall have received, with counterparts for each Lender, each of the following documents duly executed by the parties thereto, each of which shall be in full force and effect, and all actions necessary or desirable, including all filings, in the reasonable opinion of the Administrative Agent to perfect the same as a valid first security interest encumbering the Project Security shall have been taken or made:

- (a) the Completion Guaranty;
- (b) the Payment Guaranty;
- (c) the Non-Recourse Carve Out Guaranty;
- (d) the Non-Recourse Pledge Guaranty;
- (e) the Environmental Indemnity;
- (f) the Pledge Agreement;
- (g) the Assignment of Rate Protection Agreements;
- (h) the Assignment of Contracts;
- (i) the Assignment of Architect Agreement;
- (j) the Architect Consent and Acknowledgment;
- (k) the Assignment of GMP Contracts;
- (l) the GMP Contractor Consent and Acknowledgment (to the extent that the Borrower and the GMP Contractor have entered into a GMP Contract);
- (m) the Assignment of Hotel Management Agreement;
- (n) the Hotel Manager Consent and Acknowledgment;
- (o) the Deposit Account Agreement;
- (p) the FF&E Reserve Account Agreement;
- (q) the Debt Service Reserve Account Agreement;
- (r) the HOA Reserve Account Agreement;
- (s) the Impositions and Insurance Reserve Account Agreement;
- (t) the Project Account Agreement;
- (u) the Lock-Box Account Agreement; and

(v) the Phase II Financing Letter.

SECTION 6.2.5 Rate Protection Agreements. The Borrower and the Administrative Agent shall have agreed as to the term, notional amount, interest rate and counterparty to the Rate Protection Agreement and the date by which such Rate Protection Agreement shall be delivered to the Administrative Agent.

SECTION 6.2.6 Zoning. The Administrative Agent shall have received an opinion from counsel or a planning consultant reasonably satisfactory to the Administrative Agent that the Premises are zoned in a classification which will permit the construction of the Improvements and creation of the Condominium Regime and the use and occupancy of the Premises for all purposes intended together with evidence reasonably satisfactory to it that after creation of the Condominium Regime and upon Final Completion of the Improvements, the Premises will comply in all material respects with all applicable zoning, subdivision, land use, environmental and building statutes, codes, ordinances, regulations, variances and special regulations.

SECTION 6.2.7 Hotel Management Agreement. The Hotel Management Agreement shall be in full force and effect and no breach shall exist thereunder. The Hotel Manager and the Administrative Agent shall have entered into the Hotel Manager Consent and Acknowledgment.

SECTION 6.2.8 Utility Availability. The Consulting Engineer shall be satisfied that arrangements have been or will be made on commercially reasonable terms for the provision of all services, materials and utilities necessary for the construction, operation and maintenance of the Improvements as contemplated by the Plans and Specifications.

SECTION 6.2.9 Title Insurance Policy. The Administrative Agent shall have received the Title Insurance Policy. The Title Insurance Policy shall expressly insure the first priority of the Lien securing the Lenders in the Premises and all utility, access, support and other easements necessary for the construction and operation of the Improvements and against all other Liens other than Permitted Liens. The Title Insurance Policy shall not contain any bankruptcy, fraudulent conveyance or other creditors' rights exclusions from coverage. In addition, to the extent available, the Title Insurance Policy shall include an endorsement affirmatively insuring the Lenders against forfeiture or reversion due to covenants, restrictions or encroachments, a zoning endorsement, an endorsement providing coverage for exposure under the Rate Protection Agreement, if appropriate, and such other endorsements as the Administrative Agent reasonably may require. If the Land consists of several parcels, the Title Insurance Policy shall affirmatively insure the contiguity of all such parcels.

SECTION 6.2.10 Survey; Flood Plain Information. The Administrative Agent shall have received each Survey and all of which (other than the Survey described in clause (a) of the definition for which no certification shall be required) shall be certified to the Title Insurance Company and the Administrative Agent together with confirmation by the Borrower's planning consultant of the flood plain information with respect to the Resort.

SECTION 6.2.11 Appraisal. The Administrative Agent shall have received the Appraisal of the Premises indicating a minimum discounted sell out value of not less than

\$198,770,000, completed by the Appraiser and containing findings acceptable to the Administrative Agent.

SECTION 6.2.12 Financial Information, etc. To the extent available, the Administrative Agent shall have received prior to the Initial Credit Extension Date, with counterparts for each Lender financial statements of the Borrower and the Guarantor as at November 30, 2006, certified by the chief financial officer of each such Person.

SECTION 6.2.13 Engineering Report. The Administrative Agent shall have received the then available Consulting Engineer's Report for the Construction Phases.

SECTION 6.2.14 Environmental Report. The Administrative Agent shall have received a report dated no earlier than one hundred twenty (120) days prior to the Initial Credit Extension Date in form, scope and substance reasonably satisfactory to it regarding environmental matters relating to the Borrower and the Land, which report includes (x) a Phase I Report for the Premises which conforms to the Canadian Standards Association Standards for Phase I and Phase II Environmental Site Assessments and which conforms to the requirements of the Equator Principles and (y) a current compliance audit setting forth an assessment of the Borrower, the Premises and current and past compliance with the Environmental Laws, and (z) an estimate of the cost of rectifying any non-compliance with Environmental Laws and the cost of compliance with reasonably anticipated future Environmental Laws identified therein (to be confirmed by an environmental consultant engaged by the Administrative Agent at the expense of the Borrower). The Administrative Agent shall have received, with respect to items (x) and (y) above, a reliance letter in connection therewith running to the benefit of the Lenders.

SECTION 6.2.15 Soil Report. The Administrative Agent shall have received a soil test report (the "Soil Report") prepared by a consultant reasonably satisfactory to the Administrative Agent confirming that the soil and subsurface conditions underlying the Land will support the Improvements and that no conditions exist which could cause subsidence of any portion of the Improvements and showing no other facts or conditions which could adversely affect the Improvements.

SECTION 6.2.16 Wetlands. The Administrative Agent shall have received evidence reasonably satisfactory to it that the Land is not located in a wetlands district or, if they are located in a wetlands district, that the Borrower has obtained all required approvals from the appropriate Governmental Instrumentalities with respect thereto.

SECTION 6.2.17 Closing Fees, Expenses, etc. The Borrower shall have paid or arranged for payment out of the Initial Construction Phase Credit Extension or otherwise of all fees, costs and expenses due and payable pursuant to Sections 6.1.7, 6.2.9, 6.2.10, 6.2.11, 6.2.13, 6.2.14, 6.2.15, 6.2.16 and 11.3 if then invoiced.

SECTION 6.2.18 Indebtedness to be Paid. All Indebtedness to be Paid on or before the Initial Credit Extension Date, together with all interest, all prepayment premiums and other amounts due and payable with respect thereto, shall have been paid in full and all Liens securing payment of any such Indebtedness to be Paid shall have been discharged and released and the

Administrative Agent and the Title Insurer shall have received copies of all termination statements or other instruments as may be suitable or appropriate in connection therewith.

SECTION 6.2.19 Opinions of Counsel. The Administrative Agent shall have received opinions of New York and Ontario counsel to the Borrower and the Guarantor dated the Effective Date (as to this Agreement) and the Initial Credit Extension Date (as to the other Loan documents) and addressed to the Administrative Agent and the Lenders, which shall be in form and substance satisfactory to the Administrative Agent.

SECTION 6.2.20 Satisfactory Documents. All documents executed or submitted pursuant hereto by or on behalf of the Borrower or any other Person shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel and the Administrative Agent.

SECTION 6.2.21 Deliveries. To the extent available, the following items or documents shall have been delivered to the Administrative Agent with a copy of each document for each Lender (each such document shall be duly executed by the parties thereto and be in full force and effect):

- (i) Plans and Specifications;
- (ii) all Permits necessary for the construction of the Improvements forming a part of each Construction Phase as contemplated by the Plans and Specifications therefor, including, without limitation, a final non-appealable building permit for such Improvements with no conditions thereto, and all relevant Permits, licenses and approvals, shall have been obtained and delivered to the Administrative Agent by the Borrower and reviewed and approved by the Consulting Engineer; provided, however, that Permits which are in the Administrative Agent's sole discretion non-material and for Work unnecessary for such Improvements shall not be required for the Closing or the Initial Construction Phase Credit Extension;
- (iii) the GMP Contracts then in effect;
- (iv) the Budget and the Construction Schedule;
- (v) the Architect's Closing Certificate, the Borrower's Closing Certificate, the Consulting Engineer's Closing Certificate, the Insurance Broker's Certificate (together with certified copies of all policies evidencing the insurance (or a binder, commitment or certificates in form reasonably satisfactory to the Administrative Agent and the Insurance Consultant signed by the insurer or a broker authorized to bind the insurer)) and the Insurance Consultant's Closing Certificate;
- (vi) copies of the Sales Materials and any other Condominium Documents heretofore prepared by the Borrower, each certified by the Borrower as true, complete and correct, and a certificate of the Borrower stating that the OSC Ruling is in full force and effect; and

(vii) all other Project Documents then in effect.

If any of the items set forth above are not available on the Initial Credit Extension Date, delivery thereof shall be made in accordance with clause (c) of Section 6.3.6.

SECTION 6.2.22 No Defaults or Material Adverse Effect. No Default, Material Adverse Effect or material disruption of, or material adverse change in, the financial, banking or capital market conditions shall have occurred and be continuing.

SECTION 6.2.23 No Damage. To the extent constructed on the Initial Credit Extension Date, the Improvements shall not have been damaged by fire, explosion, accident, flood or other casualty except as set forth in Item 7.14 in the Disclosure Schedule as in effect on the Effective Date.

SECTION 6.2.24 ECD Insurance Documents. The ECD Insurance Documents shall have been delivered to the Administrative Agent with a copy of each document for each Lender (each such document shall be duly executed by the parties thereto and be in full force and effect).

SECTION 6.3 The Initial Construction Phase Credit Extension. The obligation of each Lender and each Issuer to make the initial Credit Extension for each Construction Phase (the "Initial Construction Phase Credit Extension") shall be subject to the satisfaction of each of the conditions precedent set forth in Section 6.1, Section 6.2 and this Section 6.3.

SECTION 6.3.1 Equity Contributions. The Administrative Agent shall have received evidence satisfactory to it in its sole discretion that the Equity Contributions (other than Available Deposits) required hereunder for the Construction Phase in respect of which such Credit Extension is being made have been or will be invested by the Borrower in the Premises.

SECTION 6.3.2 Approved Unit Purchase Agreements; Deposits; Presales. The Administrative Agent shall have received a schedule of all the Unit Contracts of Sale then in place together with the amount of Deposits paid by the Qualified Purchasers thereunder, the amount of such Deposits then held by the Borrower with respect thereto and the amount applied to Project Costs in accordance with this Agreement, and the Borrower's certification that each such Unit Contract of Sale is a Bona Fide Sales Contract and that Pre-Sales of Units in the Construction Phase in respect of which such Advance is being made are no less than fifty percent (50%) of the budgeted aggregate net sales for such Construction Phase (i.e. gross sales net of purchase price discounts or cash incentives). All Deposits shall be deposited into the Deposit Account unless previously applied to Project Costs in accordance with this Agreement.

SECTION 6.3.3 Budget. The Administrative Agent shall have received the Budget covering the Construction Phase for which such Initial Construction Phase Credit Extension is being made which, if amended, shall be subject to Sections 8.2.17 and 8.2.18.

SECTION 6.3.4 Construction Schedule. The Administrative Agent shall have received the Construction Schedule covering the Construction Phase for which such Initial Construction Phase Credit Extension is being made which, if amended, shall be subject to Sections 8.2.17 and 8.2.18.

SECTION 6.3.5 Fees, Expenses, etc. The Borrower shall have paid or arranged for payment out of such Initial Construction Phase Credit Extension or otherwise of all fees, costs and expenses due and payable pursuant to this Agreement and the other Loan Documents which are then due and payable and have not otherwise been paid if then invoiced.

SECTION 6.3.6 Other Documents. The Administrative Agent shall have received the following in form and substance reasonably satisfactory to the Lender:

(a) A trade payment breakdown for the GMP Contracts then in place and, at the request of the Consulting Engineer, each of the other Major Contracts then in place setting forth (w) the name of the Major Contractor, (x) the date of the Major Contract and of any supplements or amendments thereto, (y) the work covered thereby and (z) the aggregate amounts payable thereunder;

(b) The Plans and Specifications prepared by the Architect covering the Construction Phase for which such Initial Construction Phase Credit Extension is being made in duplicate, which, if amended shall be subject to Section 8.2.17 and shall be approved in writing by the Consulting Engineer together with all required consents and approvals;

(c) The items set forth in Sections 6.2.8, 6.2.13 and 6.2.21 that apply to the Construction Phase for which the Initial Construction Phase Credit Extension is being made which were not delivered on or before the Initial Credit Extension Date;

(d) A servicing plan for the Construction Phase in respect of which the Credit Extension has been requested showing existing and future utility facilities servicing the Premises (including water, electricity, gas, telephone, sanitary sewer and storm water distribution and detention facilities); and

(e) Such other Instruments, documents and information pertaining to such Initial Construction Phase Credit Extension as the Lender may reasonably request.

SECTION 6.4 Acquisition of Wedge Parcel; Additional Conditions for Specified Construction Phases. In addition to the other conditions in this Agreement applicable to a Credit Extension in respect of each Construction Phase, prior to making any Advance in respect of the acquisition of the Wedge Parcel or the Construction Phases set forth below, the following additional conditions shall have been satisfied.

