



**STANDARD MORTGAGE TERMS  
RESIDENTIAL**

**MT010106**

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The following set of standard mortgage terms is deemed to be included in every mortgage in which this set of standard mortgage terms is referred to by its filing number, as provided by Section 225 of the *Land Title Act*, R.S.B.C. 1996, c.250.

**1. DEFINITIONS**

In this set of standard mortgage terms and every mortgage in Form B which refers to its filing number and in all schedules, attachments and addenda to each such Form B:

“*Act*” means the *Land Title Act*, R.S.B.C. 1996, c.250, as amended or replaced from time to time.

“Additional Principal Amounts” means any additional principal amounts advanced by the Mortgagee to the Mortgagor at the Mortgagee’s option, from time to time under this Mortgage.

“Adjusted Posted Rate” means the Posted Rate, on the date of a prepayment of the whole or part of the Outstanding Principal Amount, for mortgages with a term similar to the period remaining in the Term and having the same prepayment privileges as the Mortgage, less the amount, if any, by which the Interest Rate was reduced below the Posted Rate applicable on the date the Mortgage took effect for mortgages having the same term and prepayment privileges as the Mortgage.

“Amount of Each Periodic Payment” means: (1) the amount set out or referred to in item 5(g) of Form B; or (2) the amount determined by the Mortgagee pursuant to section 5 of this set of standard mortgage terms; or (3) such other amount as may be agreed upon by the parties.

“Balance Due Date” means the date set out or referred to in item 5(l) of Form B.

“*Builders Lien Act*” means the *Builders Lien Act*, S.B.C. 1997, c.45, as amended or replaced from time to time.

“Cash Back Incentive Amount” means the portion of monies, if any, paid by the Mortgagee to the Mortgagor as an incentive to enter into or renew this Mortgage.

“Closed Mortgage” means a Mortgage which is stated to be a Closed Mortgage in item 10 of Form B.

“CMHC” means Canada Mortgage and Housing Corporation.

“Covenantor” means any person who has executed one or more of Part 1, Part 2, a copy of either of them or an acknowledgement in writing in respect of this Mortgage as a covenantor.

“Double-Up Payment Option” means the prepayment privileges described in section 11 of this set of standard mortgage terms.

“First Payment Date” means the date set out or referred to in item 5(f) of Form B.

“Fixed Rate Mortgage” means a Mortgage which is stated to be a Fixed Rate Mortgage in item 10 of Form B.

“Fixtures” means fixtures and improvements, fixed or otherwise without limiting the generality of the foregoing, all fences, above ground and underground storage tanks, heating, piping, plumbing, aerials, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, appliances, window blinds, radiators and covers, fixed mirrors, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight.

“Form B” means a form identified by the heading and in the form of “Form B” under the *Act* which refers to this set of standard mortgage terms by this set’s filing number and which is signed by the Mortgagor.

“*Homeowner Protection Act*” means the *Homeowner Protection Act*, S.B.C. 1998, c. 31, as amended or replaced from time to time.

“Interest Adjustment Date” means the date set out or referred to in item 5(c) of Form B.

“Interest Rate” means the percentage per annum set out or referred to in item 5(b) of Form B.

“Interest Rate Differential” means the interest for the remainder of the Term at a rate of interest equal to the extent to which the Interest Rate exceeds the Adjusted Posted Rate.

“*Land Transfer Form Act*” means the *Land Transfer Form Act*, R.S.B.C. 1996, c.252, as amended or replaced from time to time.

“Last Payment Date” means the date set out or referred to in item 5(i) of Form B.

“Lease” or “Leases” includes a written or unwritten lease, sublease, agreement to lease, tenancy, licence, right of use or occupation, right of first refusal to lease, option to lease or licence, together with all renewals, extensions, modifications, replacements and assignments thereof.

“Leasehold Rents” means all rents and other payments due or accruing due or at any time hereafter to become due and payable by the Mortgagor pursuant to Leases, including taxes, assessments, rates, costs or charges of whatever kind.

“Loan to Value Ratio” means the ratio of the Principal Amount of the Mortgage to the lesser of: (a) the purchase price paid by the Mortgagor to acquire the Mortgaged Land; or (b) the value of the Mortgaged Land on the date the Mortgage takes effect. The value of the Mortgaged Land shall be determined by the Mortgagee in its sole discretion.

“Maximum Interest Rate” means the percentage per annum indicated in item 10 of Form B which percentage is stated to be the Maximum Interest Rate for a RateCapper Mortgage.

“Mortgage” means the mortgage created by Part 1 and Part 2 together.

“Mortgaged Land” means the lands and premises set out or referred to in item 2 of Form B, or the Mortgagor’s interest therein set out or referred to in item 8 of Form B, together with all benefits, easements, licenses, privileges, rights of way and servitudes appertaining thereto or connected therewith and every other thing referred to in Section 10 of the *Land Transfer Form Act*, together with all buildings, erections and Fixtures now on or hereafter put upon such lands.

“Mortgagee” means the party or parties set out or referred to in item 4 of Form B as the Lender(s) [Mortgagee(s)].

“Mortgagor” means the party or parties set out or referred to in item 3 of Form B as the Borrower(s) [Mortgagor(s)].

“*NHA* Mortgage” means a Mortgage which is stated to be a *NHA* Mortgage in item 10 of Form B and thus governed by the *National Housing Act*, R.S.C. 1985, c.N-11, as amended or replaced from time to time.

“Open Mortgage” means a Mortgage which is stated to be an Open Mortgage in item 10 of Form B.

“Outstanding Principal Amount” means the aggregate of the portion of the Principal Amount and any Additional Principal Amounts that are outstanding from time to time under this Mortgage.

“Part 1” means all of the terms, conditions and other information contained in Form B and any schedules, attachments or addenda to Form B.

“Part 2” means this set of standard mortgage terms.

“Payment Date” or “Payment Dates” means those date or dates or day or days set out or referred to in item 5(e) of Form B or such other date or dates or day or days as may be agreed upon by the parties.

“Place of Payment” means the address set out or referred to in item 5(k) of Form B, or such other place as the Mortgagee may designate from time to time.

“Posted Rate” means the annual interest rates announced from time to time by the Mortgagee applicable to fixed rate residential mortgage loans in Canada which rates vary depending upon the term and prepayment privileges applicable to the loan.

“Prime Rate” means the annual rate of interest announced from time to time by the Mortgagee as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

“Principal Amount” means the amount set out or referred to in item 5(a) of Form B.

“RateCapper Mortgage” means a Mortgage which is stated to be a RateCapper Mortgage in item 10 of Form B.

“*Regulation*” means the *Land Title (Transfer Forms) Regulation*, B.C. Reg. 53/90, as amended or replaced from time to time.

“Rents” means all rents and other monies due or accruing due or at any time hereafter to become due pursuant to any Leases with respect to the Mortgaged Land or any part thereof and the benefit of all guarantees of payment and all covenants to pay therein.

“Reversion” has the meaning given to it in section 18(a) of this set of standard mortgage terms.

“Strata Corporation” means the strata corporation created pursuant to the *Strata Property Act* and governing the administration of the strata lot or lots of which the Mortgaged Land forms part.

“Strata Lot” has the meaning given to it in the *Strata Property Act*.

“*Strata Property Act*” means the *Strata Property Act*, S.B.C. 1998, c. 43, as amended or replaced from time to time.

“Taxes” means all municipal taxes, school taxes and local improvement rates chargeable against the Mortgaged Land.

“Term” means the period of time from the Interest Adjustment Date to the Balance Due Date, or such other period of time as may be agreed upon by the parties.

“Variable Rate Mortgage” means a Mortgage which is stated to be a Variable Rate Mortgage in item 10 of Form B.

## **2. CHARGE**

The following charging provision applies only if a specific mortgage and charge on the Mortgaged Land is not included in Part 1:

The Mortgagor hereby grants, mortgages and charges to and in favour of the Mortgagee all right, title and interest of the Mortgagor in and to the Mortgaged Land as security for the payment to the Mortgagee of the principal, interest and all other monies and the performance or fulfillment of all liabilities and obligations secured by this Mortgage upon the terms set out in this Mortgage.

## **3. INTEREST RATE**

### **I FIXED RATE MORTGAGE**

If this Mortgage is a Fixed Rate Mortgage, the rate of interest chargeable on the Outstanding Principal Amount and all other monies payable under this Mortgage shall be the Interest Rate, calculated half-yearly, not in advance, as well after as before maturity, default and judgment until payment in full.

### **II. VARIABLE RATE MORTGAGE AND RATECAPPER MORTGAGE**

If this Mortgage is a Variable Rate Mortgage or a RateCapper Mortgage, the rate of interest chargeable on the Outstanding Principal Amount and all other monies payable under this Mortgage shall be the Interest Rate, payable monthly and calculated monthly, not in advance, as well after as before maturity, default and judgment until payment in full.

The Interest Rate will vary automatically, without notice to the Mortgagor, each time there is a change in the Prime Rate. The Interest Rate will always be the Prime Rate as adjusted by the number of percentage points per annum, if any, set out or referred to in the item 5(b) of the Form B, payable monthly and calculated monthly, not in advance except if this Mortgage is a RateCapper Mortgage, the Interest Rate shall not exceed the Maximum Interest Rate, payable monthly and calculated monthly, not in advance.

In the event that it may be necessary at any time for the Mortgagee to prove the Prime Rate applicable as at any time or times, the certificate in writing of the Mortgagee setting forth the Prime Rate as at any time or times shall be deemed to be conclusive evidence as to the Prime Rate at such time.

The Interest Rate calculated monthly not in advance is equivalent to the rate of interest calculated half-yearly not in advance shown in the equivalent rate table found in section 14 of this set of standard mortgage terms. The Mortgagor may determine the equivalent rate by locating the Interest Rate in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)". The half-yearly equivalent for the Maximum Interest Rate can be determined in the same way.

### III. MAXIMUM LEGAL INTEREST RATE

If the Interest Rate would, except for this section 3, exceed the maximum rate permitted under the laws of British Columbia or the laws of Canada having effect in British Columbia, then the Interest Rate shall be such maximum rate.

#### 4. DEFEASANCE

##### I. FIXED RATE MORTGAGE – BLENDED PAYMENTS, VARIABLE RATE MORTGAGE AND RATECAPPER MORTGAGE

If this Mortgage is a Fixed Rate Mortgage repayable in blended instalments of principal and interest, Variable Rate Mortgage and RateCapper Mortgage, this Mortgage shall be void, subject to section 9 of this set of standard mortgage terms, on payment to the Mortgagee at the Place of Payment of the Principal Amount plus interest thereon at the Interest Rate, as follows:

Interest at the Interest Rate on the portion of the Principal Amount from time to time advanced, computed from the respective dates of such advances up to and including the Interest Adjustment Date shall become due and be paid on the Interest Adjustment Date, provided that the Mortgagee, at its option, may require the aforesaid interest, computed from the date of each such advance to become due and payable in regular instalments commencing on the Payment Date next following the date of the first advance and on the Payment Dates thereafter, and the balance, if any, of the aforesaid interest on advances will become due and be paid on the Interest Adjustment Date. At the option of the Mortgagee, interest so due and payable may be deducted from any such advances;

Thereafter, the Principal Amount advanced, together with interest thereon at the Interest Rate, computed from the Interest Adjustment Date, shall become due and be paid by equal consecutive monthly instalments each in the Amount of Each Periodic Payment (which includes principal and interest) on the Payment Dates in each and every month and year thereafter from and including the First Payment Date, to and including the Last Payment Date, and the balance, if any, of the Principal Amount and interest thereon, shall become due and be paid on the Balance Due Date;

And on payment of any Additional Principal Amounts with interest thereon at the Interest Rate at the times and in the manner agreed to by the Mortgagor and the Mortgagee, all Taxes, rates, levies, charges, Leasehold Rents and assessments including, without limitation, utility charges, upon the Mortgaged Land or in respect thereof, no matter by whom or by what authority imposed, together with all penalties, interest and other such monies added thereto; and on payment of all other monies payable by the Mortgagor under this Mortgage; and on the observance and performance of all covenants, provisos and conditions required to be observed or performed by the Mortgagor under this Mortgage.

##### II. FIXED RATE MORTGAGE – INTEREST ONLY

If this Mortgage is a Fixed Rate Mortgage repayable in instalments of interest only until the Balance Due Date, this Mortgage shall be void, subject to section 9 of this set of standard mortgage

terms, on payment to the Mortgagee at the Place of Payment of the Principal Amount plus interest thereon at the Interest Rate, as follows:

Interest at the Interest Rate on the portion of the Principal Amount from time to time advanced, computed from the respective dates of such advances up to and including the Interest Adjustment Date shall become due and be paid on the Interest Adjustment Date, provided that the Mortgagee, at its option, may require the aforesaid interest, computed from the date of each such advance to become due and payable in regular instalments commencing on the Payment Date next following the date of the first advance and on the Payment Dates thereafter, and the balance, if any, of the aforesaid interest on advances will become due and be paid on the Interest Adjustment Date. At the option of the Mortgagee, interest so due and payable may be deducted from any such advances;

Thereafter, interest at the Interest Rate on the Principal Amount, computed from the Interest Adjustment Date, shall become due and be paid on the Payment Dates in each and every month and year from and including the First Payment Date until the Principal Amount is paid in full;

The whole of the Principal Amount shall become due and be paid in full on the Balance Due Date;

And on payment of any Additional Principal Amounts with interest thereon at the Interest Rate at the times and in the manner agreed to by the Mortgagor and the Mortgagee, all Taxes, rates, levies, charges, Leasehold Rents and assessments including, without limitation, utility charges, upon the Mortgaged Land or in respect thereof, no matter by whom or by what authority imposed, together with all penalties, interest and other such monies added thereto and on payment of all other monies payable by the Mortgagor under this Mortgage and on the observance and performance of all covenants, provisos and conditions required to be observed or performed by the Mortgagor under this Mortgage.

## **5. APPLICATION OF PAYMENTS**

So long as the Mortgagor is not in default under this Mortgage the Mortgagee shall apply the Amount of Each Periodic Payment and any other payment that may be made from time to time by the Mortgagor, firstly, to life or life and disability insurance premiums payable by the Mortgagor in respect of this Mortgage, if any, secondly, to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of this Mortgage, including tax accounts, if any, thirdly, to interest at the Interest Rate on the Outstanding Principal Amount, and the balance of the instalments shall be applied on account of the Outstanding Principal Amount.

On default by the Mortgagor, the Mortgagee may apply any payments received during the period of default in whatever order and amounts it may elect as between principal, interest, Taxes, insurance premiums, repairs, or other monies payable by the Mortgagor under this Mortgage.

If this Mortgage is a Variable Rate or a RateCapper Mortgage, then although the Amount of Each Periodic Payment to be paid by the Mortgagor under this Mortgage is fixed, the respective portions of interest and principal which comprise the Amount of Each Periodic Payment may vary as the Prime Rate varies and, therefore, the Interest Rate payable under the Mortgage varies.

If the Prime Rate increases, a larger portion of the Amount of Each Periodic Payment shall be applied to accrued interest, thus delaying the reduction of the Outstanding Principal Amount. If the Prime Rate declines, a larger portion of the Amount of Each Periodic Payment shall be applied to the Principal Amount thus accelerating the reduction of the Outstanding Principal Amount.

If the Mortgage is not in default and the Amount of Each Periodic Payment is not sufficient to pay all accrued interest on any Payment Date, the Mortgagor agrees that the Mortgagee may, without notice to the Mortgagor, increase the Amount of Each Periodic Payment in increments of two dollars (\$2.00), until the Amount of Each Periodic Payment is sufficient to pay all interest that has accrued from the last Payment Date up to and including the date of payment. The amount so paid shall become the new Amount of Each Periodic Payment until such time as the Mortgagee and Mortgagor may agree to a different Amount of Each Periodic Payment or the Amount of Each Periodic Payment is again increased in accordance with the terms hereof.

## **6. WITHHOLDINGS FROM PAYMENTS**

If the Mortgagor is required by law to make any deduction or withholding from any sum payable by the Mortgagor to the Mortgagee under this Mortgage, then the sum payable by the Mortgagor shall be increased to the extent necessary to ensure that, after making such deduction or withholding, the Mortgagee receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which the Mortgagee would have received and so retained had no such deduction or withholding been made or required to be made; and the Mortgagor shall pay the full amount to be deducted or withheld to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Mortgagee within thirty (30) days after such payment a receipt issued by such authority evidencing such payment. Alternatively, the Mortgagee, at its option, may agree to make such deduction and remit same to the relevant taxation or other authority on behalf of the Mortgagor. If the Mortgagee remits amounts on behalf of the Mortgagor, the Mortgagor shall remain liable for all amounts owing to the relevant taxation or other authority and shall pay to the Mortgagee, on demand, any additional amounts that may be payable to the taxation or other authority or shall provide evidence that the full amount has been paid to the taxation or other authority.

## **7. TAX ON LOAN**

The Mortgagor shall pay to the Mortgagee, on demand, the amount of any taxes (other than the Mortgagee's income taxes) that may be imposed upon or in respect of the principal, interest or other monies secured by this Mortgage that the Mortgagee may be called upon to pay, together with interest at the Interest Rate from the date on which such taxes are paid by the Mortgagee.

## **8. COMPOUND INTEREST**

If default is made in payment of interest at any time appointed for payment thereof, interest shall be payable thereon and the sum in arrears for interest from time to time, as well after as before maturity or judgment, shall itself bear interest at the Interest Rate, and in case the interest and compound interest are not paid on the next Payment Date after the date of default, a rest shall be made and compound interest at the Interest Rate shall be payable on the aggregate amount then due, as well after as before



maturity or judgment, and so on from time to time, and all such interest and compound interest shall be added to the monies secured by this Mortgage.

## **9. ADDITIONAL ADVANCES**

Upon repayment to the Mortgagee of the Principal Amount in whole or in part, the Mortgagor may from time to time, at the Mortgagee's option, borrow Additional Principal Amounts, in which event, this Mortgage will remain as security for the Outstanding Principal Amount, interest and other monies from time to time owing by the Mortgagor to the Mortgagee whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, provided that this Mortgage at any one time secures only that portion of the Outstanding Principal Amount not exceeding the Principal Amount, together with any interest or compound interest accrued on the portion of the Outstanding Principal Amount at the Interest Rate.

This Mortgage is made to secure a current and running account. For greater certainty, this Mortgage shall not be deemed to have been redeemed by reason only that: (a) advances made under it are repaid; or (b) the account of the Mortgagor with the Mortgagee ceases to be in debit.

Notwithstanding anything contained in this Mortgage, the Mortgagee may, at its option and without notice to the Mortgagor, or at the Mortgagor's request, provide a discharge of this Mortgage at any time when there are no monies owing or liabilities outstanding to the Mortgagee from the Mortgagor.

## **10. PREPAYMENT OPTIONS**

### **I. CLOSED MORTGAGE - FIXED RATE – BLENDED PAYMENTS**

If this Mortgage is a Closed Mortgage and a Fixed Rate Mortgage repayable in blended instalments of principal and interest, the Mortgagor, when not in default under this Mortgage, may:

- (a) prepay the whole or any part of the Outstanding Principal Amount
  - (i) at any time during the Term upon payment of the greater of (i) three (3) months' bonus interest at the Interest Rate, or (ii) the Interest Rate Differential, calculated in either case on the principal amount prepaid; or
  - (ii) if the Term is greater than five (5) years, at any time after the end of the fifth year of the Term, upon payment of three (3) months' bonus interest at the Interest Rate;

In the event that it may be necessary at any time for the Mortgagee to prove the Posted Rate as at any time or times, the certificate in writing of the Mortgagee setting forth the Posted Rate as at any time or times shall be deemed to be conclusive evidence as to the Posted Rate at such time.

- (b) once in each twelve (12) month period, commencing on the Interest Adjustment Date, or any anniversary thereof, prepay on any of the Payment Dates without notice, penalty or bonus any additional amount of the principal secured by this Mortgage not exceeding ten percent (10%) of the Principal Amount but this privilege, when not exercised in a particular twelve (12) month period, shall not be cumulative and this privilege does not apply if the Mortgagor is prepaying an amount that is greater than ten per-cent (10%) of the Principal Amount; and
- (c) once in each twelve (12) month period, commencing on the Interest Adjustment Date, or any anniversary thereof, on written notice to the Mortgagee, elect to increase the Amount of Each Periodic Payment by any additional amount not exceeding ten per-cent (10%) of the Amount of Each Periodic Payment being paid immediately prior to such increase, such increase to commence on the Payment Date specified in such written notice, but this privilege, when not exercised in a particular twelve (12) month period, shall not be cumulative.

## II. CLOSED MORTGAGE - FIXED RATE - INTEREST ONLY

If this Mortgage is a Closed Mortgage and a Fixed Rate Mortgage repayable in instalments of interest only, the Mortgagor, when not in default under this Mortgage, may:

- (a) prepay the whole or any part of the Outstanding Principal Amount
  - (i) at any time during the Term, upon payment of (i) the greater of three (3) months' bonus interest at the Interest Rate, or (ii) the Interest Rate Differential, calculated in either case on the principal amount prepaid;
  - (ii) if the Term is greater than five (5) years, at any time after the end of the fifth year of the Term, upon payment of three (3) months' bonus interest at the Interest Rate;

In the event that it may be necessary at any time for the Mortgagee to prove the Posted Rate as at any time or times, the certificate in writing of the Mortgagee setting forth the Posted Rate as at any time or times shall be deemed to be conclusive evidence as to the Posted Rate at such time.

- (b) once in each twelve (12) month period, commencing on the Interest Adjustment Date, or any anniversary thereof, prepay on any of the Payment Dates without notice, penalty or bonus any additional amount of the principal secured by this Mortgage not exceeding ten percent (10%) of the Principal Amount but this privilege, when not exercised in a particular twelve (12) month period, shall not be cumulative and this privilege does not apply if the Mortgagor is prepaying an amount that is greater than ten per-cent (10%) of the Principal Amount.

### III. OPEN MORTGAGE

If this Mortgage is an Open Mortgage, the Mortgagor, when not in default, may prepay at any time and without notice, penalty or bonus, the whole or any part of the Outstanding Principal Amount. Notwithstanding the foregoing, if the Mortgagor prepays the Mortgage in full, the Mortgagor shall repay any amounts owing under sub-section 10(VI) (Cash Back Incentive).

### IV. VARIABLE RATE MORTGAGE

If this Mortgage is a Variable Rate Mortgage, the Mortgagor, when not in default under this Mortgage, may prepay the Outstanding Principal Amount in whole or in part at any time without notice, penalty or bonus, provided that the amount of any such prepayment shall not be less than Five Hundred Dollars (\$500.00). Notwithstanding the foregoing, if the Mortgagor prepays the Mortgage in full, the Mortgagor shall repay any amounts owing under sub-section 10(VI) set out below (Cash Back Incentive).

### V. RATECAPPER MORTGAGE

If this Mortgage is a RateCapper Mortgage, the Mortgagor when not in default under this Mortgage may:

- (a) at any time during the Term prepay the whole or any part of the Outstanding Principal Amount upon payment of three (3) months' bonus interest at the Maximum Interest Rate, calculated on the principal amount prepaid;
- (b) once in each twelve (12) month period, commencing on the Interest Adjustment Date, or any anniversary thereof, prepay on any of the Payment Dates without notice, penalty or bonus any additional amount of the principal secured by this Mortgage not exceeding ten percent (10%) of the Principal Amount but this privilege, when not exercised in a particular twelve (12) month period, shall not be cumulative and this privilege does not apply if the Mortgagor is prepaying an amount that is greater than ten per-cent (10%) of the Principal Amount;
- (c) once in each twelve (12) month period, commencing on the Interest Adjustment Date, or any anniversary thereof, on written notice to the Mortgagee, elect to increase the Amount of Each Periodic Payment by an additional amount not exceeding ten percent (10%) of the Amount of Each Periodic Payment being paid immediately prior to such increase, such increase to commence on the Payment Date specified in such written notice, but this privilege, when not exercised in a particular twelve (12) month period, shall not be cumulative.

### VI. CASH BACK INCENTIVE

If prior to the expiry of the Term, the Mortgagor either prepays the whole of the Outstanding Principal Amount or the Interest Rate and/or the Term is/are amended at the request of the Mortgagor, in addition to any other bonus interest payable for prepayment and notwithstanding any prepayment

privileges, the Mortgagor shall pay an amount equivalent to a portion of the Cash Back Incentive Amount. This amount shall be calculated by dividing the Cash Back Incentive Amount by the number of months in the Term, multiplied by the number of months (including the month in which the prepayment is made) remaining in the Term at the time of such prepayment in full or amendment.

## **11. DOUBLE-UP PAYMENT OPTION**

If this Mortgage is a Fixed Rate Mortgage repayable in blended instalments of principal and interest, a Variable Rate Mortgage, or a RateCapper Mortgage, the Mortgagor, when not in default under this Mortgage, may, on any Payment Date prepay, without notice, penalty or bonus, an amount not exceeding the Amount of Each Periodic Payment, but any such prepayment must not be less than One Hundred Dollars (\$100.00). The Mortgagor cannot exercise unused Double-Up Payment Option privileges on subsequent Payment Dates.

## **12. ADVANCEMENT OF PERIODIC PAYMENTS**

Where any additional payment is made under sections 10 or 11, the Payment Dates of all remaining periodic payments, if any, shall thereupon be advanced so that the Mortgagor shall pay the periodic payments provided for in each month, commencing with the Payment Date immediately following the Payment Date on which the prepayment is made, and continuing until all the monies secured by this Mortgage shall have been paid in full.

## **13. SKIP-A-PAYMENT OPTION**

### **I. FIXED RATE, VARIABLE RATE, RATECAPPER – GENERAL PROVISIONS**

If this Mortgage is a Fixed Rate Mortgage repayable in blended instalments of principal and interest, or a Variable Rate Mortgage, or a RateCapper Mortgage, and the Term is less than ten (10) years, the Mortgagor, when not in default under this Mortgage and on written notice to the Mortgagee, may,

- (a) skip a periodic payment under this Mortgage without being in default under this Mortgage thereby, only if and to the extent that the Mortgagor has exercised the Double-Up Payment Option during the Term. The aggregate value of all skipped periodic payment(s) under this paragraph may not exceed the aggregate value of all prepayments made under the Double-Up Payment Option;
- (b) once in each twelve (12) month period commencing with the Interest Adjustment Date, or anniversary thereof, skip any periodic payment provided that the amount of the interest portion of the skipped periodic payment together with the Outstanding Principal Amount does not exceed the Principal Amount. The Mortgagor may repay the amount of any skipped periodic payment at any time during the Term without bonus or penalty; and
- (c) if the Mortgagor skips any periodic payments as permitted in paragraphs (a) or (b) above, the Mortgagor must nonetheless make any payment to the Mortgagee that

is required with respect to Taxes and life or life and disability insurance premiums. The amount of the interest portion of all skipped periodic payments shall be added to the monies secured by this Mortgage, and bear interest at the Interest Rate.

## II. *NHA* MORTGAGE – PROVISIONS

If this Mortgage is a *NHA* Mortgage and is either a Fixed Rate Mortgage or a RateCapper Mortgage, the following additional provisions apply in respect of the skip-a-payment option set out in paragraph (I) above:

- (i) if the Loan to Value Ratio was equal to or less than ninety per-cent (90%), the Mortgagor may not skip a periodic payment if the result would be that the aggregate of the Outstanding Principal Amount, plus the interest portion of the skipped periodic payment would exceed the Principal Amount;
- (ii) if the Mortgage is insured under the “95% Insurance Program” of the CMHC or any related or successor program and the Loan to Value Ratio was greater than ninety per-cent (90%), the Mortgagor may not skip a periodic payment if the result would be that the aggregate of the Outstanding Principal Amount, plus the interest portion of the skipped periodic payment would exceed ninety per-cent (90%) of the Loan to Value Ratio;
- (iii) a periodic payment may not be skipped if as a result of the skipped periodic payment, the original amortization period of this Mortgage would be exceeded; and
- (iv) the Mortgagor may not skip a periodic payment if on the date of the proposed skipped periodic payment the equivalent of four (4) periodic payments have been skipped and have not been repaid.

## 14. EQUIVALENT INTEREST RATES

The following table sets out interest rates calculated half-yearly, not in advance which are equivalent to interest rates calculated monthly, not in advance for a Variable Rate Mortgage and RateCapper Mortgage. The equivalent rates table is for disclosure purposes of the *Interest Act (Canada)* and do not affect the calculation of interest under a Variable Rate Mortgage or RateCapper Mortgage. The Mortgagor may determine the equivalent rate by locating the Interest Rate in the column entitled “Interest Rate Calculated Monthly Not in Advance (%)” and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled “Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)”. The half-yearly equivalent for the Maximum Interest Rate can be determined in the same way.

### EQUIVALENT RATES TABLE

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
1.000	1.002	10.500	10.732
1.125	1.128	10.625	10.863
1.250	1.253	10.750	10.994
1.375	1.379	10.875	11.124
1.500	1.505	11.000	11.255
1.625	1.631	11.125	11.386
1.750	1.756	11.250	11.517
1.875	1.882	11.375	11.648
2.000	2.008	11.500	11.779
2.125	2.134	11.625	11.910
2.250	2.261	11.750	12.041
2.375	2.387	11.875	12.173
2.500	2.513	12.000	12.304
2.625	2.639	12.125	12.435
2.750	2.766	12.250	12.567
2.875	2.892	12.375	12.698
3.000	3.019	12.500	12.830
3.125	3.145	12.625	12.962
3.250	3.272	12.750	13.094
3.375	3.399	12.875	13.225
3.500	3.526	13.000	13.357
3.625	3.652	13.125	13.489
3.750	3.779	13.250	13.621
3.875	3.906	13.375	13.753
4.000	4.033	13.500	13.885
4.125	4.161	13.625	14.018
4.250	4.288	13.750	14.150
4.375	4.415	13.875	14.282
4.500	4.542	14.000	14.415
4.625	4.670	14.125	14.547
4.750	4.797	14.250	14.680
4.875	4.925	14.375	14.812
5.000	5.052	14.500	14.945
5.125	5.180	14.625	15.078
5.250	5.308	14.750	15.211
5.375	5.436	14.875	15.344
5.500	5.563	15.000	15.477

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
5.625	5.691	15.125	15.610
5.750	5.819	15.250	15.743
5.875	5.947	15.375	15.876
6.000	6.076	15.500	16.009
6.125	6.204	15.625	16.143
6.250	6.332	15.750	16.276
6.375	6.460	15.875	16.409
6.500	6.589	16.000	16.543
6.625	6.717	16.125	16.677
6.750	6.846	16.250	16.810
6.875	6.974	16.375	16.944
7.000	7.103	16.500	17.078
7.125	7.232	16.625	17.212
7.250	7.360	16.750	17.345
7.375	7.489	16.875	17.480
7.500	7.618	17.000	17.614
7.625	7.747	17.125	17.748
7.750	7.876	17.250	17.882
7.875	8.005	17.375	18.016
8.000	8.135	17.500	18.151
8.125	8.264	17.625	18.285
8.250	8.393	17.750	18.419
8.375	8.522	17.875	18.554
8.500	8.652	18.000	18.689
8.625	8.781	18.125	18.823
8.750	8.911	18.250	18.958
8.875	9.041	18.375	19.093
9.000	9.170	18.500	19.228
9.125	9.300	18.625	19.363
9.250	9.430	18.750	19.498
9.375	9.560	18.825	19.633
9.500	9.690	19.000	19.768
9.625	9.820	19.125	19.903
9.750	9.950	19.250	20.039
9.875	10.080	19.375	20.174
10.000	10.211	19.500	20.310
10.125	10.341	19.625	20.445
10.250	10.471	19.750	20.581
10.375	10.602	19.875	20.716

## **15. TAXES**

The Mortgagee may deduct from the final advance of the Principal Amount, an amount sufficient to pay the Taxes which have become or will become due and payable at the Interest Adjustment Date and are unpaid at the date of such final advance.

