



LEAGUE SAVINGS AND MORTGAGE

A Credit Union Company

GUARANTEE AND POSTPONEMENT OF CLAIM

THIS GUARANTEE is made as of the _____ day of _____.

WHEREAS LEAGUE SAVINGS AND MORTGAGE COMPANY (the "Lender") issued to _____ (the "Borrower") an Offer of Finance letter dated _____, as amended, modified, extended or renewed from time to time (hereinafter collectively referred to as the "Commitment") whereby the Lender has agreed to make a loan in the sum of \$ _____ (the "Loan") to the Borrower secured, inter alia, by a charge I mortgage of lands and premises (the "Mortgage") known as civic _____ described as _____, and identified as PID _____ (the "Property");

AND WHEREAS the undersigned, _____ (the "Guarantor") has agreed to provide the Lender with a guarantee of the Obligations (hereinafter defined) of the Borrower;

NOW THEREFORE THIS GUARANTEE WITNESSETH that in consideration of the premises and the covenants and agreements herein contained, the sum of \$2.00 now paid by the Lender to the Guarantor and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Guarantor covenants with the Lender as follows:

ARTICLE 1 GUARANTEE

1.1 Guarantee

The Guarantor hereby unconditionally and irrevocably guarantees payment of the "Indebtedness", as defined in the Mortgage, at any time owing by the Borrower to the Lender or remaining unpaid by the Borrower to the Lender (hereinafter collectively referred to as the "Obligations"), together with interest thereon as provided in the Commitment. The Guarantor acknowledges having received and reviewed a copy of the Commitment.

1.2 Indemnity

If any or all of the Obligations are not duly performed by the Borrower and are not performed under Section 1.1 for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Lender from and against all losses resulting from the failure of the Borrower to perform such Obligations.

1.3 Primary Obligation

If any or all of the Obligations are not duly performed by the Borrower and are not performed under Section 1.1 , or the Lender is not indemnified under Section 1.2, in each case, for any reason whatsoever, such Obligations will, as a separate and distinct obligation, be performed by the Guarantor as primary obligor.

1.4 Guarantee Absolute

- (a) The liability of the Guarantor hereunder shall be absolute and unconditional and shall not be affected by:
- (i) any lack of validity or enforceability of any agreements between the Lender and any Borrower Entity (as hereinafter defined), including any of the security documents granted under the terms of the Commitment; any change in the time, manner or place of payment of or in any other term of such agreements, or the failure on the part of any Borrower Entity to carry out any of its obligations under such agreements;
 - (ii) any impossibility, impracticability, frustration of purpose, illegality, *force majeure* or act of government;
 - (iii) the bankruptcy, winding-up, liquidation, dissolution or insolvency of any Borrower Entity or any party to any agreement to which the Lender is a party;
 - (iv) any lack or limitation of power, incapacity or disability on the part of any Borrower Entity or the Lender or of the directors, partners or agents thereof, or any other irregularity, defect or informality on the part of any Borrower Entity in its obligations to the Lender; or
 - (v) Any other law, regulation or other circumstance which might otherwise constitute a defense available to, or a discharge of, any Borrower Entity in respect of any or all of the Obligations.

(For the purpose of this Guarantee, "**Borrower Entity**" means the Borrower, each beneficial owner (if any) of the mortgaged property, each indemnifier (if any) and any other guarantor of all or part of the Indebtedness.)

- (b) Any amount which may not be recoverable from the Guarantor by the Lender on the basis of a guarantee shall be recoverable by the Lender from the Guarantor as principal debtor in respect thereof, and shall be paid to the Lender forthwith after demand therefor as provided herein.

ARTICLE 2 DEALINGS WITH BORROWER AND OTHERS

2.1 No Release

The liability of the Guarantor hereunder shall not be released, discharged, limited or in any way affected by anything done, suffered or permitted by the Lender in connection with any duties or liabilities of the Borrower to the Lender or any security therefor, including any loss of or in respect of any security received by the Lender from the Borrower or other Borrower Entity. Without limiting the generality of the foregoing and without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantor's liability hereunder, without obtaining the consent of or giving notice to the Guarantor, the Lender, as the case may be, may discontinue, reduce, increase or otherwise vary the credit of the Borrower and/or any other Borrower Entity in any manner whatsoever and may:

- (a) make any change in the time, manner or place of payment under, or in any other term of, any agreement between the Borrower and/or any other Borrower Entity and the Lender, or the failure on the part of the Borrower and/or any other Borrower Entity to carry out any of its obligations under any such agreement;
- (b) grant time, renewals, extensions, indulgences, releases and discharges to the Borrower and/or other Borrower Entity;
- (c) take or abstain from taking or enforcing securities or collateral from the Borrower and/or any other Borrower Entity or from perfecting securities or collateral of the Borrower and/or any other Borrower Entity;
- (d) accept compromises from the Borrower and/or any other Borrower Entity;
- (e) apply all money at any time received from the Borrower and/or any other Borrower Entity or from securities upon such part of the Obligations as the Lender may see fit, or change any such application in whole or in part from time to time as the Lender may see fit; and
- (f) Otherwise deal with the Borrower and/or any other Borrower Entity and all other persons and securities as the Lender may see fit.