SECTION 6.4.1 Acquisition of the Wedge Parcel. The Borrower may acquire the Wedge Parcel upon satisfaction of the conditions set forth below, all of which shall be subject to the approval of the Administrative Agent not to be unreasonably withheld:

(a) the Borrower shall have delivered reports (which shall include a Phase I Report) and other information, which, with respect to the Wedge Parcel, shall be dated not earlier than six (6) months prior to the date of acquisition in form, scope and substance reasonably satisfactory to the Administrative Agent together with all material studies, reports, surveys and analysis in the possession of the Borrower regarding environmental matters relating to the Wedge Parcel, and the Administrative Agent, acting

reasonably, shall have determined that the environmental matters set forth therein are acceptable;

(b) the Borrower shall have delivered copies of all title exception documents and all easements, development agreements, ground leases, reciprocal easement agreements, site work agreements, operating agreements, deed restrictions, declarations, and other instruments affecting the use, occupancy and operation of the Wedge Parcel or which benefit or burden the Wedge Parcel (or any portion thereof); the form and content of which shall be reasonably satisfactory to the Administrative Agent;

(c) the Borrower shall have delivered a separate survey of the Wedge Parcel (dated no earlier than sixty (60) days prior to the date of acquisition) prepared by a registered land surveyor and certified to the Lenders and the Title Insurer by a surveyor licensed in the Province which must show (i) as to the Wedge Parcel, the exact location and dimensions thereof, including the location of all means of access thereto and all easements relating thereto; (ii) as to easements which benefit or burden the Wedge Parcel, the exact location and dimensions thereof to the extent capable of being described, including the location of all means of access thereto, and all improvements or other encroachments in or on such easements; (iii) that there are no gaps, gores, strips, projections, protrusions or other survey defects other than the Permitted Liens; and (iv) that there are no other matters that could reasonably be expected to be disclosed by a survey constituting a defect in title other than the Permitted Liens;

(d) the Borrower shall have delivered flood plain confirmation;

(e) the Borrower shall have delivered to the Administrative Agent an endorsement to the Title Insurance Policy in form satisfactory to the Administrative Agent including the Wedge Parcel within the lands and premises insured thereunder, subject to no Liens other than Permitted Liens;

(f) the Borrower shall have delivered a true, correct and complete copy of all severance documentation required by all Governmental Instrumentalities having or asserting jurisdiction over the Wedge Parcel, which shall be non-appealable and not subject to any additional reviews (any appeals that have been filed in connection therewith shall have been adjudicated to the reasonable satisfaction of the Administrative Agent);

(g) the Borrower shall have become the registered and beneficial owner of the Wedge Parcel with a good and marketable title thereto in fee simple free and clear of all Liens other than Permitted Liens;

(h) the Borrower shall have executed and delivered to the Administrative Agent such documents, charges, mortgages and interests as may be required to include the Wedge Parcel in the Project Security and delivered an opinion with respect to due authorization and execution by, and enforceability of such documentation against, the Borrower, similar in form to those opinions delivered pursuant to Section 6.2.19; and

(i) the Guarantor shall have delivered its consent to the foregoing together with a reaffirmation and ratification of the Payment Guaranty, the Non-Recourse Carve Out Guaranty, the Non-Recourse Pledge Guaranty and the Environmental Indemnity in such form reasonably required by the Administrative Agent.

SECTION 6.4.2 Additional Conditions for the Waterfront Residences Construction Phase. If the Borrower wishes to reduce the scope of Waterfront Residences Construction Phase, the Borrower shall deliver the items required by Section 8.2.17 together with an Appraisal of such Construction Phase showing the value thereof after giving effect to such Scope Change. The Administrative Agent shall not unreasonably withhold its consent to such Scope Change; provided, however, that the Administrative Agent shall have the right to withhold its consent in its sole discretion if, after giving effect to such Scope Change, the Minimum Waterfront Improvements will not be constructed. If such Scope Change is approved, the Waterfront Commitment Amount will be adjusted to reflect such scope change.

SECTION 6.5 All Credit Extensions. The obligation of each Lender and each Issuer to make any Credit Extension (including any Initial Construction Phase Credit Extension) shall be subject to Sections 2.1.4 and 2.1.5 and the satisfaction of each of the conditions precedent set forth in Section 6.3 and this Section 6.5.

SECTION 6.5.1 Compliance with Warranties, No Default, etc. Both before and after giving effect to any Credit Extension the following shall be true and correct:

(a) the accuracy of the representations and warranties contained in Article VII as if made on the date of the Credit Extension or Advance, as the case may be, (except those that relate to a different date) unless the failure of the foregoing to be the case would not have a Material Adverse Effect;

(b) except as disclosed by the Borrower to the Administrative Agent pursuant to Section 7.13 there exists

(i) no material litigation which could reasonably be expected to have a Material Adverse Effect or which purports to affect the legality, validity or enforceability of this Agreement, the Notes or any other Loan Document; and

(ii) no material development shall have occurred in any litigation disclosed pursuant to Section 7.13 which could reasonably be expected to have a Material Adverse Effect;

(c) the absence of any Material Adverse Effect;

(d) subject to Section 9.1.12, the absence of any default or an event of default with respect to the Project Documents and the ECD Insurance Documents.

SECTION 6.5.2 Credit Extension Request, etc. Subject to Article V, the Administrative Agent shall have received a Loan Request for the Loans being requested, a Letter of Credit Issuance Request if a Letter of Credit is being requested or extended or a Bankers' Acceptance Request if a Bankers' Acceptance or Rollover is being requested, in each case, which shall show

the pro rata allocation between the Tranche A Commitments and the Tranche B Commitments. Each of the delivery of a Credit Extension Request and the acceptance by the Borrower of such Credit Extension or the proceeds thereof shall constitute a representation and warranty by the Borrower that on the date of such Credit Extension (both immediately before and after giving effect to such Credit Extension and the application of the proceeds thereof) the statements made in Section 6.5.1 are true and correct.

SECTION 6.5.3 Other Documents. The Administrative Agent shall have received, with counterparts for each Lender, a copy of each of the Project Documents entered into or obtained after the Effective Date, each of which shall conform to the requirements of Section 8.2.16 and shall be duly executed by the parties thereto and in full force and effect.

SECTION 6.5.4 Loan Documents, Project Documents and ECD Insurance Documents. Each of the Loan Documents, the Project Documents and ECD Insurance Documents shall be in full force and effect without amendment since the respective date of its execution and delivery, except, as to the Project Documents, as otherwise permitted pursuant to Section 8.2.16, and each certificate delivered by the Borrower with respect to the Loan Documents, the Project Documents and ECD Insurance Documents shall be true and correct in all material respects.

SECTION 6.5.5 No Defaults. No Default shall have occurred and be continuing.

SECTION 6.5.6 Title Insurance Policy Endorsements. The Administrative Agent shall have received an endorsement to the Title Insurance Policy insuring the continuing first priority of the Lien of the Mortgage as security for the requested Advance on the date such Advance is made and insuring that (i) there has been no change in the condition of title unless permitted by the Loan Documents and (ii) there are no Liens other than Permitted Liens.

SECTION 6.5.7 Permits. The Borrower shall have certified that:

(a) all Permits for the Construction Phase in respect of which the Advance has been requested as required to have been obtained by the date of such Advance shall have been issued and are in full force and effect and not subject to current legal proceedings or to any conditions that are required to be satisfied by the date of the requested Advance that have not been satisfied in all material respects or could reasonably be expected to result in a material modification or revocation of such Permits, and all applicable appeal periods with respect thereto shall have expired; and

(b) with respect to any of the Permits as not yet required to be obtained for the Construction Phase in respect of which the Advance has been requested, no facts or circumstances are known to the Borrower which indicate that any such Permit will not be timely obtainable without material difficulty, expense or delay prior to the time that it becomes required.

SECTION 6.5.8 Additional Contracts. Each Contract entered into or obtained, transferred or required (whether because of the status of the construction or operation of the Improvements or otherwise) for the Construction Phase in respect of which the Credit Extension has been requested since the date of the most recent Credit Extension shall conform to the requirements of Section 8.2.18.

SECTION 6.5.9 Plans and Specifications. The Lender and the Consulting Engineer shall have received copies of all amendments or modifications to the Plans and Specifications for the Construction Phase in respect of which the Credit Extension has been requested which shall conform to the requirements of Section 8.2.17.

SECTION 6.5.10 Insurance. Insurance for the Construction Phase in respect of which the Credit Extension has been requested complying in all material respects with the requirements of Section 6.1.8 shall be in place and in full force and effect.

SECTION 6.5.11 Fees and Expenses. The Borrower shall have paid or arranged for payment out of the requested Credit Extension or otherwise of all fees, expenses and other charges then due and payable by it under this Agreement and the other Loan Documents or under any agreements between the Administrative Agent and any of the Independent Consultants.

SECTION 6.5.12 Security Interests. All actions necessary (including all filings) in the opinion of the Administrative Agent to perfect or continue the perfection of the Liens in the Project Security having the exclusive first priority (subject only to the Permitted Liens) contemplated therefor by this Agreement and the other Loan Documents shall have been taken or made. All property, rights and assets required for the Land shall be free and clear of all Liens and encumbrances other than the Permitted Liens.

SECTION 6.5.13 In Balance. The Budget for the Construction Phase in respect of which the Credit Extension has been requested shall be In Balance.

SECTION 6.5.14 No Restrictions. No order, judgment or decree of any Governmental Instrumentality shall purport to enjoin or restrain the Lenders, the Administrative Agent or any Loan Party from entering into any Loan Document or any of the Project Documents to which they are a party or the Guarantor from entering into the Completion Guaranty, the Payment Guaranty, the Non-Recourse Carve Out Guaranty, the Non-Recourse Pledge Guaranty and the Environmental Indemnity.

SECTION 6.5.15 Borrower's Certificate. The Administrative Agent shall have received a certification from the Borrower that:

(a) the Borrower has received no notice of any proposed or threatened Expropriation of any portion of the Premises, and has no knowledge of any proposed or threatened action which will or could result in a relocation of any roadways abutting the Premises or the denial of access which could reasonably be expected to have a Material Adverse Effect; and

(b) all fixtures, attachments and equipment necessary for the operation of the Improvements which have been installed or incorporated into the Premises are, to the Borrower's knowledge, in good working order and free from material defects.

SECTION 6.5.16 Required Documents. At least ten (10) days prior to the Credit Extension Date, the Administrative Agent or, at its direction, the Consulting Engineer shall have received the following in form and substance reasonably satisfactory to the Administrative Agent:

(a) A Credit Extension Request itemizing all Project Costs which are to be paid for from such Credit Extension or other Available Funds;

(b) A copy of all Major Contracts for the Construction Phase in respect of which the Credit Extension has been requested together with the agreement from each Major Contractor thereunder to continue performance under such Major Contract, substantially in the form of continuation agreement annexed to the Assignment of Contracts or as otherwise agreed by the parties;

(c) A certificate of the GMP Contractor stating the percentage of work completed as of the date of the Credit Extension and which is otherwise in form and substance reasonably satisfactory to the Administrative Agent, as verified by the Consulting Engineer, together with such invoices, contracts or other supporting data as the Administrative Agent may reasonably require to evidence that all Project Costs for which the Credit Extension is sought have been incurred and a statutory declaration from the GMP Contractor and all Contractors performing work for the GMP Contractor covering all work in place and materials not yet incorporated into the Improvements but otherwise paid for to the effect that monies received by each of them from Available Funds as of the date of such declaration have been applied to pay all amounts then due to them and their respective subcontractors;

(d) Paid invoices or other evidence satisfactory to the Administrative Agent that the FF&E installed as part of the work to be paid for are free of any Liens;

(e) A copy of any Change Orders for the Construction Phase in respect of which the Credit Extension has been requested and all amendments, modifications or supplements to any Major Contract that have been executed since the last Credit Extension and not been previously furnished to the Administrative Agent (which amendments, modifications or supplements shall conform to the requirements of Section 8.2.16 and 8.2.18);

(f) The certificate of the Architect;

(g) The Consulting Engineer's Advance Certificate; and

(h) If any material dispute has arisen between or among the Borrower and/or the GMP Contractor, any other Contractor, subcontractor and/or material supplier which could reasonably be expected to have a Material Adverse Effect, a written summary of the nature of such dispute.

SECTION 6.5.17 Partial Releases of Holdback Amount. The Borrower may require that Credit Extensions in respect of any particular Construction Phase include releases of portions of the Holdback Amount relating to subcontracts for the construction contract for such Construction Phase that have been completed as at the date of the Credit Extension, provided that the requirements of the *Construction Lien Act* (Ontario) have been satisfied with respect to such release.

SECTION 6.5.18 Approved Unit Purchase Agreements; Deposits; Presales. The Administrative Agent shall have received a schedule of all the Unit Contracts of Sale then in place together with the amount of Deposits paid by the Qualified Purchasers thereunder, the amount of such Deposits then held by the Borrower with respect thereto and the amount applied to Project Costs in accordance with this Agreement, and the Borrower's certification that each such Unit Contract of Sale is a Bona Fide Sales Contract together with the percentage of Pre-Sales of Units in the Construction Phase in respect of which such Credit Extension is being made of the aggregate net sales for such Construction Phase set out in the Budget for such Construction Phase (i.e. gross sales net of purchase price discounts or cash incentives).

SECTION 6.6 Conditions Precedent to the Final Advance. The obligation of the Lenders to make the final Advance (including, where applicable, Holdback Amounts) shall be subject to the prior or concurrent satisfaction of each of the following conditions precedent:

(a) The Borrower shall have satisfied all of the conditions in Section 6.5 as of the date on which the final Advance is to be made or such satisfaction thereof shall have been waived in writing by the Administrative Agent;

(b) Final Completion of the Construction Phase in respect of which the Advance has been requested shall have occurred; and

(c) The Administrative Agent shall have received at or about the time of Final Completion, a copy of all Permits required by any Governmental Instrumentality having or asserting jurisdiction over the Premises for the Construction Phase in respect of which the Advance has been requested, accompanied by a certificate from the Borrower and the GMP Contractor dated at or about the time of Final Completion, certifying that (i) a permanent Permission to Occupy has been granted, (ii) no notices of any claimed violations of Legal Requirements or Insurance Requirement from the construction or operation of such Improvements which have not been cured were served on the party making such certification or any Contractor or its respective agents or representatives and (ii) the Person making such certification is not aware of any circumstances which could give rise to the issuance of any such notice of claimed violation (with all remaining Permits delivered promptly after such Permits have been issued).

SECTION 6.6.1 Final Survey. The Administrative Agent shall have received a final survey of the Premises showing all foundations, paving, driveways, fences and exterior improvements for the Construction Phase in respect of which the final Advance has been requested which shall be reasonably acceptable to the Administrative Agent in all material respects; provided, however, that if such survey is not then available, the Borrower shall provide such survey promptly after it becomes available.

SECTION 6.6.2 FF&E. The FF&E and other property required for the operation of the Improvements for the Construction Phase in respect of which the final Advance has been requested shall have been installed free and clear of all Liens (other than Permitted Liens); provided, however, the foregoing shall not prohibit the Borrower from entering into capitalized lease transactions and installment sales and equipment leases permitted under clauses (g) and (h) of Section 8.2.2.

SECTION 6.6.3 Plans and Specifications. The Administrative Agent shall have received a full and complete certified set of "as built" Plans and Specifications for the Improvements for the Construction Phase in respect of which the final Advance has been requested; provided, however, that if a full and complete set of "as built" Plans and Specifications is not available, the Borrower shall provide such set of "as built" Plans and Specifications promptly after they become available.

SECTION 6.6.4 Architect's Certificate. The Administrative Agent shall have received a certificate of the Architect dated at or about the time of Final Completion stating that Final Completion of the Construction Phase in respect of which the final Advance has been requested has occurred.

SECTION 6.6.5 Consulting Engineer's Final Completion Certificate. The Administrative Agent shall have received the Consulting Engineer's Final Completion Certificate for the Improvements for the Construction Phase in respect of which the final Advance has been requested.

SECTION 6.6.6 Borrower's Final Completion Certificate. The Administrative Agent shall have received the Borrower's Final Completion Certificate for the Improvements for the Construction Phase in respect of which the Advance has been requested.

SECTION 6.6.7 Searches. The Administrative Agent shall have received current searches of all PPSA financing statements or similar Instruments filed against the Borrower and the Guarantor, as debtors, showing that no PPSA financing statements or similar Instruments are filed or recorded against either of them which either are broad enough to capture, or in which the collateral is described as, personal property or fixtures located on the Premises or used in connection therewith except with respect to capitalized lease transactions and installment sales permitted under clauses (g) and (h) of Section 8.2.2.

SECTION 6.7 Extensions of Stated Maturity Date.

SECTION 6.7.1 First Extension. The Borrower may extend the Stated Maturity Date from February 1, 2010 to February 1, 2011, subject to the satisfaction of each of the conditions set forth in this Section 6.7.1 and Section 6.7.3.

- (a) Substantial Completion of all Construction Phases shall have occurred;
- (b) The Borrower shall have obtained a permanent Permission to Occupy covering substantially all of the Improvements in accordance with clause (d) of Section 8.1.5; and
- (c) The Administrative Agent shall have received the Extension Request for the First Extension no later than 45 days prior to the then Stated Maturity Date (but not earlier than 90 days prior thereto).

SECTION 6.7.2 Second Extension. The Borrower may extend the Stated Maturity Date from February 1, 2011 to February 1, 2012, subject to the satisfaction of each of the conditions set forth in this Section 6.7.2 and Section 6.7.3.

(a) The Stated Maturity Date shall have been extended to February 1, 2011 in accordance with Section 6.7.1;

(b) On the date on which the Extension Request for the Second Extension is delivered and again on February 1, 2011, the Borrower shall deliver its Compliance Certificate showing that the Debt Service Coverage Ratio on the date of such Compliance Certificate is not less than 1.30:1.00; and

(c) The Administrative Agent shall have received the Extension Request for the Second Extension no later than 45 days prior to the then Stated Maturity Date (but not earlier than 90 days prior thereto).

SECTION 6.7.3 Conditions to Both Extensions. Each extension of the Stated Maturity Date shall be subject to the satisfaction of each of the conditions set forth below:

(a) Each Loan Document shall be in full force and effect, without amendment since the respective date of its execution and delivery (other than amendments which have been approved by the Administrative Agent);

(b) The Borrower shall deliver not later than five (5) Business Days prior to the then Stated Maturity Date (without giving effect to the requested extension) to the Administrative Agent one or more Rate Protection Agreements which shall have a term, notional amount, interest rate and counterparty reasonably acceptable to the Administrative Agent;

(c) The Guarantor shall deliver a ratification and reaffirmation of the Completion Guaranty (to the extent that the obligations guaranteed thereunder have not been paid or performed), the Payment Guaranty, the Non-Recourse Carve Out Guaranty, the Non-Recourse Pledge Guaranty and the Environmental Indemnification in form and substance reasonably acceptable to the Administrative Agent;

(d) The Borrower shall deliver with each Extension Request an Appraisal conforming with the requirements of Section 8.1.25 and the Loan to Value Ratio based thereon shall not exceed sixty-five percent (65%);

(e) Both before and after giving effect to any such extension of the Stated Maturity Date, the following statements shall be true and correct:

(i) the representations and warranties contained in Article VII (excluding, however, those contained in Section 7.14) and each other Loan Document are accurate as if made on the Effective Date (except those that relate to a different date) except to the extent that the failure of the foregoing to be the case could not reasonably be expected to result in a Material Adverse Effect;

(ii) except as disclosed by the Borrower to the Administrative Agent pursuant to Section 7.14 there exists:

(1) no material litigation which could reasonably be expected to result in a Material Adverse Effect or which purports to affect the legality, validity or enforceability of any Operative Document; and

(2) no material development shall have occurred in any litigation disclosed pursuant to Section 7.14 which could reasonably be expected to have a Material Adverse Effect; and

(iii) no act, event or condition exists which could reasonably be expected to result in a Material Adverse Effect;

(f) No Default or Material Adverse Effect shall have occurred and be continuing or, after giving effect to such extension of the then applicable Stated Maturity Date could reasonably be expected to result, as certified by the Borrower in the relevant Extension Request;

(g) The delivery of the Extension Request shall constitute a representation and warranty by the Borrower that on the date of such Extension Request, and again on the date immediately preceding the Stated Maturity Date (without giving effect to the requested extension), the statements made in clauses (e) and (f) of this Section 6.7.3 are true and correct in all material respects; and

(h) The Borrower shall have paid all fees, expenses and other charges then due and payable by it under this Agreement and the other Loan Documents.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders, the Issuer and the Administrative Agent to enter into this Agreement and to make Credit Extensions hereunder, the Borrower represents and warrants to the Administrative Agent, the Issuer and each Lender as set forth in this Article VII.

SECTION 7.1 Organization, etc. The Borrower is validly organized and existing and in good standing under the laws of the state or jurisdiction of its organization, is duly qualified to do business and is in good standing in each jurisdiction where the nature of its business requires such qualification and where failure to do so could reasonably be expected to have a Material Adverse Effect; and has full power and authority and holds all requisite governmental licenses, permits and other approvals to enter into the Loan Documents, and holds or will hold all requisite governmental licenses, permits and other approvals to perform its Obligations under the Loan Documents, the Project Documents, the Condominium Documents and the ECD Insurance Documents to which it is a party and to own, hold and, if applicable, lease its property and to conduct its business substantially as currently conducted by it the absence of which could reasonably be expected to have a Material Adverse Effect.

SECTION 7.2 Due Authorization, Non-Contravention, etc. The execution, delivery and performance by the Borrower of the Loan Documents, the Project Documents, the Condominium Documents and the ECD Insurance Documents to which it is a party, and participation by the Borrower in the consummation of all aspects of the Transaction, and the execution, delivery and

performance by the Borrower of the other agreements executed and delivered by it in connection with the Transaction are, in each case, within its powers, have been duly authorized by all necessary action, and do not

- (a) contravene its Organizational Documents;
- (b) contravene any contractual restriction binding on or affecting it which contravention could reasonably be expected to have a Material Adverse Effect;
- (c) contravene any Legal Requirement binding on or affecting it; or
- (d) result in, or require the creation or imposition of, any Lien on any of its properties (other than Permitted Liens).

SECTION 7.3 Government Approval, Regulation, etc. No authorization or approval or other action by, and no notice to or filing with, any Governmental Instrumentality or other Person (other than those listed on Schedule IV, all of which have been, or by the first Credit Extension Date for the Construction Phase in respect of which the Credit Extension has been requested will be, duly obtained or made and which are, or on by the first Credit Extension Date for the Construction Phase in respect of which the Advance has been requested will be, in full force and effect, and except for filings and registrations of any PPSA financing statements, the Mortgage or intellectual property filings (all of which have been duly executed and delivered to the Administrative Agent on the Initial Credit Extension Date) necessary to record the Lenders' security interest in the Project Security) is required for the due execution, delivery or performance by the Borrower of, any Loan Document, Project Document, Condominium Document or the ECD Insurance Document to which it is a party or the consummation of the Transaction by it.

SECTION 7.4 Validity, etc. The Loan Documents, the Project Documents, the Condominium Documents and the ECD Insurance Documents to which the Borrower is a party will, on the due execution and delivery thereof by the parties thereto, constitute, the legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity.

SECTION 7.5 Fees and Enforcement. Other than amounts that have been paid in full or will have been paid in full by the Effective Date or the date when due for same, no fees or Taxes, including stamp, transaction, registration or similar taxes, are required to be paid for the legality, validity or enforceability of the Loan Documents, the Project Documents, the Condominium Documents or the ECD Insurance Documents.

SECTION 7.6 No Brokers. The Borrower represents that except as disclosed in Item 7.6 in the Disclosure Schedule, no broker or finder was responsible for or involved with the parties in connection with the transactions contemplated by the Loan Documents or the ECD Insurance Documents and that there is no obligation for the payment of any brokerage commission, compensation or fee of any kind with respect to this Agreement or any other Loan Document or the ECD Insurance Documents.

SECTION 7.7 Security Interests. (a) The security interests granted to the Secured Parties pursuant to the Loan Documents constitute as to personal property included in the Project Security a security interest under the PPSA, subject to the rights and priorities of Permitted Liens.

(b) No authorization, approval or other action by, and no notice to or filing with, any Governmental Instrumentality is required for either (i) the pledge or grant by the Borrower of the Liens purported to be created in favor of the Secured Parties pursuant to the Loan Documents or (ii) the exercise by the Administrative Agent and the other Secured Parties of any rights or remedies in respect of any Project Security (whether specifically granted or created pursuant to the Loan Documents or created or provided for by applicable law), except for the filings, registrations or recordings set forth on Schedule V hereto.

(c) Except such as may have been filed in favor of the Secured Parties as set forth on Schedule V hereto, no effective PPSA financing statement, fixture filing or other instrument similar in effect covering all or any part of the Project Security is on file in any filing or recording office.

(d) All information supplied to the Administrative Agent and the Lenders by or on behalf of the Borrower with respect to any of the Project Security is accurate and complete in all material respects.

SECTION 7.8 Offices; Location of Project Security. (a) The "jurisdiction" in which the Borrower is "located" for the purposes of the PPSA, is in the Province.

(b) All of the Project Security (other than the Accounts and general intangibles) is, or when installed pursuant to the Loan Documents, the Project Documents and the Condominium Documents will be, located on the Premises.

(c) The Borrower's books of accounts and records are located in Minett, Ontario.

SECTION 7.9 Accuracy of Information. All balance sheets, all statements of operations, equity amounts, cash flows and all other financial information of the Borrower furnished pursuant to Section 8.1.1 have been and will for periods following the Effective Date be prepared in accordance with Canadian GAAP consistently applied, and do or will present fairly the financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended, except that quarterly financial statements need not include footnote disclosure and may be subject to ordinary year-end adjustment.

SECTION 7.10 Financial Information. The financial statements of the Borrower furnished to the Administrative Agent pursuant to Section 6.2.12 have been prepared in accordance with Canadian GAAP consistently applied, and present fairly the financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended.

SECTION 7.11 No Defaults. No Defaults have occurred and are continuing which have not been disclosed in writing to the Administrative Agent.

SECTION 7.12 No Material Adverse Effect. No Material Adverse Effect has occurred since the date of the financial statements delivered by the Borrower pursuant to Section 6.2.12.

SECTION 7.13 Litigation, Labor Controversies, etc. There is no pending material litigation, action, proceeding, or labor controversy which could reasonably be expected to have a Material Adverse Effect or which purports to affect the legality, validity or enforceability of any of the Loan Documents, any of the Project Documents or the ECD Insurance Documents, except as disclosed in Item 7.13 of the Disclosure Schedule.

SECTION 7.14 Labor Disputes; Acts of God; Casualty and Expropriation. Neither the business nor the properties of the Borrower or, to the best knowledge of the Borrower, any other party to a Loan Document, Project Document, Condominium Document or ECD Insurance Documents to which the Borrower is a party is affected by any fire, explosion, accident, strike, lockout or other labor dispute (except as set forth in Item 7.14 in the Disclosure Schedule as in effect on the Effective Date), drought, storm, hail, earthquake, embargo, act of God or of the public enemy, or other casualty or Force Majeure Event, that could reasonably be expected to have a Material Adverse Effect. As of the date hereof, there is no Loss Event that has occurred or, to the best knowledge of the Borrower as to any Expropriation, threatened, affecting all or a portion of the Premises.

SECTION 7.15 Subsidiaries. The Subsidiaries of the Borrower are identified in Item 7.15 of the Disclosure Schedule.

SECTION 7.16 Ownership of Properties. The Borrower does not legally or beneficially own or lease any real property other than the Premises. The Borrower (x) in the case of owned real property, has good and marketable fee simple title to, and (y) in the case of leased real property, holds valid and enforceable leasehold interests in, all of such owned or leased real property, as the case may be, free and clear in each case of all Liens, other than Permitted Liens.

SECTION 7.17 Ownership, Title, etc. The Borrower owns, and has good legal and beneficial title to, the Land and the Improvements and its rights in the Easements in fee simple, free and clear of all Liens (other than Permitted Liens) and has good legal and beneficial title to the property, assets and revenues on which it will grant Liens pursuant to the Loan Documents. Other than those services to be performed and materials to be supplied that are reasonably expected to be commercially available when and as required, the Borrower owns all of the property interests and has entered into all documents and agreements necessary to develop, construct, complete, own and operate the Improvements on the Land, in accordance with all Legal Requirements and the Construction Schedule and as contemplated in the Loan Documents, the Project Documents, the Condominium Documents and the ECD Insurance Documents.

SECTION 7.18 Liens. The Borrower has not secured or agreed to secure any Indebtedness by any Lien (other than Permitted Liens) upon any of its present or future revenues, assets or properties or upon the Capital Stock of the Borrower.

SECTION 7.19 Intellectual Property. The Borrower owns or licenses (as the case may be) or will own or hold licenses for all patents, patent rights, trademarks, trademark rights, trade names, trade name rights, service marks, service mark rights and copyrights as the Borrower

considers necessary for the conduct of its business without, to its best knowledge, any infringement upon rights of other Persons, in each case, except as could not reasonably be expected individually or in the aggregate to have a Material Adverse Effect, and except as disclosed in Item 7.19 in the Disclosure Schedule, there is no individual patent, patent right, trademark, trademark right, trade name, trade name right, service mark, service mark right or copyright the loss of which could reasonably be expected to have a Material Adverse Effect.

SECTION 7.20 Taxes. (a) The Borrower has filed, or caused to be filed, all material tax and informational returns that are required to have been filed by it in each jurisdiction, and has paid all material Taxes shown to be due and payable on such returns and all other taxes and assessments payable by it, to the extent the same have become due and payable (other than those Taxes (i) that it is contesting in good faith and by appropriate proceedings, with adequate, segregated reserves established for such Taxes or (ii) with respect to which failure to pay the same could not reasonably be expected to have a Material Adverse Effect or to impair the Liens held by or for the benefit of the Secured Parties in the Project Security) and, to the extent such Taxes are not due, has established reserves therefor by allocating amounts that are adequate for the payment thereof and are required by Canadian GAAP.

(b) The Borrower has not incurred any material Tax liability in connection with the Premises or the other transactions contemplated by the Project Documents which has not been disclosed in writing to, and approved by, the Administrative Agent, except as set forth in Item 7.20(b) of the Disclosure Schedule.

SECTION 7.21 Pension and Welfare Plans. The Borrower does not maintain any Pension Plan. The Borrower does provide Welfare Plans to its employees. During the twelve consecutive month period prior to the Effective Date and prior to the date of any Credit Extension hereunder, no steps have been taken to terminate any Welfare Plan, and no contribution failure has occurred with respect to any Welfare Plan sufficient to give rise to a Lien. No condition exists or event or transaction has occurred with respect to any Welfare Plan which might result in the incurrence by the Borrower or any of its Affiliates of any material liability, fine or penalty.

SECTION 7.22 Margin Stock. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of any Credit Extensions will be used to purchase or carry margin stock.

SECTION 7.23 Interstate Land Sales Act. The Borrower has not violated the Interstate Land Sales Act and has no knowledge of any purchaser under any Condominium Unit Contract of Sales having a right of rescission under the Interstate Land Sales Act that is binding on the Borrower.

SECTION 7.24 Anti-Terrorism Laws.

(a) None of the Borrower, the Guarantor nor any of their Affiliates is in violation of any Anti-Terrorism Law or engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(b) None of the Borrower, the Guarantor nor any of their Affiliates is any of the following (each a "Blocked Person"):

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224;

(iii) a Person or entity with which any bank or other financial institution is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a Person or entity that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224;

(v) a Person or entity that is named as a "specially designated national" on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list; or

(vi) a Person who is affiliated with a Person listed above.

(c) Neither the Borrower, the Guarantor nor any of their Affiliates (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person or (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224.

(d) None of the Borrower, the Guarantor nor any of their Affiliates is in violation of any rules or regulations promulgated by OFAC or of any economic or trade sanctions or engages in any transaction administered and enforced by OFAC or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any rules or regulations promulgated by OFAC.

SECTION 7.25 Environmental Warranties. Except as set forth in Item 7.25 in the Disclosure Schedule:

(a) to the best knowledge of the Borrower, all facilities and property (including underlying groundwater) owned or leased by the Borrower have been, and continue to be, owned or leased by the Borrower in material compliance with all Environmental Laws and the Equator Principles;

(b) there are no pending or threatened and, to the best of Borrower's knowledge, there have been no past

(i) Claims, complaints, notices or requests for information received by the Borrower with respect to any alleged violation of any Environmental Law, or

(ii) Claims, complaints, notices or inquiries to the Borrower regarding potential liability under any Environmental Law;

(c) to the best knowledge of the Borrower there have been no Releases of Hazardous Substances at, on or under any property now or previously owned or leased by the Borrower that, singly or in the aggregate, result in or could reasonably be expected to have, a Material Adverse Effect;

(d) to the best knowledge of the Borrower, the Borrower has been issued and is in material compliance with all permits, certificates, approvals, licenses and other authorizations relating to Environmental Matters and necessary or desirable for its businesses;

(e) no property now or, to the best knowledge of the Borrower, previously owned or leased by the Borrower is listed or proposed for listing on any list of sites requiring investigation or clean-up by a Governmental Instrumentality;

(f) to the best knowledge of the Borrower, there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any property now or previously owned or leased by the Borrower that, singly or in the aggregate, have, or may reasonably be expected to have, a Material Adverse Effect;

(g) the Borrower has not transported or arranged for the transportation of any Hazardous Substances to any location which is the subject of federal, state, national, Provincial or local enforcement actions or other investigations which may lead to material claims against the Borrower for any remedial work, damage to natural resources or personal injury;

(h) to the best knowledge of the Borrower, there are no polychlorinated biphenyls or friable asbestos present at any property now or previously owned or leased by the Borrower that, singly or in the aggregate, has, or could reasonably be expected to have, a Material Adverse Effect; and

(i) to the best knowledge of the Borrower, no conditions exist at, on or under any property now or previously owned or leased by the Borrower, which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law.

SECTION 7.26 Project Documents. The Administrative Agent has received a true, complete and correct copy of each Project Document in effect or required to be in effect as of the date this representation is made or deemed made (including all exhibits, schedules, side letters and disclosure letters referred to therein or delivered pursuant thereto, if any).

SECTION 7.27 Condominium Documents; Condominium Registration. The Sales Materials have been filed with the Governmental Instrumentalities listed on Item 7.27 of the Disclosure Schedule and no other acceptances and filings with any Governmental Instrumentality are required with respect to the solicitation and sale of the Units. After the Condominium Declarations have been registered against the Premises, the Condominium Units

created thereby each may be mortgaged, conveyed and otherwise dealt with as a separate legal lot or parcel, subject to the restrictions contained in the Condominium Documents and in the OSC Ruling.

SECTION 7.28 ECD Insurance Documents. The Administrative Agent has received a true, complete and correct copy of each ECD Insurance Document in effect or required to be in effect as of the date this representation is made or deemed made (including all exhibits, schedules, side letters and disclosure letters referred to therein or delivered pursuant thereto, if any).

SECTION 7.29 GMP Contracts and Major Contracts. Each of the GMP Contracts and the Major Contracts which have been executed by or on behalf of the Borrower (w) is in full force and effect and there are no material defaults thereunder on the part of the Borrower or, to the best knowledge of the Borrower, the other party thereto which have not been previously disclosed in writing to the Administrative Agent, (x) has not been terminated, modified, amended or assigned except as permitted hereunder, (y) has not expired by its terms and (z) has been delivered (or a copy thereof) to the Administrative Agent as required under this Agreement.

SECTION 7.30 Satisfaction to Document Conditions. To the best knowledge of the Borrower, all conditions precedent to the obligations of the respective parties (other than the Borrower) under the Project Documents to which the Borrower is a party have been satisfied, except for such conditions precedent (a) the failure of which to be satisfied could not reasonably be expected to have a Material Adverse Effect or (b) which by their terms cannot be met until a later stage in the construction or operation of the Improvements, and the Borrower has no reason to believe that any such condition precedent (the failure of which to be satisfied could reasonably be expected to have a Material Adverse Effect) cannot be satisfied on or prior to the appropriate stage in the construction or operation of the Improvements.

SECTION 7.31 No Breaches. The Borrower has no actual knowledge or received any notice of any breach existing beyond the expiration of applicable grace, notice or cure periods on the part of the Borrower under any of the Project Documents to which the Borrower is a party and, to the best knowledge of the Borrower, by any other Person which is a party thereto.

SECTION 7.32 Utilities. All utility services necessary for the construction and the operation of the Improvements for its intended purposes are or will be available at the Land as and when required.