After the Interest Adjustment Date, the Mortgagor shall pay to the Mortgagee in regular instalments on the Payment Dates, sums which in the sole opinion of the Mortgagee will be sufficient to enable the Mortgagee to pay the whole amount of Taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment of Taxes; and the Mortgagor shall also pay to the Mortgagee on demand the amount, if any, by which the actual Taxes exceed such estimated amount.

The Mortgagee shall credit interest on the average monthly balances standing in the mortgage account to the credit of the Mortgagor for payment of Taxes, at such rate per annum and at such times, as the Mortgagee may determine in its sole discretion; and the Mortgagor shall be charged and pay interest at the Interest Rate on the debit balance, if any, in such account until the debit balance is repaid in full.

The Mortgagor shall reimburse the Mortgagee, on demand, for any fees paid or charges incurred by the Mortgagee to a municipality or other tax authority from time to time in connection with the administration of the mortgage account, including any fees or charges for the obtaining of information or searches or certificates in respect thereof, or the payment of taxes in any manner and the Mortgagor authorizes the Mortgagee to deduct the amount of such fees or charges from the mortgage account.

So long as the Mortgagor is not in default under this Mortgage, the Mortgagee will apply such deduction and payments to Taxes but the Mortgagee shall not be obliged to apply such deduction or payments to Taxes more often than yearly. If, before the Mortgagee applies any such deduction or payments, the Mortgagor is in default in respect of any payment of principal, interest, or other monies secured by this Mortgage, the Mortgagee may apply such deduction or payments to the portion of principal, interest, or other monies secured by this Mortgage in default or any combination thereof.

The Mortgagor shall provide to the Mortgagee the assessment notices, tax bills and other notices effecting the imposition of Taxes forthwith upon receipt by the Mortgagor.

Notwithstanding the provisions set out in this section 15, the Mortgagee may, from time to time, elect not to require payment of Taxes to the Mortgagee in which case the Mortgagor shall pay all Taxes as they fall due and shall provide the Mortgagee with receipts confirming such payment as the Mortgagee may require.

## **16. LAND TRANSFER FORM ACT COVENANTS**

This Mortgage is made pursuant to Part 3 of the *Land Transfer Form Act*, except as otherwise provided in this Mortgage.



In this section 16, "land" means the Mortgaged Land.

The Mortgagor covenants with the Mortgagee that:

- (a) the Mortgagor will pay the mortgage money and interest, and observe the above proviso;
- (b) if the Mortgage is a mortgage of a fee simple estate, the Mortgagor has a good title in fee simple to the land;
- (c) the Mortgagor has the right to convey the land to the Mortgagee;
- (d) on default the Mortgagee shall have possession of the land free from all encumbrances;
- (e) the Mortgagor will execute such further assurances of the land as may be requisite;
- (f) the Mortgagor has done nothing to encumber the land;
- (g) the Mortgagor releases to the Mortgagee all his claims on the land subject to the proviso; and
- (h) provided that until default of payment, the Mortgagor shall have quiet possession of the land.

Clause 15 of Schedule 6 of the *Land Transfer Form Act* is expressly excluded from this Mortgage.

## **17. INSURANCE**

The Mortgagor shall forthwith insure and keep insured in favour of the Mortgagee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Mortgagee may require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Mortgaged Land and which may hereafter be erected thereon, both during erection and thereafter and all Fixtures, and all other risks, hazards and perils of any nature or kind which the Mortgagee may require depending on the nature of the Mortgaged Land or the use thereof, with a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose when due. Each policy of insurance shall provide that any loss shall be payable to the Mortgagee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Mortgagee, and shall contain an undertaking by the insurer to notify the Mortgagee in writing, not less than fifteen (15) days prior to any material change, cancellation, failure to renew, or termination thereof. The Mortgagor shall forthwith assign, transfer and deliver to the Mortgagee the policy of insurance and receipts pertaining thereto and produce to the Mortgagee at least fifteen (15) days before termination of any insurance, evidence of renewal thereof.

If the Mortgagor is in breach of any of the covenants in the above paragraph, the Mortgagee shall be entitled but shall not be obliged to obtain insurance for the Mortgaged Land or any part thereof, and if

the Mortgagee pays any premiums or sums for such purpose the amount of such payment shall be payable forthwith by the Mortgagor, be added to the monies secured by this Mortgage and bear interest at the Interest Rate.

The Mortgagor shall forthwith on the happening of any loss or damage, furnish at the Mortgagor's own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies. The production of a copy of this Mortgage shall be sufficient authority for any insurance company to pay any such loss to the Mortgagee, and such insurance company is hereby directed thereupon to pay the same to the Mortgagee.

Any insurance monies received may, at the option of the Mortgagee and in such amounts as it elects, be applied in rebuilding, reinstating or repairing the Mortgaged Land, be applied to such portion of principal, interest, or other monies secured by this Mortgage whether due or not, or be paid to the Mortgagor or any other person appearing by the registered title to be or to have been the owner of the Mortgaged Land.

If the Mortgaged Land or any part thereof is or becomes one or more Strata Lots, the Mortgagor shall, or shall cause the respective Strata Corporation, to observe and perform all covenants required to be observed and performed by the Mortgagor in this section 17, and shall:

- (a) forthwith on the happening of any loss or damage, comply fully with the terms of the policy, or policies, of insurance and without limiting the generality of the obligation of the Mortgagor under section 45 (Strata Lot) with the insurance provisions relating to the Strata Lot or each Strata Lot;
- (b) cause any insurance monies to be made payable to the Strata Corporation or, if any insurance trustees are designated by the bylaws, to named insurance trustees, and to be made payable firstly to the Mortgagee in the event that the Strata Corporation resolves not to repair or replace the damaged Strata Lot, buildings, common property, common facilities and other insurable improvements in respect thereof as provided in the *Strata Property Act*;
- (c) cause all applicable policies of insurance to contain a standard mortgage clause acceptable to the Mortgagee to be effective in the event that the Strata Corporation resolves not to repair or replace the damaged Strata Lot, buildings, common property, common facilities and insurable improvements in respect thereof; and
- (d) if, in the reasonable opinion of the Mortgagee, the insurance carried by the Strata Corporation is deemed inadequate, at the Mortgagee's request, carry a separate policy of insurance on each Strata Lot forming part of the Mortgaged Land at the Mortgagor's own cost.

In the event any provisions of this Mortgage are in conflict with those of the *Fires Prevention (Metropolis) Act, 1774*, the provisions of this Mortgage shall prevail and the Mortgagor hereby expressly waives any rights, privileges or benefits to which it would otherwise be entitled under such legislation or any legislation enacted in replacement thereof.

## 18. LEASEHOLD PROVISIONS

If the interest of the Mortgagor in all or any part of the Mortgaged Land derives from a Lease or Leases, then the following additional provisions apply with respect to such interest and to each Lease:

- (a) The Mortgagor hereby grants, mortgages, demises, subleases and charges to the Mortgagee all estate, term, right, title and interest of the Mortgagor in and to the Lease and the Mortgaged Land together with any and all other, further or additional estate, term, right, title and interest therein or any part thereof acquired by the Mortgagor and all benefit and advantage therefrom including any right or option to purchase or to lease, to have and to hold for and during the remainder of the term of the Lease, save and except the last day thereof (the "Reversion"), as security for the payment to the Mortgagee of the principal, interest and all other monies and the performance of all liabilities and obligations secured by this Mortgage upon the terms set out in this Mortgage.
- (b) If the Lease requires the consent of the lessor thereunder to the mortgage, demise, sublease and charge created by this Mortgage, such mortgage, demise, sublease and charge shall become immediately effective at the time of execution of this Mortgage notwithstanding such consent has not been obtained, and the Mortgagor shall forthwith obtain and provide to the Mortgagee such consent.
- (c) The Mortgagor represents and warrants to the Mortgagee as follows:
  - (i) the Mortgagor has good leasehold title to the Mortgaged Land free and clear of any liens, charges and other encumbrances except those specifically approved in writing by the Mortgagee;
  - (ii) the Lease is, at the time of execution and delivery of this Mortgage, a good, valid and subsisting Lease and has not been surrendered or forfeited or become void or voidable and the Mortgagor has not done or failed to do any act as a result of which the Lease would be rendered invalid or its validity impaired;
  - (iii) there have been no modifications to the Lease that have not been provided to the Mortgagee;
  - (iv) the Leasehold Rents, covenants and conditions contained in the Lease have been duly paid, observed and performed by the Mortgagor up to the date of this Mortgage;
  - (v) the Mortgagor has a good right, full power and lawful and absolute authority to mortgage, demise, sublease and charge the Lease to the Mortgagee in the manner aforesaid.
- (d) The Mortgagor shall stand possessed of the Reversion in trust for the Mortgagee to assign and dispose of the Reversion or any renewal or substituted term of the Lease in such

manner as the Mortgagee shall by notice in writing direct (subject to the right of redemption in this Mortgage).

- (e) The Mortgagor shall pay the Leasehold Rents and shall observe and perform all covenants contained in the Lease and shall not be guilty of any acts or default which may cause the Lease to be forfeited or determined and the Mortgagor shall indemnify the Mortgagee against all actions, claims and demands whatsoever in respect of the Leasehold Rents and anything relating to the Lease.
- (f) The Mortgagor shall not transfer, assign, sublease, surrender or terminate the Lease or any of the Mortgagor's rights or interest in the Lease except as provided in this Mortgage.
- (g) The Mortgagor shall not alter the Lease without the prior written consent of the Mortgagee.
- (h) The Mortgagor shall not allow any options (to renew or otherwise) or any rights of first refusal under the Lease to lapse and, subject to any contrary directions from the Mortgagee, shall exercise any such options or rights so as to maintain or continue the term of the Lease.
- (i) Any breach or default under the Lease shall be deemed to be a default under this Mortgage entitling the Mortgagee to demand repayment of all monies secured by this Mortgage with accrued interest thereon.
- (j) If the Mortgagor becomes the owner of the freehold of the lands and premises demised by the Lease, this Mortgage shall increase to be a mortgage of the freehold interest in such lands and premises to the same extent and effect as if the Mortgagor had been the owner of the freehold, free from encumbrances, at the date of this Mortgage. For the purpose of giving effect to the foregoing, the Mortgagor does hereby grant, mortgage and charge the freehold interest in the lands and premises demised by the Lease to and in favour of the Mortgagee, such grant, mortgage and charge to take effect upon the Mortgagor acquiring freehold title to such lands and premises.
- (k) The Mortgagor shall immediately notify the Mortgagee of any notice or advice from the lessor under the Lease of the lessor's intention to terminate the Lease prior to the expiration of the term of the Lease or any other notice or request received from the lessor.
- (l) In the event of any default under the Lease, the Mortgagee shall, at its option but without incurring any liability to do so, be entitled to pay such Leasehold Rents or observe or perform such covenant, and all monies expended by the Mortgagee in so doing shall be payable forthwith by the Mortgagor, be added to the monies secured by this Mortgage, and bear interest at the Interest Rate.
- (m) The Mortgagor hereby irrevocably appoints the Mortgagee to be the attorney of the Mortgagor to assign the term of the Lease as the Mortgagee may at any time direct, to

enforce any covenants of the lessor under the Lease and to exercise any options to renew the Lease in the Mortgagee's discretion.