2.2 No Exhaustion of Remedies

The Lender shall not be bound or obligated to exhaust its recourse against the Borrower, any other Borrower Entity or other persons or any securities or collateral it may hold, or take any other action before being entitled to demand payment from the Guarantor hereunder.

2.3 Prima Facie Evidence

Any account settled or stated in writing by or between the Lender and the Borrower shall be prima facie evidence that the balance or amount thereof appearing due to the Lender is so due.

2.4 No Set-off

In any claim by the Lender against the Guarantor, the Guarantor may not assert any set-off or counterclaim that either the Guarantor or the Borrower may have against the Lender.

ARTICLE 3
CONTINUING GUARANTEE

3.1 Continuing Guarantee

This Guarantee shall be a continuing guarantee of the Obligations, and shall apply to and secure any ultimate balance due or remaining due to the Lender, and shall not be considered as wholly or partially satisfied by the payment or liquidation at any time of any sum of money for the time being due or remaining unpaid to the Lender. This Guarantee shall continue to be effective even if at any time any payment of any of the Obligations is rendered unenforceable or is rescinded or must otherwise be returned by the Lender upon the occurrence of any action or event including the insolvency, bankruptcy or reorganization of the Borrower or otherwise, all as though such payment had not been made.

ARTICLE 4
DEMAND

4.1 Demand

The Lender shall be entitled to make demand upon the Guarantor at any time upon the occurrence of any Event of Default (as defined in the standard charge terms forming part of the Mortgage), and upon such Event of Default, the Lender may treat all Obligations as due and payable and may forthwith collect from the Guarantor the total amount guaranteed hereunder whether or not such Obligations are yet due and payable at the time of demand for payment hereunder. The Guarantor shall make payment to the Lender of the total amount guaranteed hereunder forthwith after demand therefor is made to the Guarantor. The Guarantor shall pay all reasonable costs and expenses incurred by the Lender in enforcing this Guarantee.

4.2 Interest

The Guarantor shall pay interest to the Lender at the Interest Rate (established pursuant to the Commitment) on the unpaid portion of all amounts payable by the Guarantor under this Guarantee, such interest to accrue from and including the date of demand by the Lender on the Guarantor.

ARTICLE 5
ASSIGNMENT, POSTPONEMENT AND SUBROGATION

5.1 Assignment and Postponement

All debts and liabilities, present and future, of the Borrower to any party comprising the Guarantor are hereby assigned to the Lender and postponed to the Obligations, and all money received by any party comprising the Guarantor in respect thereof shall be held in trust for the Lender and forthwith upon receipt shall be paid over to the Lender upon the Lender giving the Guarantor notice of default of payment of the Obligations by the Borrower, the whole without in any way lessening or limiting the liability of the Guarantor hereunder, and this assignment and postponement is independent of the Guarantee and shall remain in full force and effect until, in the case of the assignment, the liability of the

Guarantor under this Guarantee has been discharged or terminated and, in the case of the postponement, until all Obligations are performed and paid in full.

5.2 Subrogation

The Guarantor will not be entitled to subrogation until the Obligations are performed and paid in full.

ARTICLE 6 GENERAL

6.1 Benefit of the Guarantee

This Guarantee will enure to the benefit of the Lender and its respective successors and assigns and be binding upon the Guarantor and his heirs, administrators, executors, successors and assigns.

6.2 Entire Agreement

This Guarantee is subject to all of the terms and conditions of the Commitment, and if there is any conflict or inconsistency between the provisions of this Guarantee and the provisions of the Commitment, the rights and obligations of the parties will be governed by the provisions of the Commitment. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties except as expressly set forth herein, or in the Commitment. The Lender shall not be bound by any representations or promises made by the Borrower to the Guarantor, and possession of this Guarantee by the Lender shall be conclusive evidence against the Guarantor that the Guarantee was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with.

6.3 Amendments and Waivers

No amendment to this Guarantee will be valid or binding unless set forth in writing and duly executed by the Guarantor and the Lender. No waiver of any breach of any provision of this Guarantee will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

6.4 Severability

If any provision of this Guarantee is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

6.5 Notices

Any demand, notice or other communication to be given to the Guarantor in connection with this Guarantee shall be sufficiently given if hand-delivered or sent by registered letter, postage prepaid, and such notice shall be deemed to have been given on the fifth business day following the mailing thereof to the Guarantor at:

6.6 Discharge

The Guarantor will not be discharged or released from any of its Obligations hereunder except upon payment in full of the total amount guaranteed hereunder together with any interest thereon as provided in Section 4.2.

6.7 Additional Security

This Guarantee is in addition and without prejudice to, or in substitution for, any security of any kind (including, without limitation, other guarantees) now or hereafter held by the Lender and any other rights or remedies that the Lender might have.

6.8 Governing Law

This Guarantee will be governed by and construed in accordance with the laws of the Province of Nova Scotia and the laws of Canada applicable therein.

6.9 Executed Copy

The Guarantor acknowledges receipt of a fully executed copy of this Guarantee.

6.10 "As is" Assignment

In the event the Guarantor pays the Lender the Obligations remaining outstanding and all other amounts due by the Guarantor to the Lender under this Guarantee, the Lender agrees to assign to the Guarantor, on a without recourse, warranty or representation and "as is" basis, the Obligations and all assignable security held by the Lender therefor.

IN WITNESS WHEREOF the Guarantor has executed this Guarantee.

In the presence of:)
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