SECTION 7.33 In Balance Requirement. As of the date of each Borrowing and Advance the Budget is In Balance.

SECTION 7.34 Permits. There are no Permits that are required or will become required for the ownership, construction, financing or operation of the Improvements, other than the Permits described in Schedule IV. Except as set forth in Schedule IV, each Permit described therein as required to be obtained by the date that this representation is made or deemed to be made is in full force and effect and is not at such time subject to any appeals or further proceedings or to any unsatisfied condition (that is required to be satisfied by the date that this representation is made or deemed to be made) that may allow modification or revocation.

Except as set forth in Schedule IV, each Permit described therein which is not required to have been obtained by the date that this representation is made or deemed to be made is of a type that is routinely granted on application. The Borrower has no reason to believe that any Permit so indicated will not be obtained before it becomes necessary for the ownership, construction, financing or operation of the Improvements or conversion of the Premises to a Condominium Regime, or that obtaining such Permit will result in undue expense or delay. The Borrower is not in violation of any condition in any Permit the effect of which could reasonably be expected to have a Material Adverse Effect.

SECTION 7.35 Budget. The Budget:

(a) sets forth for each Construction Phase under construction on the date that this representation is made or deemed made the amount allocated to each Line Item and Line Item Category therefor and the total Project Costs which are anticipated to be incurred through Final Completion;

(b) sets forth for each Line Item for each Construction Phase under construction on the date that this representation is made or deemed made (other than the Line Items in the Line Item Category entitled "**Project Contingency**"), an amount no less than the total anticipated costs to be incurred by the Borrower from the commencement through the Final Completion of such Construction Phase or other Project Cost to be funded from such Line Item, as determined by the Borrower with the reasonable concurrence of the Consulting Engineer as set forth in the Consulting Engineer's Advance Certificate dated the date on which this representation is made or deemed made;

(c) is consistent with the provisions of the Loan Documents, the Project Documents, the Condominium Documents and the ECD Insurance Documents in all material respects;

(d) has been prepared in good faith and with due care and to the best knowledge of the Borrower is true and correct in all material respects; and

(e) fairly represents the Borrower's current expectation as to the matters covered thereby.

SECTION 7.36 Construction Schedule. The Construction Schedule accurately specifies in summary form the work and the other improvements that the Borrower and the GMP Contractor propose to complete in each calendar month for each Construction Phase from the Effective Date through the Final Completion of the Improvements, all of which can reasonably be expected to be achieved.

SECTION 7.37 Unit Sales. The offering and sale of the Units to the public has been and is being carried out in accordance with applicable Legal Requirements including, without limitation the OSC Ruling.

ARTICLE VIII

COVENANTS

SECTION 8.1 Affirmative Covenants. The Borrower agrees with the Administrative Agent, the Issuer and each Lender that, until all Commitments have terminated and all Obligations have been indefeasibly paid and performed in full, the Borrower will perform or cause to be performed the obligations set forth in this Section 8.1.

SECTION 8.1.1 Financial Information, Reports, Notices, etc. The Borrower will furnish, or will cause to be furnished, to the Administrative Agent copies of the following financial statements, reports, notices and information:

(a) as soon as available and in any event within forty-five (45) days after the end of each calendar month, a balance sheet of the Borrower, and a statement of earnings and cash flow of the Borrower, in each case, as of the end of such calendar month as well as for the period commencing at the end of the previous Fiscal Year and ending with the end of such calendar month, certified as complete and correct by the chief financial or accounting Authorized Representative of the Borrower;

(b) as soon as available and in any event within forty-five (45) days after the end of each calendar month, a monthly operating statement of the Borrower, certified as complete and correct by the chief financial or accounting Authorized Representative of the Person for which such information is being delivered;

(c) as soon as available and in any event within one hundred twenty (120) days after the end of each Fiscal Year, a copy of the annual audited financial statements for such Fiscal Year for the Borrower and a statement of earnings and cash flow of the Borrower for such Fiscal Year, in each case as audited (without any Impermissible Qualification) by nationally recognized independent public accountants reasonably acceptable to the Administrative Agent;

(d) as soon as available and in any event within forty-five (45) days after the end of each of the first eleven calendar months of each Fiscal Year and within one hundred twenty (120) days after the end of the Fiscal Year, a Compliance Certificate, executed by the chief financial or accounting Authorized Representative of the Borrower, showing (in reasonable detail and with appropriate calculations and computations in all respects reasonably satisfactory to the Administrative Agent) compliance (currently and on a pro forma basis after giving effect the payments to be made in respect of all federal, state, national, Provincial and local income taxes of the Borrower) with the financial covenants set forth in Section 8.2.19.

(e) monthly Condominium Unit sales reports, leasing status reports, Rent Proceeds received, tenant receivables report, a current rent roll for the Units and other marketing information, each certified to fairly represent the status of the construction and sale of the Units and, after Substantial Completion, the Premises by the Borrower's chief

financial Designated Officer, which reports shall be delivered to the Administrative Agent no later than fifteen (15) days after the last day of each calendar month;

(f) as soon as available and in any event no later than forty-five (45) days prior to the last day of each Fiscal Year (commencing after the Effective Date), a budget for the next Fiscal Year, which budget shall be prepared on a calendar month basis and shall contain a projected balance sheet and statement of earnings and cash flow of the Borrower for such Fiscal Year, prepared in reasonable detail by the chief financial or accounting Authorized Representative of the Borrower (the Administrative Agent shall have the right to request clarifications on such budget within twenty (20) days after delivery thereof);

(g) promptly when available and in any event no later than thirty (30) days prior to the expiration thereof, proof that all material licenses, permits and consents and similar rights required by any Governmental Instrumentality for the ownership, use or operation of the Borrower's business have been validly renewed and are in full force and effect;

(h) as soon as available and in any event within five (5) Business Days after any change in the Authorized Representatives of the Borrower or the Guarantor, a certified specimen signature of such new Authorized Representative so appointed together with evidence of the authority of such new Authorized Representative;

(i) as soon as possible and in any event within five (5) Business Days after the Borrower obtains knowledge of the occurrence of a Default, any Event of Loss or any act, event or condition which could reasonably be expected to have a Material Adverse Effect, a statement of the chief executive, financial or accounting Authorized Representative of such Person setting forth details thereof and the action which such Person has taken and proposes to take with respect thereto;

(j) as soon as possible and in any event within five (5) Business Days after the Borrower obtains knowledge of (x) the occurrence of any material adverse development with respect to any litigation, action, proceeding or labor controversy of the type and materiality described in Item 7.13 of the Disclosure Schedule, or (y) the commencement of any litigation, action, proceeding or labor controversy of the type and materiality described in Item 7.13 of the Disclosure Schedule, a copy of all relevant documentation relating thereto;

(k) as soon as possible and in any event within five (5) Business Days after the Borrower becomes aware of (w) the institution of any steps by the Borrower or any other Person to terminate any Welfare Plan, (x) the failure to make a required contribution to any Welfare Plan if such failure is sufficient to give rise to a Lien against any portion of the Premises, (y) the taking of any action with respect to a Welfare Plan which could result in the requirement that the Borrower furnish a bond or other security to any Person or (z) the occurrence of any event with respect to any welfare Plan which could result in the incurrence by the Borrower of any material liability, fine or penalty, a copy of all relevant documentation relating thereto;