- (n) No action taken by the Mortgagee pursuant to this section 18 will make the Mortgagee a mortgagee in possession.

## **19. POWER OF SALE**

On default by the Mortgagor, the Mortgagee may, without notice to or the concurrence of any person, with or without entering into possession of the Mortgaged Land, lease or sell all or part of the Mortgaged Land by public auction or private sale, or partly in one way and partly another, on such terms as to credit and otherwise as shall appear most advantageous to the Mortgagee and for such prices as can reasonably be obtained, making any stipulations as to title, or evidence, or commencement of titles, or otherwise, as the Mortgagee shall deem proper; buy in or rescind or vary any contract for sale of the Mortgaged Land or a part thereof and re-sell, without being answerable for any loss occasioned thereby; and for any of such purposes make and execute all agreements and assurances the Mortgagee deems fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any such sale or lease and no want of notice or publication, if any, required shall invalidate any sale or lease, and the Mortgagee shall not be liable for any loss which may arise by any such sale or lease; and the title of any such purchaser or lessee upon a sale or lease shall not be liable to be impeached on the ground that such power had been unauthorized, or improperly or irregularly exercised, or that notice had not been given or had been given improperly but any person damnified by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only.

Until such sale or sales are made as provided in this section 19, the Mortgagee shall stand possessed of the Rents and profits of the Mortgaged Land if the Mortgagee takes possession of them on default and after such sale or sales shall stand possessed of the proceeds from such sales, upon trust in payment of, firstly, all the expenses incident to the sales, leases, conveyances, or attempted sales, leases or conveyances, secondly, all costs, charges, damages and expenses of the Mortgagee relating to Taxes, prior charges, Leasehold Rents, insurance premiums, repairs, utilities and any other monies which the Mortgagee may have paid relating to the Mortgaged Land, thirdly, all interest and costs then due in respect of the Mortgage, fourthly, the Outstanding Principal Amount, fifthly, amounts owing to subsequent encumbrancers, if any, according to their priorities, and the residue, shall be paid to the Mortgagor as the Mortgagor may direct. In the case of a sale on credit, the Mortgagee shall only be liable to account for monies actually received.

Notwithstanding the power of sale or leasing and other powers and provisions contained in this Mortgage, the Mortgagee shall have and be entitled to its right of foreclosure of the equity of redemption of the Mortgagor in the Mortgaged Land and any and all other remedies available to it as fully and effectually as if such powers and provisions had not been contained in this Mortgage or acted upon.

## **20. DISTRESS**

If the Mortgagor is in default in payment of any part of the principal, interest or other monies secured by this Mortgage, the Mortgagor hereby grants full power and license to the Mortgagee to enter, seize and distrain upon any goods upon the Mortgaged Land and by distress warrant to recover by way

of rent reserved as in the case of a demise of the Mortgaged Land as much of the principal, interest or other monies secured by this Mortgage as shall from time to time be in arrears, together with all costs, charges and expenses (including, without limitation, on a solicitor and own client basis) related to such levy or distress as in like cases of distress for rent; and as part of the consideration for the advance of the Principal Amount secured by this Mortgage, the Mortgagor hereby waives, on the exercise of such right and license, all rights to exemption from seizure and distress under any law whatsoever.

## 21. PRINCIPAL DUE ON DEFAULT

The Outstanding Principal Amount together with accrued interest thereon and any other monies secured by this Mortgage remaining unpaid shall, at the option of the Mortgagee, forthwith become due and payable upon the occurrence of any of the following events and any such occurrence constitutes a breach of covenant under this Mortgage:

- (a) if any payment of any principal, interest or any other monies payable under this Mortgage by the Mortgagor or any part thereof is not paid when due;
- (b) if the Mortgagor is in default under any term, covenant, agreement, proviso or condition contained in this Mortgage, in any security collateral to this Mortgage or in any agreement entered into relating to or in connection with this Mortgage;
- (c) if the Mortgagor is in default in the observance or performance of any of the covenants, agreements, provisos or conditions contained in any mortgage, charge or other encumbrance to which this Mortgage is subject or subordinate;
- (d) Upon the registration of any lien against the Mortgaged Land or any part thereof, or if any buildings being constructed thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days;
- (e) if the Mortgagor commits an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act (Canada)* or becomes bankrupt or insolvent, or if a petition in bankruptcy is filed against the Mortgagor, or any authorized assignment for the benefit of creditors is made by the Mortgagor, or if a receiver or trustee for the Mortgagor or for any of the assets of the Mortgagor is appointed; or
- (f) if any proceedings with respect to the Mortgagor are commenced under the *Companies' Creditors Arrangement Act (Canada)*, the *Winding Up and Restructuring Act (Canada)* or any other legislation for the benefit of creditors or relating to bankrupt or insolvent debtors.

The Mortgagee may exercise its rights and remedies hereunder immediately upon default, and the Mortgagor hereby confirms that, except as may be expressly otherwise provided in this Mortgage, the Mortgagee has not given any covenant, express or implied, and is under no obligation to allow the Mortgagor any period of time to remedy any default prior to the Mortgagee exercising its rights and remedies under this Mortgage.

## **22. ADVANCES**

Notwithstanding the execution of the approval of mortgage, commitment letter or this Mortgage or registration of this Mortgage or the advancement of all or any part of the Principal Amount, the Mortgagee is not bound to advance the Principal Amount or any unadvanced portion thereof, and all advances are to be made in such manner, at such times, and in such amounts up to the Principal Amount as the Mortgagee in its sole discretion may determine; but nevertheless the charge made by this Mortgage shall take effect forthwith upon the execution of this Mortgage by the Mortgagor.

## **23. PARTIAL RELEASE**

The Mortgagee may at all times release any part or parts of the Mortgaged Land or any other security or any surety for payment of all or any part of the monies secured by this Mortgage or may release the Mortgagor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by the Mortgagee, and without thereby releasing any other part of the Mortgaged Land, or any other security or covenants in this Mortgage or elsewhere contained. Notwithstanding any such release the Mortgaged Land, security and covenants remaining unreleased shall remain a charge for all the monies secured by this Mortgage.

## **24. LIENS AND CONSTRUCTION**

The Mortgagor shall not permit any lien to be acquired against the Mortgaged Land or any part thereof under the *Builders Lien Act*, or under any other statute or law. In the event that a lien is registered against the Mortgaged Land or any part thereof, the Mortgagee may, but shall not be obliged to, pay such amounts as may be required to remove such lien from title. Any monies so paid by the Mortgagee, together with all costs, charges, and expenses incurred by the Mortgagee in connection therewith, (including, without limitation, costs on a solicitor and the solicitor's client basis), shall be payable forthwith by the Mortgagor, be added to the monies secured by this Mortgage, and bear interest at the Interest Rate.

The Mortgagor shall establish, maintain and operate at all relevant times a holdback account or accounts in the manner required by the *Builders Lien Act* and provide to the Mortgagee any information relating to such holdback accounts as the Mortgagee may from time to time request. The Mortgagor shall use any funds in the holdback account only as permitted by the *Builders Lien Act* and shall not disburse funds from the holdback accounts until the expiry of all applicable lien filing periods. The Mortgagee may require any part of the Principal Amount to be deposited in any such holdback accounts at such times and in such amounts as the Mortgagee in its sole discretion may determine.

In no case are unadvanced portions of the Principal Amount to be considered by the Mortgagor or any other person to be a holdback under the *Builders Lien Act*. For greater certainty, the Mortgagee will not maintain any holdback accounts.

The Mortgagor and Covenantor irrevocably consent to the disclosure of information pursuant to the *Builders Lien Act* by the Mortgagee to any person that purports to be entitled to request information under the *Builders Lien Act*.

If this is a *NHA* Mortgage, the Mortgagor covenants and agrees with the Mortgagee to construct a building or buildings and other improvements on the Mortgaged Land in accordance with the plans and specifications that have been or are hereafter approved by CMHC and by the Mortgagee and to carry on diligently to complete the construction of the said building, buildings and other improvements.

## **25. WASTE, VACANCY AND REPAIR**

The Mortgagor shall not commit or permit waste on the Mortgaged Land and shall maintain the buildings and Fixtures on the Mortgaged Land in good order and repair to the satisfaction of the Mortgagee and shall not keep any such buildings vacant.

The Mortgagee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Mortgaged Land, and the costs, charges and expenses incurred by the Mortgagee in connection therewith shall be payable forthwith by the Mortgagor, be added to the monies secured by this Mortgage, and bear interest at the Interest Rate.

## **26. INSPECTION**

The Mortgagee, its agent, or where applicable, CMHC, or its agent, may, at any time, and for any purpose deemed necessary by the Mortgagee or CMHC enter upon the Mortgaged Land to conduct any investigations, audits and inspections of or with respect to the Mortgaged Land, including but not limited to environmental testing, site assessment, investigation or study, and the costs, charges and expenses incurred in connection therewith shall be payable forthwith by the Mortgagor, be added to the monies secured by this Mortgage, and bear interest at the Interest Rate. No action taken by the Mortgagee or CMHC or their agents pursuant to this section will make any of them a mortgagee in possession.

## **27. ALTERATIONS**

The Mortgagor shall not make or permit to be made any alterations or additions to the Mortgaged Land without the prior written consent of the Mortgagee.

## **28. NON-MERGER**

The taking of a judgment or judgments on any covenants contained in this Mortgage shall not operate as a merger of such covenants nor affect the right of the Mortgagee to interest at the Interest Rate; and any such judgment shall provide that interest thereon shall be computed at the Interest Rate and in the same manner as provided in this Mortgage until such judgment has been fully paid and satisfied.



## **29. ENTRY AFTER DEFAULT**

On default by the Mortgagor, the Mortgagee or its agent may, at such times as the Mortgagee may deem necessary, and without notice to or the concurrence of any person, enter on the Mortgaged Land and without limiting the generality of the foregoing, may make such arrangements for completing the construction of, repairing or putting in order any buildings or Fixtures on the Mortgaged Land, or for inspecting, taking care of, leasing, collecting the Rents of, and generally managing the Mortgaged Land as the Mortgagee may deem expedient; and all reasonable costs, charges and expenses, including allowances for the time and service of any employee or agent of the Mortgagee or other person appointed for such purposes shall be forthwith payable by the Mortgagor to the Mortgagee, be added to the monies secured by this Mortgage, and bear interest at the Interest Rate. No action taken by the Mortgagee pursuant to this section will make the Mortgagee, or its agent, a mortgagee in possession.

## **30. OBLIGATIONS SURVIVE SALE**

No sale or other dealing by the Mortgagor with the Mortgaged Land or any part thereof shall in any way change the liability of the Mortgagor, the Covenantor or any other person liable for the payment of the monies secured by this Mortgage or in any way alter the rights of the Mortgagee as against the Mortgagor, the Covenantor, or any other person liable for the payment of the monies secured by this Mortgage.

## **31. DUE ON SALE**

In the event that:

- (a) the Mortgaged Land or any part thereof or any interest therein is sold, conveyed, transferred, assigned, or otherwise disposed of, or the Mortgagor enters into any agreement to effect any of the foregoing to any person, without the Mortgagee's prior written approval, or
- (b) an approved purchaser, grantee, transferee or assignee of the title of the Mortgaged Land should fail to (i) personally assume all of the obligations of the Mortgagor under this Mortgage, (ii) execute an assumption agreement in the form required by the Mortgagee, and (iii) comply with all other conditions of approval,

then at the option of the Mortgagee all monies secured by this Mortgage with accrued interest thereon shall forthwith become due and payable.

## **32. PORTABILITY OPTION**

The portability option described in this section 32 applies only if all of the following conditions are met:

- (a) this Mortgage is a Fixed Rate Mortgage or a RateCapper Mortgage;
- (b) the Mortgagor is not in default under this Mortgage;

- (c) the Mortgagor has sold or transferred the title of the Mortgaged Land and on the date of completion of such sale or transfer has paid to the Mortgagee all monies secured by this Mortgage including bonus interest, if any, applicable to this Mortgage for the prepayment;
- (d) the purchaser, grantee or transferee of the title of the Mortgaged Land has not assumed this Mortgage;
- (e) the Mortgagor applies for and receives the Mortgagee's written approval to provide financing for the purchase of a specific residential property ("New Property"), subject to the criteria, policies, procedures and documentation of the Mortgagee in effect at the time the Mortgagor makes such application; and
- (f) within 90 days following the completion of the sale or transfer of the title of the Mortgaged Land, the Mortgagor completes a purchase of a New Property.

The Mortgagee will provide financing for the purchase of the New Property on the security of a first-ranking mortgage to be registered against the title of the New Property ("New Mortgage") with the following terms:

- (i) if the amount to be advanced under the New Mortgage ("New Mortgage Amount") is the same as or less than the Outstanding Principal Amount prepaid in paragraph (c) above of this section 32, the interest rate applicable to the New Mortgage Amount for the period of time remaining in the Term will be the Interest Rate; and the Mortgagee will refund to the Mortgagor the amount of bonus interest paid in respect of that portion of the Outstanding Principal Amount prepaid equal to the New Mortgage Amount.
- (ii) if the New Mortgage Amount exceeds the Outstanding Principal Amount prepaid in paragraph (c) above in this section 32, the interest rate applicable to the New Mortgage Amount will be a rate of interest that blends the Interest Rate on an amount equal to the Outstanding Principal Amount prepaid and the rate the Mortgagee offers at that time for mortgages with a term similar to the time remaining in the Term on the amount by which the New Mortgage Amount exceeds the Outstanding Principal Amount prepaid; and the Mortgagee will refund to the Mortgagor the amount of bonus interest paid in respect of the Outstanding Principal Amount prepaid. If this Mortgage is a RateCapper Mortgage, the additional principal amount, being the amount by which the New Mortgage Amount exceeds the Outstanding Principal Amount prepaid, must be secured by a new second-ranking mortgage registered against the title of the New Property for a term equivalent to the time remaining in the Term;
- (iii) unless otherwise agreed between the Mortgagor and the Mortgagee, the term of the New Mortgage will commence on the date that the mortgage proceeds are advanced and will terminate on the last day of the Term; and
- (iv) such other terms as the Mortgagee requires in its usual practice at that time.

The Mortgagor will be responsible for paying all applicable processing or administration fees, all legal and property valuation fees and all other costs, charges and expenses relating to the New Mortgage.

### **33. ENCUMBRANCES AND COSTS**

The Mortgagee may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or to be claimed upon the Mortgaged Land or any part thereof, having or claiming priority over this Mortgage including any Taxes, utility charges or other rates on the Mortgaged Land, builder's liens or any amounts payable to the Strata Corporation, and may pay all costs, charges and expenses (including, without limitation, costs on a solicitor and own client basis), which may be incurred in taking, recovering and keeping possession of the Mortgaged Land and generally in any proceedings or steps of any nature properly taken in connection with or to realize the security of this Mortgage or to defend the validity or priority of this Mortgage as against a third party, or in respect of the collection of any overdue interest, principal, Taxes, insurance premiums or any other monies secured by this Mortgage, whether any action or other judicial proceeding to enforce such payment has been taken or not; and the monies so paid shall be payable forthwith by the Mortgagor, be added to the monies secured by this Mortgage, and bear interest at the Interest Rate. In the event of the Mortgagee paying the amount of any such encumbrance, lien or charge, either out of the monies advanced on the security of this Mortgage or otherwise, the Mortgagee shall be subrogated to and entitled to all the rights, equities and securities of the person, company, corporation or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if the Mortgagee deems it proper to do so.

### **34. HOMEOWNER PROTECTION ACT**

If any building erected or to be erected on the Mortgaged Land is or will be a new home, as defined under the *Homeowner Protection Act*, the Mortgagor shall only engage the services of a residential builder as defined under the *Homeowner Protection Act*, who during the period of engagement is licenced and provides home warranty insurance as required under the *Homeowner Protection Act*.

### **35. PROHIBITION AGAINST RENTAL**

If the Mortgaged Land or any part thereof is intended to be used as residential premises, the Mortgagor shall not grant any Leases with respect to the Mortgaged Land or any part thereof without the written consent of the Mortgagee, which consent may be refused at the sole discretion of the Mortgagee. The Mortgagor has and shall not grant Leases at a rent, on terms and conditions and to tenants which are less favourable or desirable to the Mortgagor than those which a prudent landlord would expect to receive for the Mortgaged Land or any part thereof to be leased. In the event the Mortgagor breaches any of the representations or covenants in this section 35, all monies secured by this Mortgage with accrued interest thereon shall, at the option of the Mortgagee, forthwith become due and payable.

### **36. EXTENSIONS**

No extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor, or any other dealing with the owner of the equity of redemption of the Mortgaged Land shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor, the Covenantor or any other person liable for the payment of the monies secured by this Mortgage.

### **37. DISCHARGE**

The Mortgagee shall have a reasonable time after request by the Mortgagor and payment in full of all monies secured by this Mortgage within which to prepare, execute and deliver a discharge or, if requested by the Mortgagor and consented to by the Mortgagee, an assignment of this Mortgage. Interest at the Interest Rate shall continue to run and accrue until actual payment in full has been received by the Mortgagee.

### **38. OTHER SECURITY**

This Mortgage is in addition to and not in substitution for any other security held by the Mortgagee including, without limitation, any promissory note or notes for all or any part of the monies secured under this Mortgage, and the Mortgagee may pursue its remedies thereunder or under this Mortgage concurrently or successively at its option and in such order as the Mortgagee determines in its sole discretion. Any judgment or recovery under this Mortgage or under any other security held by the Mortgagee for, among other things, the monies secured by this Mortgage shall not affect the right of the Mortgagee to realize upon this or any other security. The Mortgagor shall comply with the terms and provisions of any other or collateral security held by the Mortgagee in connection with this Mortgage.

### **39. PLACE OF PAYMENT**

All payments secured by this Mortgage shall be made in the lawful money of Canada at the Place of Payment.

### **40. FAMILY RELATIONS ACT**

If the Mortgagor is an individual and has a spouse as defined under the *Family Relations Act*, R.S.B.C. 1996, c.128, as amended or replaced from time to time, for the purpose of Part 5 therein then, the Mortgagor represents and warrants that at the time of granting this Mortgage:

- (a) none of the events, which under the *Family Relations Act* entitles the Mortgagor's spouse to an interest in family assets, has occurred; and
- (b) the Mortgagor has disclosed to the Mortgagee all beneficial interests of the Mortgagor's spouse in the Mortgaged Land.

In the event that any of the representations and warranties in this section 40 are false, all monies secured by this Mortgage shall, at the option of the Mortgagee, become immediately due and payable.

#### **41. SEVERABILITY OF ANY INVALID PROVISIONS**

If at any time any provision of this Mortgage in whole or in part is declared or held illegal, invalid or unenforceable under, or inconsistent with any applicable law or would by reason of any such law render the Mortgagee unable to collect the amount of any loss sustained by it as a result of making the loan secured by this Mortgage which it would otherwise be able to collect, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid, unenforceable or inconsistent or would so render the Mortgagee unable to collect the amount of any such loss, and this Mortgage will continue in full force and effect and be construed as if it had been executed without such illegal, invalid, unenforceable or inconsistent provision.

#### **42. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS**

No failure to enforce at any time or from time to time any of the rights of the Mortgagee under this Mortgage shall prejudice such rights or any other rights of the Mortgagee against the Mortgagor, the Covenantor or any other person liable for payment of the monies secured by this Mortgage; no performance or payment by the Mortgagee in respect of any breach or default under this Mortgage by the Mortgagor shall relieve the Mortgagor from any default under this Mortgage; and no waiver at any time or from time to time of any such rights of the Mortgagee shall prejudice such rights in the event of any future default or breach.

#### **43. FARM LANDS**

If the Mortgaged Land or any part thereof is farm land, the Mortgagor shall in each year during the Term either put into crop or summer fallow in good, proper husbandlike manner every part of the Mortgaged Land which has been or may after the date of this Mortgage be brought under cultivation, and shall keep the Mortgaged Land clean and free from all noxious weeds and generally ensure that the Mortgaged Land do not depreciate in any way.

#### **44. CHANGE IN CORPORATE CONTROL OR REMOVAL OF TRUSTEE**

If without the prior written consent of the Mortgagee, which consent may be refused at the sole discretion of the Mortgagee,

- (a) in the case where the Mortgagor is a corporation, there is a change in the persons having effective voting control of the Mortgagor or the Mortgagor enters into an amalgamation, a merger or similar arrangement; or
- (b) in the case where the Mortgagor holds title to the Mortgaged Land as trustee of a trust, the Mortgagor resigns or is removed or otherwise no longer acts as trustee of such trust,

all monies secured by this Mortgage with accrued interest thereon shall, at the option of the Mortgagee, forthwith become due and payable.

#### 45. STRATA LOT

If the Mortgaged Land or any part thereof is or becomes one or more Strata Lots, the following provisions apply:

- (a) the Mortgagor shall at all times and from time to time observe and perform duties and obligations imposed on the Mortgagor by the *Strata Property Act*, any bylaws, rules and regulations, as amended from time to time, of the Strata Corporation. Any breach of such duties and obligations shall constitute default under this Mortgage, entitling the Mortgagee to demand repayment of all monies secured by this Mortgage with accrued interest thereon;
- (b) without limiting the generality of the foregoing, the Mortgagor shall pay when due all maintenance payments and assessments and any other amounts levied by the Strata Corporation in respect of the Mortgaged Land. In the event of the Mortgagor failing to do so, the Mortgagee, at its option, may make any and all such payments on behalf of the Mortgagor, and any monies so paid shall be payable forthwith, shall be added to the monies secured by this Mortgage, and bear interest at the Interest Rate;
- (c) subject to the *Strata Property Act*, the Mortgagor hereby irrevocably assigns to the Mortgagee the Mortgagor's power to vote as the owner of any Strata Lot charged hereby and as a member of the Strata Corporation for the Mortgagor. The Mortgagor hereby acknowledges receipt of written notice that the Mortgagee intends to exercise such power to vote. The Mortgagee shall not by virtue of such assignment be under any obligation to vote or to protect the interests of the Mortgagor and shall not in any way be responsible for the result of any exercise of the power to vote or any failure to exercise the power to vote. Notwithstanding such assignment, the Mortgagor may, at any duly called meeting of the Strata Corporation of which the Mortgagee has received written notice, exercise its right to vote if the Mortgagee is not, by its authorized representative, agent or proxy, present at such meeting, provided that the Mortgagor votes against any resolution of the members of the Strata Corporation which could materially adversely affect the Mortgagee's security under this Mortgage;
- (d) at the Mortgagee's request, the Mortgagor shall deliver to the Mortgagee such proxies or other instruments as may be considered requisite by the Mortgagee to confer such power of voting upon the Mortgagee;
- (e) the Mortgagor hereby irrevocably authorizes the Mortgagee as the authorized agent of the Mortgagor at any time, and from time to time, to apply to the Strata Corporation for certificates, copies of bylaws, financial statements, notices, minutes and other information available under the *Strata Property Act* related to the Mortgaged Land;
- (f) the Mortgagor shall ensure the Mortgagee promptly receives all notices of the Strata Corporation including any notices of breaches; and

- (g) no action taken by the Mortgagee under this section 45 will make the Mortgagee a mortgagee in possession.

#### **46. RENEWAL AND MODIFICATION**

This Mortgage may be amended, renewed or extended as the Mortgagee and the then registered owner(s) of the Mortgaged Land may agree in writing, from time to time. Such amendments, renewals or extensions may, but need not be, registered against the Mortgaged Land and whether or not so registered, this Mortgage, as so modified, shall rank in priority to any and all interests registered against the Mortgaged Land subsequent to the registration of this Mortgage as if and to the extent that such modification had been executed and registered, and all monies thereunder advanced, before the execution and registration of any subsequent interests.

Notwithstanding the foregoing, if a renewal agreement in respect of this Mortgage is sent by the Mortgagee to the Mortgagor but the Mortgagor does not sign and return it to the Mortgagee by the Balance Due Date, this Mortgage, at the Mortgagee's option, will renew on the terms provided in such renewal agreement. Such renewal agreements are mere confirmations of this Mortgage and will be based on current residential mortgage rates and terms then in effect. Any changes to the interest rate, amortization period, Term, payment instalments or any other terms shall not relieve the rights of the Mortgagee against the Mortgagor, Covenantor or any other persons liable for the payment of monies secured by this Mortgage notwithstanding that such person may not have signed or be a party to such agreement.

The Mortgagor may renew this Mortgage at any time during the Term only upon payment, in addition to any other bonus interest payable for prepayment, of an amount equivalent to a portion of the monies paid by the Mortgagee to the Mortgagor as an incentive to enter into this Mortgage, such portion to be calculated by dividing the amount of money received by the Mortgagor as an incentive by the number of months in the Term, multiplied by the number of months (including the month in which the early renewal is made) remaining in the Term at the time of such early renewal.

Nothing contained in this section 46 shall confer any right of renewal or extension upon the Mortgagor.

#### **47. RECEIVERSHIP**

Notwithstanding anything contained in this Mortgage, when the Mortgagor is in default under this Mortgage, the Mortgagee may, with or without entry into possession of the Mortgaged Land, or any part thereof, by instrument in writing appoint, or by application to a court of competent jurisdiction obtain an order for the appointment of any person, as a receiver (which term as used herein includes a receiver manager) of the Mortgaged Land, or any part thereof, and of the Rents and profits thereof, and with or without security, and may, when the appointment of the receiver is by instrument, by similar writing remove any receiver and appoint another in his stead, and that in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor, but no such appointment shall be revocable by the Mortgagor. Upon the appointment of any such receiver the following provisions apply:

- (a) The receiver shall have unlimited access to the Mortgaged Land (which right of access shall not be revocable by the Mortgagor) and shall have full power and unlimited authority to:
- (i) collect the Rents and profits from Leases;
  - (ii) rent any portion of the Mortgaged Land on such terms and conditions as he considers advisable and enter into and execute Leases, accept surrenders and terminate Leases;
  - (iii) complete the construction of any building or buildings or other erections or Fixtures on the Mortgaged Land, purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Mortgagor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;
  - (iv) manage, operate, repair, alter or extend the Mortgaged Land or any part thereof and carry on the business of the Mortgagor;
  - (v) sell or grant options to purchase the Mortgaged Land, or any part thereof, by public auction or private sale, on terms as to credit or otherwise and with or without security as shall appear most advantageous to the receiver;
  - (vi) rescind or vary any contract or agreement of sale or lease;
  - (vii) borrow such sum or sums as will, in the opinion of the receiver, be required for the purposes of carrying on the receiver's duties and in so doing the receiver may issue receiver certificates;
  - (viii) employ such assistants as the receiver may consider necessary for carrying out the receiver's duties; and
  - (ix) perform such other acts and duties and incur any other expense that, in the receiver's opinion, will maintain, preserve or increase the value or income potential of the Mortgaged Land or that is authorized by a court order appointing the receiver.

The Mortgagor undertakes to ratify and confirm whatever the receiver may do in respect of the Mortgaged Land.

- (b) The Mortgagee at its discretion may vest the receiver with all or any of the rights and powers of the Mortgagee.



- (c) The Mortgagee may fix the reasonable remuneration of the receiver and such remuneration together with all costs, charges and expenses of the receiver and receiver's borrowings from the Mortgagee shall be payable forthwith on demand by the Mortgagor, be added to the monies secured by this Mortgage, and bear interest at the Interest Rate.
- (d) The receiver shall be deemed the agent or attorney of the Mortgagor and not of the Mortgagee and the Mortgagee shall not be responsible for the acts and omissions of the receiver.
- (e) The appointment of any receiver by the Mortgagee shall not result in or create any liability or obligation on the part of the Mortgagee to the receiver or to the Mortgagor or to any other person including without limitation, for the receiver's remuneration, costs, charges and expenses and no appointment or removal of a receiver and no actions of a receiver shall render the Mortgagee a mortgagee in possession of the Mortgaged Land.
- (f) No receiver shall be liable to the Mortgagor to account for monies other than monies actually received by him in respect of the Mortgaged Land or any part thereof and out of such monies so received every receiver shall pay in the following order the following amounts:
  - (i) all the receiver's remuneration,
  - (ii) all costs, charges and expenses of every nature and kind incurred by the receiver, excluding the receiver's borrowings,
  - (iii) any sums borrowed by the receiver from the Mortgagee and interest thereon as secured by receiver certificates,
  - (iv) all interest, principal and other monies due hereunder to be paid in such order as the Mortgagee in its sole discretion shall determine,
  - (v) any sum or sums borrowed by the receiver from any financial institution, corporation or other person other than the Mortgagee and interest thereon as secured by receiver certificates, and
  - (vi) any surplus, subject to the rights of other creditors, to the Mortgagor.
- (g) Save as to claims for accounting under paragraph (f) of this section 47, the Mortgagor hereby releases and discharges any such receiver from every claim of every nature which may arise or be caused to the Mortgagor or any person claiming through or under the Mortgage by reason or as a result of anything done by the receiver unless such claim is the direct and proximate result of dishonesty or fraud.
- (h) The statutory declaration of an officer or agent of the Mortgagee as to default under the provisions of this Mortgage and as to the due appointment of the receiver pursuant to this Mortgage shall be sufficient proof thereof for the purposes of any person dealing with a

receiver and such dealing shall be deemed to be valid and effectual notwithstanding any contrary assertion by the Mortgagor.

- (i) The rights and powers conferred in this Mortgage in respect of the receiver are in addition to and not in substitution of any other rights and powers which the Mortgagee may have.

#### **48. COMPLIANCE WITH THE LAW**

The Mortgagor shall at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, bylaws, ordinances, work orders and regulations of every governmental or administrative authority or agency and all permits, licences and approvals issued thereunder whether federal, provincial, municipal or otherwise, including, without limitation those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped areas, pollution of the environment, contaminated wastes, or hazardous or toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Mortgaged Land or any part thereof and the Mortgagor shall from time to time upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and shall at the Mortgagor's own expense make any and all improvements thereon or alterations to the Mortgaged Land, structural or otherwise, and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, bylaw, ordinance, work order or regulation and the Mortgagor shall forthwith report to the Mortgagee any non-compliance thereunder involving the Mortgaged Land.

#### **49. ENVIRONMENTAL COMPLIANCE**

The Mortgagor shall pay immediately when due the cost of removal of any contaminants, wastes, or hazardous or toxic materials in, on, or about the Mortgaged Land.

The Mortgagor shall indemnify and hold harmless the Mortgagee and its directors, officers, employees and agents from and against all loss, cost, damage or expenses (including, without limitation, legal costs on a solicitor and solicitor's own client basis) incurred in the investigation, defence and settlement of any claim due to the Mortgagor's failure to comply with any statutory regulation, order, bylaw, direction or equivalent relating to the protection of the environment, or due to the presence of any contaminant, waste, or hazardous or toxic material in, on, or about the Mortgaged Land, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of this Mortgage or the release from this Mortgage of part or all of the Mortgaged Land.

#### **50. EXPROPRIATION**

In the event of any expropriation affecting the Mortgaged Land or any part thereof, the Mortgagor agrees that the proceeds from the expropriation shall be paid to the Mortgagee in priority to the claims of any other party.

## **51. MORTGAGE EXPENSES**

The Mortgagor agrees to pay the reasonable costs, charges and expenses of and incidental to this Mortgage, and to any and all other documents or security required in connection with or collateral to this Mortgage, including any amendment, extension, variation, renewal, discharge or partial release thereof, and of anything done in connection with the enforcement of the security granted thereby or by this Mortgage or the procuring of the payment of any monies secured by this Mortgage including, without limitation, processing and administration fees, legal costs (on a solicitor and own client basis) and other costs and expenses relating to examining title, preparing, executing, delivering and/or registering any document, and providing legal advice and opinions, costs and expenses in valuing the Mortgaged Land, and all monies advanced by the Mortgagee at its option in order to preserve or protect the Mortgaged Land or defending the validity or priority of this Mortgage. The Mortgagor further agrees that any amounts so incurred or charged by the Mortgagee shall be payable forthwith on demand by the Mortgagor, be added to the monies secured by this Mortgage, and bear interest at the Interest Rate.

## **52. ASSIGNMENT OF RENTS**

The Mortgagor hereby assigns to the Mortgagee all Rents to have and to hold absolutely until all monies secured by this Mortgage and all obligations of the Mortgagor in this Mortgage have been fully paid and satisfied.

The Mortgagor hereby grants to the Mortgagee full power and authority to enter upon the Mortgaged Land to collect the Rents, to demand, collect, sue for, distrain for, recover, receive and give receipts for the Rents and to enter upon the Mortgaged Land for such purposes, and to enforce payment of the Rents and performance of the obligations of any guarantees of payment and covenants to pay, in the Mortgagee's own name or in the name of and as agent for the Mortgagor, as the Mortgagee may elect, and hereby grants to the Mortgagee irrevocable authority to join the Mortgagor in any such proceedings or actions.

Notwithstanding that this is a present and absolute assignment, (subject to defeasance on repayment of all monies secured by this Mortgage), the Mortgagor, as agent for the Mortgagee, shall be entitled to collect and retain the Rents as and when they become due and payable according to the terms of the Lease until the Mortgagee gives notice to tenants directing that they pay the Rents to the Mortgagee.

The Mortgagor now has good and sufficient power, authority and right to assign the Rents and other benefits to the Mortgagee as herein provided and shall not further assign, pledge or otherwise encumber the Rents, accept any prepayment of the Rents, nor do or omit to do any act having the effect of waiving, releasing, reducing or abating any rights or remedies of the Mortgagor or any obligations of any other party in connection with the Leases.

Nothing herein contained or any action taken by the Mortgagee as provided will make the Mortgagee a mortgagee in possession, or will have the effect of making the Mortgagee responsible for the collection of the Rents or for the observance or performance or enforcement thereof or of any of the provisions of the Leases either by the Mortgagor or by any other person, liable to account for any monies except such monies as it actually receives pursuant to this assignment of Rents less proper

collection charges, inspection fees, costs (including, without limitation, on a solicitor and own client basis) and other expenses expended by the Mortgagee and such monies not deducted should be payable forthwith on demand by the Mortgagor, be added to the monies secured by this Mortgage, and bear interest at the Interest Rate.

The giving of this assignment of Rents is by way of additional and collateral security for all monies secured by this Mortgage and not in substitution for any other security and will not in any way diminish, novate or otherwise affect any other security and such other security will not diminish, novate or otherwise affect this assignment of Rents. Any right or remedy under this assignment of Rents may be taken either independently or in conjunction with any other rights or remedies of the Mortgagee under this Mortgage.

The Mortgagor shall execute and deliver such further assurances, assignments, notices or other documents and do all such other things as the Mortgagee may reasonably require from time to time to perfect this assignment of Rents.

### **53. NOTICE**

Any notice, demand, originating application or process, legal proceeding, writ of execution or other document to be given under this Mortgage (“Notice”) shall be effectually given to the Mortgagor, and where applicable, to the Covenantor, at the option of the Mortgagee, by mailing it, postage prepaid, to the address of the Mortgagor or Covenantor, as the case may be, as recorded in the Bank’s records at the time such Notice is sent, or by leaving it with a grown-up person on the Mortgaged Land, if occupied, or by placing it on some portion of the Mortgaged Land, if unoccupied. The Mortgagor and Covenantor will govern all of their affairs to ensure receipt of any Notice.

Any Notice shall be conclusively deemed delivered and received by the addressee on the fifth (5) day following, but excluding, the date of mailing. The notice and delivery provisions in this section 53 are binding on the Mortgagor and the Covenantor, notwithstanding that their respective addresses may be located outside of the Province of British Columbia.

Where personal service of any document on the Mortgagor or Covenantor is required in legal proceedings involving this Mortgage, all costs, charges and expenses (including without limitation costs on a solicitor and own client basis), relating to such service shall be payable forthwith on demand by the Mortgagor, be added to the monies secured by this Mortgage, and bear interest at the Interest Rate.

### **54. NO DEDUCTIONS**

The Mortgagor agrees that notwithstanding anything to the contrary contained in this Mortgage, all payments due from or made by the Mortgagor shall be made without set-off or counterclaim and without any deductions or withholdings, whatsoever.

### **55. INTERPRETATION**

The expressions “Mortgagor”, “Mortgagee” and “Covenantor” wherever used in this Mortgage shall include the heirs, executors, personal representatives, administrators, successors and assigns of the

Mortgagor, the Mortgagee and the Covenantor, respectively, and wherever the singular or masculine is used throughout this Mortgage the same shall be construed as meaning the plural or the feminine or body corporate or politic where the context so require. All covenants, liabilities, and obligations of the Mortgagor and Covenantor under this Mortgage shall be equally binding upon his, hers, its or their heirs, executors, personal administrators, successors and assigns, respectively, and that all such covenants, liabilities, advantages, privileges, immunities, powers and things hereby secured to the Mortgagee shall be equally secured to and exercisable by its successors and assigns. If the Mortgagor or Covenantor is comprised of more than one person the covenants on the part of the Mortgagor and the Covenantor, respectively, herein contained shall be joint and several covenants.

#### **56. PARAGRAPH HEADINGS**

The paragraph headings and Table of Contents in this set of standard mortgage terms are inserted for convenience of reference only and are deemed not to form part of this Mortgage and are not to be considered in the construction or interpretation of this Mortgage.

#### **57. APPLICABLE LAW**

This Mortgage and the rights and obligations under this Mortgage shall be governed and construed according to the laws of the Province of British Columbia.

#### **58. DATE OF MORTGAGE**

This Mortgage, unless otherwise specifically provided, shall be deemed to be dated as of the date of execution of Part 1 of this Mortgage by the first named Mortgagor.

#### **59. CONSOLIDATION**

This Mortgage is subject to the doctrine of consolidation as and to the extent permitted by section 31 of the *Property Law Act*, R.S.B.C. 1996, c.377, as amended or replaced from time to time.

#### **60. EXECUTION UNDER SEAL**

If Part 1, Part 2, a copy of either of them or an acknowledgement in writing in respect of this Mortgage is executed under seal by the Mortgagor or Covenantor, such execution shall constitute evidence that the instrument so executed is to take effect as a deed.

#### **61. COVENANTOR**

It being a condition of the making of advances under this Mortgage that the covenant hereinafter set forth should be entered into by the Covenantor, the Covenantor in consideration of the making of advances in whole or in part of the monies secured by this Mortgage and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) does hereby covenant, promise and agree as principal debtor and not as surety to and with the Mortgagee that the Covenantor shall pay, or cause to be paid, to the Mortgagee the Principal Amount and other monies secured by this Mortgage, together with interest thereon, in the manner stated in this Mortgage, or any amendments,

renewals, variations or extensions thereof, and shall observe and perform all of the covenants, provisos, conditions, agreements and stipulations in this Mortgage, and shall abide by and submit to and does hereby agree to all conditions, provisos and stipulations in this Mortgage on the part of the Mortgagor, and these covenants shall be binding notwithstanding the giving of time for payment of this Mortgage or the varying of terms of payment thereof or the rate of interest thereon under this Mortgage or any renewals, extensions, modification or amendments thereof, and if there are more than one Covenantor, shall bind them jointly as well as severally and shall continue to subsist notwithstanding the death of one or more of such Covenantor.

Each Covenantor further covenants and agrees that without giving notice to or obtaining the consent or concurrence of any Covenantor, the Mortgagee may:

- (a) grant any time, indulgences, waivers or extensions of time for payment or performance of any of the obligations under this Mortgage;
- (b) grant any renewals or extensions of this Mortgage, with or without a change in the Interest Rate or in any other terms or conditions of this Mortgage and whether by express agreement signed by the Mortgagor or otherwise (including without limitation by way of an automatic renewal or extension);
- (c) change the rate or rates of interest provided in this Mortgage, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such rate is calculated or determined, change from a fixed rate to a variable or floating rate or from a variable or floating rate to a fixed rate, or otherwise;
- (d) shorten or lengthen the amortization period of this Mortgage;
- (e) otherwise amend, supplement, modify, vary, or otherwise change any of the terms or conditions of this Mortgage in any manner whatever;
- (f) release or discharge from this Mortgage or charge constituted by this Mortgage the whole or any part of the Mortgaged Land;
- (g) advance Additional Principal Amounts to the Mortgagor pursuant to any provision of this Mortgage that permits the Mortgagor to borrow such Additional Principal Amounts from the Mortgagee;
- (h) permit the Mortgagor to prepay the Principal Amount in whole or in part or to skip one or more scheduled instalments of principal and interest or to pay more than one such scheduled instalment on a scheduled payment date under this Mortgage, whether pursuant to a provision of this Mortgage that permits such prepayment, skipping or multiple payments or otherwise;
- (i) accept compositions, compromises or proposals from the Mortgagor or otherwise deal with the Mortgagor or any other person, any security (including without limitation this

Mortgage) or the Mortgaged Land or any security as the Mortgagee sees fit including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for this Mortgage;

- (j) release or discharge any Covenantor or one or more other co-covenantors or guarantors or Mortgagors in respect of this Mortgage; or
- (k) release any subsequent legal or beneficial owner of the Mortgaged Land from any liability for the obligations under this Mortgage or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Covenantor hereunder, regardless of whether any such action has the effect of amending or varying this Mortgage or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the obligations thereunder. The liability of each Covenantor hereunder shall extend to and include the obligations of the Mortgagor under the Mortgage as so amended, renewed, extended or varied and the Mortgage as so increased, expanded or altered without further action on the part of the Mortgagee or the consent or concurrence of any Covenantor; and for greater certainty and without limiting the foregoing, if any rate of interest provided in this Mortgage is increased or otherwise altered, the liability of each Covenantor hereunder shall be extended to and include the obligation of the Mortgagor to pay interest at such increased or altered rate.

## **62. ACKNOWLEDGEMENT**

The Mortgagor and Covenantor hereby acknowledge receipt of a copy of this set of standard mortgage terms and, where applicable, a statement of any additions, amendments or deletions to this set of standard mortgage terms as provided in Part 1 of this Mortgage before executing or at the time of executing this Mortgage, and the signature of each Mortgagor and Covenantor on Part 1 of this Mortgage shall constitute conclusive evidence of receipt of this set of standard mortgage terms.



**STANDARD MORTGAGE TERMS  
RESIDENTIAL**

**MT010106**

Filed: July 13, 2001

Vancouver/ New Westminster Land Title Office

FILED BY: ROYAL BANK OF CANADA  
ROYAL TRUST CORPORATION OF CANADA

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