



COST OVERRUN AND COMPLETION AGREEMENT

THIS AGREEMENT made as of the _____ day of _____, _____.

AMONG:

[_____]
(hereinafter collectively referred to as the "Guarantor")

OF THE FIRST PART

- and -

[_____]
(hereinafter referred to as the "Borrower")

OF THE SECOND PART

- and -

LIBRO CREDIT UNION LIMITED

(hereinafter called the "Lender")

OF THE THIRD PART

WHEREAS by a commitment letter dated [_____], (the "Commitment Letter") issued by the Lender, the Lender agreed to provide financing for construction and development of a townhouse condominium project (the "Project") on the lands more particularly described in Schedule A attached hereto (the "Property");

AND WHEREAS it was a condition to the advance of funds under the Commitment Letter that the Borrower and the Guarantor enter into this Agreement with respect to cost overruns and the completion of the Project;

NOW THEREFORE in consideration of the premises and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto jointly and severally agree as follows:

1. The terms used herein shall have the same meaning ascribed to them in the Commitment Letter unless the context otherwise requires.

2. The Borrower and Guarantor promise and agree to construct and complete the Project efficiently and expeditiously and in accordance with the approved plans and specifications therefor (including any amendments and alterations thereof which shall be approved and consented to in writing by the Lender if the amendments or alterations in question involve a variation of the total cost of the Project of more than \$25,000) and the Borrower and Guarantor agree to promptly pay all costs of construction in completing the Project including all bills of labour and materials therefor as the said bills are incurred, including without limitation any cost overruns and deficiencies experienced with respect to construction and development of the Project in excess of the Project budget as approved by the Lender, and the Borrower and Guarantor agree at all times to keep the Project and Property, free and clear of all construction liens. Any cost overruns and deficiencies in excess of the aggregate costs set out in the Project budget approved by the Lender shall immediately be reported to the Lender and Project Monitor as soon as such cost overruns or deficiencies are identified, and shall immediately be paid from the Borrower's and Guarantor's own resources. Should any construction liens be filed against the Project and/or Property, the Borrower and Guarantor agree to promptly pay and discharge all such construction liens.

The Borrower and Guarantor covenant and agree to promptly pay when incurred, any and all cost overruns and deficiencies from the Borrower's and Guarantor's own resources, which are in excess of the Project budgets approved by the Lender in respect of the Project. The Borrower and Guarantor acknowledge and agree that any cost overruns shall be paid within 5 days of the time such costs are incurred. If such cost overruns have not been funded within such 5 day period, the Lender may, at its option, deem such non-payment an event of default, and refuse to advance any further funds and may demand repayment of all indebtedness then owing to the Lender by the Borrower.

3. In the event of any failure on the part of the Borrower and/or Guarantor to satisfy its obligations as herein provided for, it is agreed that the Lender shall have a direct cause of action against the Borrower and/or Guarantor for the Borrower and Guarantor's liability as provided herein.

4. It is agreed that the Lender shall have no duty or responsibility to pursue the Borrower, Guarantor, or any one else primarily or otherwise liable or responsible for the construction and completion of the Project or any part thereof or payment of any of the costs thereof including any cost overruns. The Lender may at its election from time to time look to and require performance by the Guarantor of the obligations hereunder without first proceeding or attempting to enforce any of the Lender's rights against the Borrower

or against the Project, or instituting or conducting any foreclosure or sale proceedings under the Lender's security or otherwise realizing upon or enforcing any other security. Nothing herein is intended or shall be construed to impair any of the Lender's rights against the Borrower it being agreed that the obligation of the Guarantor hereunder is in addition to any other security held by or given to the Lender, and which rights are additional and cumulative rights given the Lender for its security and as an inducement for the credit facilities.

6. The Guarantor hereby agrees that the Lender may in its absolute discretion and without notice to the Guarantor and without prejudice to or in any way limiting or lessening the Guarantor's liability under this Agreement grant extensions of time and other indulgences; take or give up or modify, vary, exchange, renew or abstain from perfecting or taking advantage of any security; waive, alter, suspend or impair any of the Lender's remedies or rights against the Borrower; make, enter into, or alter any instrument or agreement relating to, evidencing or securing the credit facilities or any duties or obligations of the Borrower; consent to any changes, alterations or amendment to the plans and specifications for the Project or any part thereof; and otherwise deal with the Borrower and the Project and the Lender's security as the Lender may deem expedient.

7. Any notice or communication required to be given to the Borrower, the Lender or the Guarantor shall be in writing and may be delivered by registered mail or sent by electronic communication and it shall be deemed:

- (a) in the case of delivery to have been given when the same is personally delivered to the addressee at the address hereinafter set forth;
- (b) if addressed to such party at its address as set forth hereafter or to such other address as such party may by notice in writing furnish to the parties seeking or desiring to give notice as a place for the giving of notice in the case of dispatch by registered mail except during a postal disruption to have been duly given at 5:00 in the afternoon (local time to the sender) on the second (2nd) day after the day the same was deposited in a public post box,

and if addressed to the Borrower as follows:

[• _____]
[• _____]
[• _____]

and if addressed to the Guarantor as follows:

[• _____]

and to the Lender as follows:

Libro Credit Union Limited
217 York Street
London Ontario, N6A 5P9

This Agreement shall ensure to the benefit of and be binding upon the parties hereto and their successors and assigns.

IN WITNESS WHEREOF each of the Borrower and Guarantor has executed this Agreement.

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

We have authority to bind the Corporation.

Witness

[individual guarantors]

Name of Corporate Guarantor

Name of Corporate Guarantor

Per: _____
Name: _____
Title: _____
I have authority to bind the corporation.

Per: _____
Name: _____
Title: _____
I have authority to bind the corporation.

SCHEDULE A

Legal Description

Legal Description and Municipal Address: