

SCHEDULE II

MEMORANDUM OF TRUST CONDITIONS

This Memorandum of Trust Conditions is contemplated for use in a Closing under the Western Law Societies Conveyancing Protocol (the "Protocol"), and may be identified as the Memorandum of Trust Conditions, LSM 2009-1.

Each capitalized term in this Memorandum of Trust Conditions shall have the meaning ascribed to it under the Protocol, except as varied by the agreement of the Vendor's Lawyer and the Purchaser's Lawyer.

On the Closing of any transaction of purchase and sale which incorporates this Memorandum of Trust Conditions by written reference, the following conditions of trust shall apply.

A. TRUST CONDITIONS BINDING THE VENDOR'S LAWYER

1. That, on or before the Closing, the Vendor's Lawyer will deliver to the Purchaser's Lawyer:
 - (a) the Duplicate Title (unless the same has not been issued or is on deposit at the Land Titles Office);
 - (b) a properly completed and executed Transfer which, to the best of the Vendor's Lawyer's knowledge, will be sufficient, when completed by the Purchaser and submitted for registration in the Land Titles Office, to cause Title to the Land to issue to the Purchaser, free and clear of Registrations other than the Permitted Registrations, the acknowledged Non-Permitted Registrations, and any Registrations arising by, through or against the Purchaser;
 - (c) the Vendor's Declaration as to Possession, in a form satisfactory to the Purchaser's Lawyer, which contains, among others, the declarations prescribed under Schedule V of the Protocol, and which is executed in accordance with section 72 of *The Real Property Act*;
 - (d) the Statement of Adjustments; and
 - (e) any key in the Vendor's Lawyer's possession which is represented as being a key to the premises on the Land;
2. That the Vendor's Lawyer will have on hand a second executed original of the Vendor's Declaration as to Possession described in condition (a)(iii) above;
3. That the Vendor's Lawyer will instruct the Vendor that:

- (a) vacant possession of the Land is to be given to the Purchaser on or before the date of Closing, in accordance with the Agreement, and that all keys (other than those delivered to the Vendor's Lawyer), security codes, garage door openers and other access mechanisms, are to be left on the premises;
 - (b) the final water account reading is to be taken and submitted to the Vendor's Lawyer or to the Municipality on or immediately before the Closing date;
 - (c) all accounts for utilities supplied to the Land are to be paid in full up to the Closing date; and
 - (d) all chattels and fixtures so described in the Agreement are to remain on the Land, free and clear of all encumbrances.
4. That the Vendor's Lawyer will obtain a Title search (whether in verbal, electronic or paper form), effective as of the Closing date, which evidences that the Title is subject to no Registrations other than the Permitted Registrations, the acknowledged Non-Permitted Registrations, and any Registrations arising by, through or against the Purchaser, and will confirm the same to the Purchaser's Lawyer, in writing (by fax, e-mail or delivery), forthwith upon receipt;
5. That the Vendor's Lawyer will hold all sale proceeds until satisfaction of each of the foregoing conditions and, thereafter:
- (a) the Vendor's Lawyer will forthwith pay-out all Non-Permitted Registrations and, within a reasonable period, will obtain and deliver to the Purchaser's Lawyer registrable Discharges of all Non-Permitted Registrations, together with the required filing fees therefor and the cost of obtaining a new Status of Title;
 - (b) the Vendor's Lawyer will forthwith pay the outstanding realty tax arrears and penalties affecting the Land to the Closing Date, in such amount as the Vendor's Lawyer and the Purchaser's Lawyer have mutually acknowledged, on Closing, as being due; and
 - (c) the Vendor's Lawyer will forthwith pay the final water account (if same represents a lienable amount), such account being based on a final actual reading taken on or about the Closing date; and
6. That, if the Transfer and Mortgage documents are held up or rejected by the Land Titles Office due to a defect in the Transfer which is remediable by the Vendor's Lawyer using all reasonable efforts, the Vendor's Lawyer will forthwith attend at the Land Titles Office or take such other steps as may be prescribed by the Land Titles Office in order to remedy such defect (whether as agent or otherwise), and will return the documents to the Purchaser's Lawyer, together with any related rejection fee, for re-submission for registration.

B. TRUST CONDITIONS BINDING THE PURCHASER'S LAWYER

1. That, on or before the Closing, the Purchaser's Lawyer:
 - (a) will provide the Vendor's Lawyer with the balance due on Closing, as shown on the Statement of Adjustments;
 - (b) will have on hand the Purchaser's Mortgage, in registrable form, and
 - (c) will have on hand the Purchaser's Declaration as to Possession, in duplicate, executed in accordance with section 72 of *The Real Property Act* and containing, among others, the declarations prescribed under Schedule V of the Protocol;
2. That the Purchaser's Lawyer will obtain from the Vendor's Lawyer written confirmation of receipt of a Title search (whether in verbal, electronic or paper form), effective as of the Closing date, which evidences that the Title is subject to no Registrations other than the Permitted Registrations, the acknowledged Non-Permitted Registrations, and any Registrations arising by, through or against the Purchaser or, alternatively, the Purchaser's Lawyer will obtain such a Title search from the Land Titles Office;
3. That, forthwith after satisfaction of each of the foregoing conditions, the Purchaser's Lawyer will arrange for completion of any incomplete sections of the Transfer and, forthwith thereafter (and within 2 business days), will forward to the Land Titles Office the Transfer, the Duplicate Title, if applicable, and the Mortgage (accompanied by the Registration Details Application and the related fees and land transfer taxes) for registration in series in the Land Titles Office; and
4. That, if the Transfer and Mortgage are held up or rejected by the Land Titles Office due to a defect in the Transfer or the Mortgage which is remediable by the Purchaser's Lawyer using all reasonable efforts, the Purchaser's Lawyer will forthwith attend at the Land Titles Office or take such other steps as may be prescribed by the Land Titles Office in order to remedy such defect (whether as agent or otherwise), will pay any related rejection fee, and will re-submit the documents for registration.