

COVENANT

(forming part of the Mortgage to which it is annexed)

IN CONSIDERATION of the sum of TWO DOLLARS (\$2.00) paid by the Mortgagee to the Principal Debtors and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Principal Debtors jointly and severally covenant and agree:

to be liable as is the Mortgagor for the due payment of all monies payable under the Mortgage at the times and in the manner therein provided or as it may be amended from time to time; and it is the express intention of the Mortgagor, Mortgagee and Principal Debtors that the Principal Debtors shall be liable to the Mortgagee in the same manner and to the same extent as if the Principal Debtors had executed the Mortgage (and any renewals or amending agreements thereof) as Mortgagor;

to perform and discharge all the obligations to be fulfilled by the Mortgagor pursuant to the provisions of the Mortgage (and all other security documentation) at the times and in the manner therein provided;

to indemnify and save harmless the Mortgagee against and from all losses, damages, costs and expenses which the Mortgagee may sustain, incur, or be or become liable for by reason of the failure, for any reason whatsoever, of the Mortgagor to either pay the monies expressed to be payable pursuant to the provisions of the Mortgage or to do and perform any other act, matter or thing pursuant to the Mortgage and all other security documentation;

that the Mortgagee may at any time and from time to time and without notice to, or any consent or concurrence by the Principal Debtors, make any settlement or variation in terms of the Mortgage (including the interest rate) or grant any renewals, extension of time or other indulgence, or accept the surrender of any security, and that no such thing done by the Mortgagee nor any carelessness or neglect by the Mortgagee in asserting or preserving its rights nor the loss by operation of law of any right of the Mortgagee against the Mortgagor, nor the bankruptcy or insolvency of the Mortgagor, nor the loss or destruction of any security shall in any way release or diminish the Principal Debtors liability hereunder, so long as any monies expressed by the Mortgage to be payable remain unpaid or the Mortgagee has not been reimbursed for all such losses, damages, costs, Mortgages and expenses as aforesaid;

that the Mortgagee shall not be obliged to proceed against the Mortgagor or to enforce or exhaust any security before proceeding to enforce the obligations herein set out and that enforcement of such obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Mortgagor or the enforcement of any security for any such debt or obligation;

that nothing but payment and satisfaction in full of all outstanding monies secured by the Mortgage and the due performance and observation of all covenants, agreements and provisos in the Mortgage and any other security to be given to the Mortgagee shall release the Principal Debtors of this Covenant;

that without consent this covenant and/or any other security held by the Mortgagee shall be assignable by the Mortgagee and that assignment of the Mortgage and/or any other security shall constitute assignment of this covenant and that this covenant shall not be deemed to have been waived, released, discharged, impaired or affected by reason of the assignment and/or reassignment of the Mortgage and/or any other security at any time;

that upon any breach or default by the Mortgagor, this covenant shall be deemed to have been breached;

that their liability under this covenant shall not be impaired or discharged by reason of the Mortgagee taking further or other security for payment of the monies due or to become due under the Mortgage, or by the Mortgagee at any time releasing any security or partial security thereunder, or the release or partial release of any other Principal Debtor hereto whether by the Mortgagee or by operation of law, or by any other act or thing whereby as Principal Debtor, the Principal Debtor would or might be released in whole or in part;

that any payment by the Principal Debtor(s) of any monies under this covenant shall not be in any event taken to affect the liability of the Mortgagor for payment thereof, but such liability shall remain unimpaired and enforceable by the Principal Debtors against the Mortgagor and the Principal Debtors shall, to the extent of any such payments made by them in addition to all other remedies be subrogated as against the Mortgagor to all the rights, privileges and powers to which the Mortgagee was entitled prior to payment by the Principal Debtors, provided, nevertheless, that the Principal Debtors shall not be entitled in any event to rank for payment against the Mortgaged premises or any security, in competition with the Mortgagee and shall not unless and until the whole of the principal, interest and other monies owing on the security of this Mortgage shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Mortgagee;

that they hereby expressly waive all notices of default, non-performance, non-payment and non-observance on the part of the Mortgagor of the terms, covenants and provisos contained in the Mortgage (and other security documents) or in the Mortgage as it may be amended from time to time;

that the Mortgage would not have been entered into by the Mortgagee without this covenant;

that they have reviewed the Mortgage (including this Covenant) and the Standard Mortgage Terms and other security documentation prior to executing this covenant document;

that Mortgage herein means the Mortgage of which this Covenant forms part and any agreement amending the Mortgage from time to time without the consent of or notice to the Principal Debtors; and

the liability hereunder of any corporate Principal Debtor is limited to an amount which is \$1,000.00 less than the maximum amount for which it, on the date hereof, could provide financial assistance to the Mortgagor without contravening the requirements of Section 20 of the Ontario Business Corporations Act. Each corporate Principal Debtor further agrees that, to the extent, if any, permitted by law, the amount of its obligations under this Covenant shall increase from time to time to an amount which is \$1,000.00 less than the maximum amount such Principal Debtor could at such time, provide financial assistance to the Mortgagor without contravening the requirements of Section 20 of the Ontario Business Corporations Act.

The Mortgage and the Covenant set out herein shall ensure to the benefit of and be binding upon the heirs, executors, administrators, successors, assigns and other legal representatives, as the case may be, of each of the parties thereto and words in the singular include the plural and words in the plural include the singular, and words importing the masculine gender include the feminine and neuter genders where the context so requires.

Given at _____, Alberta this _____ day of _____, _____.

Principal debtor

Principal debtor

IN WITNESS WHEREOF the Principal Debtors have executed these presents this _____ day of _____, _____.

WITNESS:
