

STANDARD MORTGAGE TERMS

COLLATERAL MORTGAGE

Filed by: **ENVISION CREDIT UNION**

UNDER DOCUMENT FILING NUMBER **MT010118**

The following set of Standard Mortgage Terms is deemed to be included in and form a part of every mortgage in which this set is referred to by and adopted by reference to its filing number, as provided by Section 225(5)(b) of the Act.

ARTICLE 1 - DEFINITIONS

In this set of Standard Mortgage Terms and every mortgage in Form B under the Regulations which adopts it by reference to its filing number and all Schedules and Addenda to each such Form B:

- 1.01 “**Act**” means the *Land Title Act*, R.S.B.C. 1996, c. 250 and any amendments thereto;
- 1.02 “**Common Expenses**” means the expenses of the performance of the objects and duties of the Strata Corporation and any expenses which pursuant to the *Strata Property Act* or the by-laws of the Strata Corporation are common expenses;
- 1.03 “**Covenantor**” means any person who has signed Item 12 of Form B as a Covenantor;
- 1.04 “**Credit Union**” means the Lender/Mortgagee described in Item 4 of Form B, or if this Mortgage is transferred to another lender, such other lender;
- 1.05 “**Environmental Laws**” means all present and future federal, provincial or municipal laws, ordinances, by-laws, codes, rules, regulations, orders or decrees regulating, relating to, or imposing liability or standards of conduct with respect to, Hazardous Substances;
- 1.06 “**Event of Default**” means an event described in Paragraph 16.01 of these Standard Mortgage Terms;
- 1.07 “**Fixtures**” means (a) all fixtures and growing things in, on, under or in relation to the Property and (b) all real or personal property whatsoever (whether affixed, mobile or stationary) which is now or later attached to or placed, installed or erected in, on or under the Property, including without limitation: all structures, additions, improvements, fences, plant, machinery, motors, furnaces, boilers, pressure vessels, oil and gas burners, stokers, blowers, water heaters, tanks, electric light fixtures, sprinklers, gas pipes, wiring, radiators, shutters, awnings, fixed mirrors, window blinds, wall-to-wall floor coverings, screen and storm doors and windows, aerials, television antennae, satellite dishes, refrigerators, stoves, air conditioning, ventilating, plumbing, electrical, lighting, cooling, heating, cooking and refrigeration equipment, greenhouses, chicken barn heat lamps, poultry cages, mechanical poultry and animal feeding systems, feed augers and bins, all barn fixtures, including steel stanchions, water bowls and pipes, feed boxes, litter carriers and tracks, hay racks, milking machine equipment, water tanks, pumps and windmills, weigh scales, ventilating fans, electric generators,

computers, telecommunications systems, security systems, elevators, central vacuum systems, and all apparatus and equipment appurtenant to the Property;

- 1.08 **“Form B”** means a form identified by the heading “Form B” in Schedule A to the Regulations which has been duly completed in compliance with the Act and the Regulations and which refers to this set of Standard Mortgage Terms by the document filing number of this set;
- 1.09 **“Hazardous Substances”** means all hazardous or toxic materials, pollutants, effluents, contaminants, radioactive materials, flammable explosives, chemicals known to cause cancer or reproductive toxicity, emissions, wastes and all other chemicals, materials and substances, the handling, storage, release, transportation, or disposal of which is or becomes prohibited, limited or regulated by any federal, provincial or municipal authority or which, even if not so regulated, is or becomes known to pose a hazard to the health or safety of any person, including, without limitation:
- (a) asbestos;
 - (b) petroleum and petroleum by-products;
 - (c) urea formaldehyde foam insulation;
 - (d) polychlorinated biphenyls;
 - (e) all substances now or hereafter included in the definition of “waste” in the *Waste Management Act*, R.S.B.C. 1996, c.482; and all substances now or hereafter designated as “waste”, “hazardous substances”, “hazardous materials”, “toxic substances” or a similar designation under any federal, provincial or municipal law, regulation, by-law or ordinance having application to the Mortgagor or any of its property;
- 1.10 **“Indebtedness”** has the meaning specified in the Schedule under the heading “Indebtedness”;
- 1.11 **“Interest Rate”** means the rate of interest specified in the Form B and the Schedule under the heading “Interest Rate”;
- 1.12 **“Lease”** means, in respect of any part of the Property in which the Mortgagor has a leasehold interest, the lease under which such leasehold interest is created and any lease with respect to all or any part of the Property which may be entered into in replacement or renewal of such lease, as any of the foregoing may be amended from time to time;
- 1.13 **“Mortgage”** means the mortgage created by Part 1 and Part 2 together;
- 1.14 **“Mortgagor”** means each party who signs the Mortgage as Mortgagor, and the Mortgagor’s heirs, executors, administrators, successors and assigns;
- 1.15 **“Other Amounts”** means all amounts, costs and expenses which the Mortgagor is required to pay to the Credit Union by virtue of this Mortgage. Examples of “Other Amounts” are set out in Paragraph 15.01 of these Standard Mortgage Terms.
- 1.16 **“Paragraph”** refers to a numbered Article in this set of Standard Mortgage Terms;
- 1.17 **“Part 1”** means all terms, conditions and other information contained in Form B and any Schedule or attachment to Form B and which does not form a part of Part 2;
- 1.18 **“Part 2”** means this set of Standard Mortgage Terms and any amendment, deletion, modification or addition to this set of Standard Mortgage Terms whether contained in Item 10 of Form B or in any Schedule or attachment to Form B;

- 1.19 **"Prime Lending Rate"** means that per annum reference rate (regardless of interest calculation or compounding frequency) used by the Credit Union to establish the interest rate payable from time to time on variable interest rate loans and designated by the Credit Union as its "Prime Lending Rate" or "Basic Lending Rate";
- 1.20 **"Principal Amount"** means the Principal Amount specified in this Mortgage and includes all money that is later added to the Principal Amount under these Standard Mortgage Terms;
- 1.21 **"Prior Permitted Encumbrance"** means any charge or charges affecting the Mortgagor's title to or interest in the Property prior to this Mortgage and is permitted to remain as a prior charge with the consent in writing of the Credit Union and which is described in Item 11 of Form B;
- 1.22 **"Property"** means the lands and premises or Mortgagor's interest therein described in Part 1 as the lands and premises charged by the Mortgage together with all benefits, easements, licences, privileges, rights of way and servitudes pertaining thereto or connected therewith and all buildings, erections, fixtures and improvements fixed or otherwise now on or hereafter put upon such lands including, without limitation, all Fixtures;
- 1.23 **"Regulations"** means the Land Title (Transfer Forms) Regulation, B.C. Reg. 53/90, and any amendments thereto;
- 1.24 **"Schedule"** means, collectively, all the schedules attached to this Mortgage;
- 1.25 **"Strata Corporation"** means the strata corporation created by the registration under the *Strata Property Act* of a strata plan if the Property forms part of the lands described in the strata plan;
- 1.26 **"Strata Property Act"** means the *Strata Property Act* S.B.C. 1998, c. 48 and any amendments thereto;
- 1.27 **"Taxes"** means all taxes, rates and assessments of every kind which are payable by any person in connection with this Mortgage, the Property or its use and occupation or arising out of any transaction between the Mortgagor and the Credit Union, but does not include the Mortgagor's income tax;
- 1.28 **"Total Amount Secured"** means the aggregate of (a) Principal Amount, (b) interest thereon at the Interest Rate calculated as provided in the Form B and the Schedule both before and after default, demand, maturity and judgment, (c) interest at the same rate on any interest or Other Amounts not paid when due and (d) Other Amounts;
- 1.29 **"Unauthorized Charge"** means any mortgage, lien, pledge, assignment, charge, security interest, title retention agreement, levy, execution, attachment or other encumbrance (whether statutory or otherwise) which is not a Prior Permitted Encumbrance.

ARTICLE 2 - CREDIT UNION SECURITY

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| 2.01 | Mortgage of Property | <p>The Mortgagor:</p> <p>(a) if the Mortgagor has a freehold interest in the Property, transfers, grants and mortgages the Property and the Mortgagor's present and future interest in the Property to the Credit Union; or</p> <p>(b) if the Mortgagor has a leasehold interest in the Property, mortgages and sub-leases the Property and the Mortgagor's present and future interest in the Property to the Credit Union for and during the unexpired residue of the term of each Lease, except the last day thereof, and all other estate, term, right of renewal and other interest of the Mortgagor in each lease;</p> |
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as collateral security for payment of the Indebtedness in an amount not exceeding the Total Amount Secured and performance of the Mortgagor's other obligations under this Mortgage.

- 2.02 **Acquiring Greater Interest** If the Mortgagor acquires any greater or additional interest in the Property, the Mortgagor by this Mortgage transfers and mortgages that greater or additional interest to the Credit Union without the Mortgagor or the Credit Union having to do anything further.
- 2.03 **Interest** Interest payable, including, without limitation, on Other Amounts, under this Mortgage will be payable at the Interest Rate and compounded monthly, not in advance, both before and after each of maturity, default and judgment. If any Interest Rate is based upon the Prime Lending Rate:

- (a) that Interest Rate will change automatically every time there is a change in the Prime Lending Rate;
- (b) the Credit Union will not have to give the Mortgagor notice of any changes in the Prime Lending Rate or the Interest Rate; and
- (c) a written statement by any officer of the Credit Union stating what rate of interest the Prime Lending Rate was on any day or during any period will be conclusive evidence of that rate on the day or during the period stated.

If any payments to be made under this Mortgage or any documents to which this Mortgage is collateral are combined payments of principal and interest and the rate of interest charged thereon is other than yearly or half-yearly, then the equivalent rate of interest as if it were calculated on a half-yearly basis, not in advance, as provided for in the *Interest Act* (Canada), can be determined by using the chart set out in Schedule "A" attached hereto. The Mortgagor can determine how much of each payment is principal and how much is interest by using the calculation method set out in Schedule "B" attached hereto.

- 2.04 **Redemption of Property** When the Credit Union has delivered a discharge of this Mortgage to the Mortgagor, this Mortgage will no longer have any effect and the Mortgagor's interest in the Property will automatically return to the ownership of the Mortgagor.

- 2.05 **Mortgage of Mortgage** If the Lands comprise the interest of the Mortgagor in and to a mortgage of the lands and premises as described in item 2 of the Form B (the "Charged Mortgage"):

- (a) the Mortgagor releases to the Credit Union all its claim upon the Charged Mortgage and assigns to the Credit Union all monies now and hereafter owing under the Charged Mortgage and the full benefit of all covenants, rights, powers and conditions contained in the Charged Mortgage subject to the redemption provision contained in paragraph 2.04 hereof.
- (b) the Mortgagor represents, warrants, covenants and agrees that:
 - (i) the Mortgagor has not done nor permitted any act, matter or thing whereby the Charged Mortgage has been released or discharged either partly or in full;
 - (ii) the Charged Mortgage is good and valid security and the Mortgagor will execute such further assurances of the Mortgagor's interest in and to the Charged Mortgage as the Credit Union deems necessary;

- (iii) any default under the Charged Mortgage will be deemed to be a default under this Mortgage;
- (iv) the Mortgagor will not accept any prepayment of any of the monies owing under the Charged Mortgage unless provided for in the terms thereof; provided that if the Mortgagor is obligated, pursuant to the terms of the Charged Mortgage, to accept a prepayment, the amount of such prepayment will unless waived by the Credit Union be forthwith paid to the Credit Union on account of the monies owing under this Mortgage.

ARTICLE 3 - PAYMENT

3.01	On Demand	The Mortgagor will pay the Indebtedness to the Credit Union on demand.
3.02	Application of Payments	Except as otherwise agreed in writing, payments or other monies received by the Credit Union may be applied by it on any part of the Indebtedness determined by it from time to time, notwithstanding any contrary stipulation by the Mortgagor. The Credit Union may from time to time revoke or alter any such application and reapply the amount in question on any other part of the Indebtedness determined by it.
3.03	Rights of Credit Union Outside Mortgage	The provisions of this Mortgage in no way prejudice or otherwise affect any right the Credit Union may have independently of this Mortgage (whether pursuant to any agreement, promissory note, line of credit, other instrument, any rule of law or otherwise whatsoever) to recover all or any part of the Indebtedness from the Mortgagor and, if the Indebtedness exceeds the Total Amount Secured, the Credit Union may conclusively determine what part of the Indebtedness (not exceeding the Total Amount Secured) will be secured by this Mortgage and what part will not be so secured.
3.04	Records of Indebtedness	The records maintained by the Credit Union as to the date and amount of any Indebtedness advanced to or otherwise incurred by the Mortgagor from time to time (including any interest accrued thereon), and as to the amount of any payment thereof, will constitute prima facie evidence of such dates and amounts.
3.05	Notice of Demand	Any demand for payment made by the Credit Union pursuant to this Mortgage may be delivered personally or mailed to the Mortgagor or any employee or officer thereof in accordance with Paragraph 29 hereof.
3.06	Place of Payments	The Mortgagor will make all payments under this Mortgage at the address of the Credit Union set out in Form B or at any other address specified by the Credit Union.
3.07	Time of Payments	Payments received outside of the regular business hours of the Credit Union's branch where the payment is made will be considered received on the next business day of such branch of the Credit Union, except that when the Total Amount Secured is paid out in full then such payment received after 3:00 p.m. (Pacific Time) will be considered received on the next business day of the Credit Union's branch where the payment was made.
3.08	Prepayment	Except as specifically agreed to in writing by the Credit Union, none of the Indebtedness may be paid by the Mortgagor before it is due.

ARTICLE 4 - CONTINUING SECURITY

- 4.01 Continuing Collateral Security This Mortgage will, whether or not it secures a current or running account, be a general and continuing collateral security to the Credit Union for payment of the Indebtedness in an amount not exceeding the Total Amount Secured and the performance of the Mortgagor's other obligations under this Mortgage notwithstanding any fluctuation or change in:
- (a) the amount, nature or form of the Indebtedness;
 - (b) the accounts relating to the Indebtedness;
 - (c) the bills of exchange, promissory notes, lines of credit and/or other obligations now or later held by the Credit Union representing all or any part of the Indebtedness;
 - (d) the names of the parties to such bills, notes, lines of credit and/or other obligations; or
 - (e) that there is no Indebtedness outstanding at any particular time.
- This Mortgage will not be deemed to have been redeemed or become void as a result of any such event or circumstance.

ARTICLE 5 - ADVANCES AND READVANCES BY THE CREDIT UNION

- 5.01 Effect of Advances and Readvances If Item 7 of Form B indicates that this Mortgage secures a current or running account:
- (a) the Credit Union may, from time to time make advances on the original Total Amount Secured, or readvance any of the original Total Amount Secured which may have been repaid to the Credit Union;
 - (b) this Mortgage will continue to have effect and will not be deemed to have been discharged by reason only that:
 - (i) all advances and readvances have been repaid, or
 - (ii) there is nothing owing to the Credit Union under this Mortgage; and
 - (c) this Mortgage will remain as effective security for advances and readvances until the Credit Union delivers a discharge of this Mortgage to the Mortgagor.
- 5.02 Credit Union not required to advance or readvance If the Credit Union decides, for any reason, not to advance or readvance any monies or other accommodation, it will not be required to do so whether or not this Mortgage has been signed and registered and whether or not any monies or other accommodation have been previously advanced. Whether or not any advances or readvances are made, the Mortgagor will immediately pay the Credit Union all of the Credit Union's Other Amounts, including lawyer's fees (on a solicitor and his own client basis), and expenses for investigating title to the Property and for preparing, signing and registering this Mortgage and any other related instruments.

5.03	Obligation to Advance	<p>If this Mortgage secures a current or running account (such as a line of credit) under which the Credit Union is required to make advances, then:</p> <p>(a) this Mortgage also requires the Credit Union to make the advances in accordance with the terms and conditions of the current or running account; and</p> <p>(b) the advances of the current or running account will have priority over all mortgages and judgments registered after this Mortgage in accordance with Section 28 of the <i>Property Law Act</i>.</p>
5.04	Different Terms and Conditions for Advances	Particular advances or readvances secured by this Mortgage may be recorded and accounted for separately and will be subject to terms and conditions different from those applicable to other advances or readvances.
5.05	Separate Loans	If the Mortgagor is more than one person, the Mortgagors may request and the Credit Union may agree to enter into separate loan agreements, including line of credit agreements, with each or any of the Mortgagors all of which will be secured by this Mortgage. In such case, this Mortgage is security for all advances or readvances of the Principal Amount, whether made to one of the Mortgagors pursuant to that Mortgagor's individual loan agreement or to all of the Mortgagors jointly.

ARTICLE 6 - ADDITIONAL SECURITY AND JUDGMENTS

6.01	Additional Security	This Mortgage is in addition to and not in substitution for any other security now or later held by the Credit Union for all or any part of the Indebtedness. The Mortgagor agrees that this Mortgage will not create any merger or discharge of any part of the Indebtedness or any other debt owing to the Credit Union or of any encumbrance, bond, promissory note, bill of exchange or other security now or later held by the Credit Union (whether from the Mortgagor or any other person). The Mortgagor further agrees that this Mortgage will not in any way affect any other security now or later held by the Credit Union for all or any part of the Indebtedness or the liability of any endorser or any other person, or any of the Credit Union's remedies, in respect of any such encumbrance, bond, bill of exchange, promissory note or other security, or any renewal thereof, held by the Credit Union for or on account of all or any part of the Indebtedness.
6.02	Judgment	The taking of a judgment or judgments against the Mortgagor in respect of any of the agreements or obligations contained in this Mortgage, or in respect of all or any part of the Indebtedness, or otherwise, will not operate as a merger of such agreements or obligations or all or any part of the Indebtedness, or operate as a merger of or in any other way affect the security created by this Mortgage or any other security or the Credit Union's right to pursue the Credit Union's other remedies or to enforce the Mortgagor's other obligations (whether hereunder or otherwise) or the Credit Union's right to interest on the Indebtedness at the Interest Rate. Any such judgment may provide that interest thereon is to be computed at the Interest Rate until such judgment is fully paid and satisfied.
6.03	Mortgagor's Best Interest	If this Mortgage secures the Mortgagor's guarantee or indemnification (the "Indemnity") of another party's (the "Obligant's") indebtedness and/or obligations to the Credit Union, and if the Mortgagor is a corporation, then the Mortgagor certifies that there are reasonable grounds for believing that, or the directors of the Mortgagor are of the opinion that, the giving of financial

assistance to the Obligant by granting the Indemnity and this Mortgage is in the best interests of the Mortgagor, and the directors of the Mortgagor have passed a resolution authorizing the granting of the Indemnity and this Mortgage.

ARTICLE 7 - DELAY, RELEASES, PARTIAL DISCHARGES, WAIVERS AND AMENDMENTS

- 7.01 Rights of Credit Union
- The Credit Union may increase, reduce, discontinue or otherwise vary the Mortgagor's credit arrangements, grant extensions of time or other indulgences, take and give up securities, abstain from taking, perfecting or registering securities, accept compositions and proposals, grant releases and discharges and otherwise deal with the Mortgagor and other persons (including without limitation any person to whom all or any part of the Property is transferred) and with any securities as the Credit Union may see fit without affecting any of the Credit Union's rights or remedies (hereunder or otherwise), the Mortgagor's liability under this Mortgage or the Mortgagor's liability to pay the Indebtedness. The Credit Union may delay enforcing any of its rights under this Mortgage or any other document relating to the Indebtedness without losing or impairing those rights and may waive any breach of the Mortgagor's obligations under this Mortgage or any such document without affecting the Credit Union's rights in respect of any other existing breach or any subsequent breach of the same or a different nature. No such waiver will be effective unless made in writing and signed by an officer of the Credit Union. The Credit Union may release others from any liability to pay all or any part of the Indebtedness without releasing the Mortgagor. The Credit Union may release its interest under this Mortgage in all or any part of the Property or any Lease (or any other collateral) whether or not the Credit Union receives any value and will be accountable to the Mortgagor only for moneys which the Credit Union actually receives. If the Credit Union releases its interest in part of the Property, the remainder of the Property will continue to secure the Indebtedness in an amount not exceeding the Total Amount Secured and the Mortgagor's obligations under this Mortgage will continue unchanged. No sale or other dealing with all or any part of the Property or any Lease, and no amendment of this Mortgage or any other security, agreement or instrument, and no amendment relating to the Indebtedness, will in any way affect the obligation of the Mortgagor or any other person to pay the Indebtedness.

**ARTICLE 8 - TITLE AND CONDITION OF THE PROPERTY,
IMPROVEMENT, ALTERATION AND DEMOLITION**

- 8.01 Title to Property
- The Mortgagor represents, warrants and agrees with the Credit Union that:
- (a) if the "Interest Mortgaged" shown in Item 8 of Form B is freehold, the Mortgagor is the owner of the Property and has the right to transfer and mortgage the Mortgagor's interest in the Property to the Credit Union; and
 - (b) if the "Interest Mortgaged" shown in Item 8 of Form B is leasehold, the Mortgagor has a valid and existing leasehold estate as lessee under each Lease and has the right to sublease and mortgage the Mortgagor's interest in the Property to the Credit Union.

- 8.02 Condition and
 Repair of Property
- The Mortgagor will:
- (a) keep the Property in good condition and in a state of good repair and will not do, fail to do or permit anything to be done which, in the opinion of the Credit Union, will lower its value;
 - (b) not commit or permit any act of waste or the Property nor allow any part of the Property to become or remain vacant without the Credit Union's written consent;
 - (c) not demolish any of the buildings or other improvements located on the Property;
 - (d) promptly repair any damage to the Property and any of the buildings or other improvements located on the Property; and
 - (e) perform and observe the requirements of every present and future statute, law, by-law, ordinance, regulation and order affecting the operation, condition, maintenance, repair, construction, use or occupation of all or any part of the Property.
- 8.03 Farmland
- If any part of the Property is farmland:
- (a) the Mortgagor will in each year either put into crop or summer fallow in a proper manner every part thereof which has been or may in the future be brought under cultivation and will harvest and market the crops on the Property and will otherwise farm and improve and manage generally the Property in a good and farmerlike manner;
 - (b) the Mortgagor promises that where the Mortgagor owns or otherwise holds any allotment, quota or other right to produce anything out of farming the Property, so long as any monies secured by this Mortgage remain unpaid:
 - (i) the allotment, quota or other right to so produce is deemed for mortgage purposes to be affixed to and run with and form part and parcel of the Property;
 - (ii) the allotment, quota or other right to so produce will be maintained by the Mortgagor in good standing;
 - (iii) the Mortgagor will not seek to sell, transfer, lease, pledge or otherwise dispose of or cancel all or any part of the allotment, quota or other right to so produce without first obtaining the written consent of the Credit Union;
 - (iv) in the event that all or any part of the allotment, quota or other right to so produce is sold, transferred, leased, pledged or otherwise disposed of or cancelled, the Mortgagor will pay or cause to be paid to the Credit Union the proceeds, if any, at the option of the Credit Union; and
 - (v) upon breach of any of the provisions in this Article contained, this Mortgage will, at the option of the Credit Union, immediately become due and payable.

- 8.04 Inspections The Mortgagor authorizes the Credit Union and its authorized representatives to enter on and inspect the Property and to enter any buildings on the Property whenever the Credit Union deems it necessary or advisable to do so.
- 8.05 Preservation of Property If, in the sole opinion of the Credit Union, the Mortgagor does not observe or perform any of the foregoing provisions of this Article, the Credit Union may from time to time (but will not be obligated to) enter on and inspect the Property at any time and make such repairs and do such other acts or things it believes are necessary to protect or preserve the Property and to carry out the Mortgagor's obligations under this Article including, if the Property is farmland, the farming, improvement and general management thereof. The Mortgagor will immediately pay the Credit Union all amounts, costs and expenses paid or incurred by it in connection with any of the foregoing.
- 8.06 Entry and Possession If the Mortgagor fails at any time for a period of 10 consecutive days to diligently carry on any Improvement (as defined in this Article 8) to or on any part of the Property or without the written consent of the Credit Union departs from the plans and specifications approved by the Credit Union with respect thereto or from the generally accepted standards of construction in the locality of the Property, or if any Event of Default has occurred and is continuing, the Credit Union from time to time may enter on the Property and have exclusive possession of all materials, plant and equipment thereof, free of interference from or by the Mortgagor, and complete the Improvement either according to such plans and specifications or according to such other plans, specifications or design as the Credit Union in its absolute discretion may determine. The Mortgagor will immediately pay the Credit Union all costs and expenses incurred by it in connection with any of the foregoing. In exercising any of the foregoing rights, to such extent as is possible the Credit Union will be deemed not to be a mortgagee in possession.
- 8.07 Entry by Agents Any entry which may be made by the Credit Union pursuant to any provision of this Mortgage may be made by any agents, employees and/or contractors of the Credit Union.
- 8.08 Improvement In this Article 8, the term "Improvement" has the meaning given to it in the *Builders Lien Act* S.B.C. 1997 c.45, as amended or replaced from time to time, and includes any alteration, addition or repair to, and any construction, erection, remodelling, rebuilding or installation on or of, any part of the Property and the demolition or removal of any building or part of any building on the Property.
- 8.09 Construction Progress Advances The Mortgagor agrees that no Improvement to or on the Property will be made or commenced (by the Mortgagor or any other person) unless the Mortgagor first provides a copy of all proposed plans, blueprints and specifications to the Credit Union and obtains the Credit Union's written consent thereto. The Improvement will form part of the Property. Subject to Paragraph 5.02, the Credit Union may make advances to the Mortgagor under this Mortgage based on a building, its occupation or sale or otherwise. Funds to finance the construction of an Improvement may be advanced based on the Mortgagor's progress in completing the Improvement. The Credit Union may, at its discretion, hold back as much of the Principal Amount as it estimates will be necessary to complete the Improvement. The Mortgagor will construct and complete the Improvement in accordance with the plans and specifications for such work and pursuant to all applicable governmental building standards as quickly as possible and make all payments for the Improvement that it is required to make, and will provide the Credit Union with proof of such payments on request. The Mortgagor will not allow a delay of more than 10 days in carrying out construction.

8.10	Statutory Holdback	The Credit Union may retain funds from any advance or advances under this Mortgage until the Credit Union is completely satisfied that all statutory holdback provisions have been fully complied with by the Mortgagor, and may give information to any party in accordance with the Credit Union's statutory obligations as mortgagee.
8.11	Effect of Sale	The Mortgagor will not be released from the Mortgagor's obligations and promises contained in this Mortgage for the reason only that the Mortgagor has sold the Property or the Mortgagor's interest in the Property.
8.12	Financial Statements	If the Property is commercial or revenue producing in nature and the Credit Union so requires, the Mortgagor must deliver to the Credit Union within ninety (90) days following the end of each fiscal year adopted by the Mortgagor for operation of the Property, annual financial and operating statements covering the Property only, prepared by a duly qualified accountant in good standing and including a balance sheet and an income and expense statement.

ARTICLE 9 - LEASEHOLD PROVISIONS

9.01	Leasehold	The provisions of this Article 9 will only apply if the "Interest Mortgaged" shown in Item 8 of Form B is a leasehold interest.
9.02	State of Lease	<p>The Mortgagor represents, warrants and agrees with the Credit Union that:</p> <ul style="list-style-type: none"> (a) the Mortgagor is the lawful tenant or lessee of the Property and has a good and marketable leasehold title to the Property, free of any encumbrance or claims, except any the Mortgagor has reported to the Credit Union in writing; (b) the Property is leased to the Mortgagor under a good, valid and subsisting Lease (a complete copy of which the Mortgagor has given to the Credit Union); (c) all rents and other monies payable under each Lease have been paid and the Mortgagor has not defaulted in respect of any of the Mortgagor's other obligations set out in such Lease, in both cases up to the date the Mortgagor signed this Mortgage; (d) the Mortgagor has obtained the consent of the Mortgagor's landlord or lessor, or the Mortgagor has the right without such consent, to mortgage and sublet the Mortgagor's leasehold interest in the Property to the Credit Union in the manner provided in this Mortgage; (e) the Mortgagor will pay rent and all other amounts, and perform and observe all other obligations of the lessee or tenant, all as required by each Lease, in default of which the Credit Union may (but will not be obligated to) make any such payments or perform or observe any such obligations, and the Mortgagor will immediately pay the Credit Union the amount of any payments made or costs and expenses incurred by the Credit Union in so doing; (f) the Mortgagor will not surrender the Lease or cause or allow it to be terminated or forfeited;

- (g) the Mortgagor will not agree to any amendment of any Lease without first obtaining the Credit Union's written consent;
- (h) the Mortgagor will promptly give the Credit Union a copy of any notice, demand or request which the Mortgagor may receive relating to any Lease of the Property; and
- (i) the Mortgagor will hold the last day of the term of each Lease in trust for the Credit Union to do with as the Credit Union directs.

ARTICLE 10 - CHARGES AGAINST THE PROPERTY

10.01	No Other Charges on Title	The Mortgagor promises that if there is any Unauthorized Charge registered against the title to the Property the Mortgagor will immediately cause any such Unauthorized Charge to be satisfied and discharged from the title to the Property.
10.02	Prior Permitted Encumbrance Obligations	The Mortgagor promises to fulfill all of the Mortgagor's obligations under any Prior Permitted Encumbrance.
10.03	Prior Permitted Encumbrance Defaults	<p>If the Mortgagor defaults under any Prior Permitted Encumbrance, the Credit Union may:</p> <ul style="list-style-type: none"> (a) correct any default; (b) add to the Principal Amount the amount paid by the Credit Union to correct the default; and (c) charge interest on that combined amount at the same interest rate as that charged on the Principal Amount.
10.04	Builders' Liens	<p>The Mortgagor will not allow any claims of builders' liens (being claims for payment of charges for labour, services, materials or rent of equipment supplied to make improvements to the Property) to remain filed against the Property at any time. Upon becoming aware that a lien has been filed against the Property, the Mortgagor will immediately notify the Credit Union. If a lien is filed, not having the lien removed from the title to the Property will not be a breach of this Paragraph 10.04 of these Standard Mortgage Terms, if the Mortgagor:</p> <ul style="list-style-type: none"> (a) disputes the validity of the claim of lien; and (b) gives the Credit Union reasonable security so the Credit Union can pay the lien if it is found to be valid. <p>If the lien is found to be valid and the Mortgagor does not then have the lien immediately removed from the title to the Property, the Credit Union may then use the security to pay the lien and have it removed from title to the Property.</p>
10.05	Heritage and Conservation Provisions	The Mortgagor warrants and represents to the Credit Union after making due and diligent inquiries (including without limitation where appropriate, to the Archaeological Site Registry of British Columbia and any applicable municipality) that to the best of the Mortgagor's knowledge no archaeological, conservation or heritage site is located on the Property. The Credit Union may, at any time, require the Mortgagor to arrange or arrange itself directly, in either case at the sole cost and expense of the Mortgagor, for an archaeologist or conservationist to walk over and inspect the Property to confirm the non-existence of any such archaeological, conservation or heritage site on the Property.

ARTICLE 11 - INSURANCE

- 11.01 **Insurance Requirements** The Mortgagor will, in accordance with the provisions of this Article 11, insure and keep insured in an amount not less than 100% of full replacement cost all buildings and Fixtures now or later forming part of the Property, and all present and future crops and other produce of the land forming part of the Property. The risks so insured against will include loss or damage by or from fire (with extended perils coverage), explosion, tempest, lightning and other perils usually covered in fire insurance policies and such additional risks as the Credit Union may from time to time require, including without limitation, earthquake, comprehensive general liability, loss of rental and other income and public liability insurance, in each case in amounts satisfactory to the Credit Union; and if a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or air conditioning or sprinkler system is at any time operated on the Property, the Mortgagor will also insure and keep insured against loss or damage by explosion of, or otherwise caused by any such apparatus or system. No such policy may include any percentage coinsurance clause unless the prior written consent of the Credit Union is obtained. For any and all new construction or major renovation work to be carried out upon the Property, the Mortgagor will first obtain Course of Construction or Builder's All Risk Insurance in an amount and form and from an insurer satisfactory to the Credit Union.
- 11.02 **Insurance Proceeds Payable to Credit Union** Each insurance policy will be carried with a company or companies, and contain a mortgage clause and a loss payee clause in favour of the Credit Union as its interest may appear, approved by the Credit Union. The Mortgagor will immediately give the Credit Union a certified copy of each insurance policy and, not less than 10 days before any policy expires or is terminated, evidence of its renewal or replacement. The Credit Union may require cancellation of any insurance required by this Mortgage and new insurance effected by an insurer to be approved by the Credit Union.
- 11.03 **Credit Union May Obtain Insurance** The Credit Union has the right, but will not be obligated, to obtain and maintain any insurance if the Mortgagor fails to do so or fails to comply with any of the obligations set forth in Paragraph 11.02. The Mortgagor will immediately pay the Credit Union all premiums paid and all costs and expenses incurred by the Credit Union to effect such insurance.
- 11.04 **Use of Insurance Proceeds** If any loss or damage occurs to any part of the Property, the Mortgagor will immediately notify the Credit Union and, at the Mortgagor's expense, do everything necessary to enable the Credit Union to obtain the insurance proceeds. The Credit Union may require that all or any part of such proceeds, or the proceeds of any other insurance required hereby or otherwise effected with respect to all or any part of the Property, be applied towards all or any part of the Principal Amount, Interest and Other Amounts owing under this Mortgage, whether or not due, or be used to repair such loss or damage.
- 11.05 **Assignment** As additional security for payment of the Principal Amount, interest and Other Amounts owing under this Mortgage, and performance of the Mortgagor's other obligations under this Mortgage, the Mortgagor assigns to the Credit Union all of the Mortgagor's interest in or under (a) any policy of insurance effected with respect to all or any part of the Property, whether or not effected in accordance with the provisions of this Article 11 and (b) any insurance trust agreement referred to in Paragraph 12.06. The Mortgagor hereby irrevocably appoints each officer of the Credit Union (with power of substitution) as attorney of the Mortgagor to endorse on behalf of the Mortgagor any cheques issued by any insurer with respect to any policy of insurance effected pursuant to this Article or otherwise with respect to all or any part of the Property.

11.06	Conflict	The Mortgagor gives up and waives any statutory rights to any insurance proceeds to ensure that such insurance proceeds may be used in accordance with this Article 11.
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ARTICLE 12 - STRATA TITLE PROVISIONS

12.01	Application to Strata Lot and Common Property	This Article 12 will apply, in addition to the other provisions of this Mortgage, if all or any part of the Property is a strata lot. The Mortgagor agrees that the common property pertaining to the Property and any other interest that the Mortgagor may have in the assets of the Strata Corporation form part of the Property and are subject to this Mortgage.
12.02	Compliance by Mortgagor	The Mortgagor will comply with the <i>Strata Property Act</i> and the by-laws, rules and regulations of the Strata Corporation as they exist from time to time.
12.03	Payment of Common Expenses	The Mortgagor will pay, when due, all amounts (including without limitation Common Expenses) which, by the terms of the <i>Strata Property Act</i> or the by-laws of the Strata Corporation, are payable by the Mortgagor or with respect to the Property and provide the Credit Union on request with proof of such payment. If the Mortgagor does not make any such payment, the Credit Union may (but will not be obligated to) do so, and the Mortgagor will immediately pay the Credit Union any amount so paid.
12.04	Notices to Credit Union	The Mortgagor will mail to the Credit Union, by prepaid mail, or deliver to the Credit Union, copies of every notice, assessment, claim or demand for payment, rule, regulation, request or demand of the Credit Union to consent to any matter, and every other communication relating to all or any part of the Property or the common property of the Strata Corporation so that the Credit Union receives them at least five days before any such claim or demand is payable or, in the case of other communications, within five days after receipt by the Mortgagor.
12.05	Assignment of Voting Rights	<p>The Mortgagor irrevocably appoints, authorizes and empowers the Credit Union to vote, consent or not consent at any meeting of the Strata Corporation respecting all matters relating to insurance, maintenance, finance or any other matter affecting the security of this Mortgage provided that:</p> <ul style="list-style-type: none"> (a) the Mortgagor will be entitled to exercise such right to vote or consent or not consent unless the Credit Union gives notice of its intention to exercise such right, which notice may be for an indeterminate period of time, a limited period of time or a specific meeting or matter; (b) the Credit Union's right to vote, consent or not consent does not impose any obligation on the Credit Union to do so or to protect the Mortgagor's interests; and (c) the Credit Union's exercise of its right to vote, consent or not consent will not constitute the Credit Union a mortgagee in possession and will not give rise to any liability on the part of the Credit Union.
12.06	Insurance	The Mortgagor will insure all improvements which at any time the Mortgagor or any previous owner makes or made to the Property and the Mortgagor's common or other interest in buildings which are part of the condominium property, against such risks as the Credit Union may require. If the Strata Corporation fails to obtain or maintain the insurance required of it by the <i>Strata Property Act</i> , the by-laws or rules of the Strata Corporation or otherwise with respect to all or any part

of the Property, the common property or the assets of the Strata Corporation, the Mortgagor will do so. If the Mortgagor fails to so insure, the Credit Union may (but will not be obligated to) do so and the Mortgagor will immediately pay the Credit Union all premiums paid by it. Any insurance maintained by the Strata Corporation in accordance with its statutory obligation under the *Strata Property Act* will be deemed, for the purposes of this Mortgage, to be insurance maintained by the Mortgagor to the extent such insurance is attributable to the strata lot located on the Property (based on the interest on destruction of such strata lot). All policies of insurance required to be effected pursuant to this Paragraph 12.06 upon or in respect of the buildings on the Property will provide for any loss to be payable to the Credit Union and a trustee approved by the Credit Union pursuant to an insurance trust agreement approved by the Credit Union, the terms of which cannot be altered without the Credit Union's prior written consent. Without limiting the generality of Paragraph 12.01, it is expressly agreed that the provisions of this Paragraph 12.06 are in addition to the Mortgagor's obligations and the Credit Union's rights set out in Article 11.

12.07 Default

In addition to the Credit Union's other rights, whether under this Mortgage or otherwise, and without affecting the Credit Union's right to demand payment pursuant to this Mortgage or otherwise, the balance of the Principal Amount and all interest and all Other Amounts owing under this Mortgage will, at the Credit Union's option and without notice to the Mortgagor, become immediately due and payable if any of the following events or circumstances occur and continue, and the Mortgagor will immediately pay to the Credit Union the balance of the Principal Amount and all interest and all Other Amounts owing under this Mortgage:

- (a) control of the common property or the assets of the Strata Corporation by the Strata Corporation is terminated;
- (b) a vote of the owners of the strata lots authorized the sale or lease of all or any substantial part of the common property or all or any part of the common property is expropriated;
- (c) the Strata Corporation fails to comply with any provision of the *Strata Property Act* or of any of the by-laws, rules or regulations applicable to the Strata Corporation;
- (d) the Strata Corporation fails to insure the strata lots and common property in accordance with the *Strata Property Act* and the by-laws of the Strata Corporation;
- (e) the Strata Corporation fails, in the Credit Union's opinion, to manage the common property and its assets in a careful way or to maintain them in good repair; or
- (f) the Mortgagor leases the strata lot for a term of three (3) years or more without the Credit Union's prior written consent.

12.08 Obligations under *Strata Property Act*

The Mortgagor will observe all provisions of, and perform all obligations imposed upon the Mortgagor by, the *Strata Property Act*, the by-laws of the Strata Corporation and any rule made pursuant to the *Strata Property Act*. The Credit Union may (but will not be obligated to) observe and perform such provisions or obligations if the Mortgagor fails to do so and the Mortgagor will immediately pay the Credit Union all costs and expenses incurred by the Credit Union in so doing.

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| 12.09 | Obtaining
Certificates | The Mortgagor appoints the Credit Union as its agent for the purpose of obtaining, from time to time, a certificate from the Strata Corporation pursuant to Sections 59 and 115 of the <i>Strata Property Act</i> . |
| 12.10 | Access to Records | Pursuant to Section 36 of the <i>Strata Property Act</i> , the Mortgagor authorizes any officer of the Credit Union to review and obtain copies of the records and documents referred to in Section 35 of the <i>Strata Property Act</i> . |

ARTICLE 13 - POSSESSION

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| 13.01 | Possession Until
Default | Until the occurrence of any default under this Mortgage, the Mortgagor is entitled to possession of the Property subject to the terms of this Mortgage. |
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ARTICLE 14 - TAXES

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| 14.01 | Payment of Taxes | The Mortgagor will pay all Taxes on or before the date the Taxes are due. |
| 14.02 | Proof of Payment | The Mortgagor will give the Credit Union proof of payment of Taxes no later than 30 days following the date the Taxes are due. |
| 14.03 | Tax Instalments | If the Credit Union requires, the Mortgagor will pay the Credit Union:

(a) 1/12th of the estimated annual Taxes (estimated by the Credit Union) once each month on a date determined by the Credit Union; and

(b) the amount by which the actual annual Taxes are greater than such estimate immediately upon demand

(the "Tax Instalments")

so that the Credit Union can pay the Taxes in full on or before the date the Taxes are due. |
| 14.04 | Payment of Taxes
by Credit Union | As long as the Mortgagor is not in default under this Mortgage, the Credit Union will use the Tax Instalments to pay the Taxes. If the Mortgagor is in default under this Mortgage, the Credit Union may apply the Tax Instalments against the Principal Amount, interest and Other Amounts owing under this Mortgage. |
| 14.05 | Grants and Rebates | It is the responsibility of the Mortgagor to apply for government grants, assistance or rebates with respect to any Taxes. |

ARTICLE 15 - EXPENSES AND COSTS

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| 15.01 | Payments by Credit
Union | The Credit Union may pay:

(a) any overdue Taxes;

(b) any legal fees and disbursements for investigating title to the Property and for preparing, signing and registering this Mortgage and any other related documents, whether or not any advances are made under this Mortgage; |
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- (c) any fees and disbursements to valuers, appraisers, surveyors, engineers or similar professionals reasonably required for the Credit Union to administer and maintain this Mortgage or which the Credit Union deems it necessary to pay in order to protect its security in the Property under this Mortgage;
- (d) any legal fees and disbursements or any collection fees or service charges to lawyers, collection agents or others for the collection of any amounts due under this Mortgage and the enforcement of this Mortgage;
- (e) anything that the Mortgagor has agreed in this Mortgage to pay but has not paid;
- (f) the cost of doing anything that the Mortgagor has promised in this Mortgage to do but has not done; and
- (g) anything the Credit Union, acting reasonably, deems it necessary to pay in order to protect its security in the Property under this Mortgage.

15.02 Treatment of Amounts Paid by Credit Union

The Mortgagor will immediately reimburse the Credit Union for any amount paid under Paragraph 15.01 of these Standard Mortgage Terms or the amount paid will:

- (a) be added to the Principal Amount;
- (b) be charged interest at the same interest rate as that charged on the Principal Amount;
- (c) be secured by this Mortgage; and
- (d) be a charge on the Property.

15.03 Court Costs

In any court proceedings taken to enforce this Mortgage, the Credit Union will be entitled to costs on a solicitor and his own client basis. If some of the costs recovered from the Mortgagor in court proceedings duplicate some of the legal fees or disbursements incurred by the Credit Union and added to the Principal Amount under Paragraph 15.02 of these Standard Mortgage Terms, the Credit Union will reduce the balance outstanding under this Mortgage by the amount of those duplicate costs.

ARTICLE 16 - EVENTS OF DEFAULT

16.01 Events of Default

The following will be events of default under this Mortgage:

- (a) if the Mortgagor does not do anything that the Mortgagor has promised in this Mortgage to do;
- (b) if the Mortgagor does anything that the Mortgagor has promised in this Mortgage not to do;
- (c) any statement the Mortgagor has given or made or hereafter gives or makes to the Credit Union (whether in this Mortgage or otherwise) in respect of the Property, this Mortgage, any Lease or the affairs of the Mortgagor is untrue in any material way on the date made or given;

- (d) any Unauthorized Charge or notice of an Unauthorized Charge is registered against the Property without the Credit Union's prior written consent;
- (e) the Property is abandoned or any act of waste is committed as to all or any part of the Property; or any building or other structure now or later being erected on the Property remains unfinished and without any work being done on it for a period of 10 consecutive days;
- (f) the Mortgagor sells, transfers, leases or otherwise disposes of all or any part of the Property or any Lease or any interest in any of the foregoing, or agrees to do so, without the Credit Union's prior written consent;
- (g) the Mortgagor ceases to carry on the business (if any) ordinarily carried on from the Property without the Credit Union's prior written consent;
- (h) any order is made or resolution passed for the winding-up, liquidation or other dissolution of the Mortgagor (if the Mortgagor is a corporation), or there is a change in the membership or a dissolution of the Mortgagor (if the Mortgagor is a partnership);
- (i) in the opinion of the Credit Union, there is a change in effective control of the Mortgagor (if the Mortgagor is a corporation);
- (j) the Mortgagor makes an assignment for the benefit of creditors, or any proceedings are instituted by or against the Mortgagor seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding-up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or other similar law or seeking the appointment of a receiver, receiver and manager, trustee, custodian or other similar official for it or for any of its property (excluding proceedings which are being contested by the Mortgagor in good faith, which have been outstanding for fewer than 30 days and in respect of which any enforcement proceedings are stayed), or the Mortgagor is declared bankrupt, or a receiver, receiver and manager, trustee, custodian or other similar official is appointed of it or in respect of all or any part of the Property, or power of sale or foreclosure proceedings are commenced against all or any part of the Property;
- (k) if the Mortgagor is an individual and the Mortgagor dies (or if the Mortgagor is more than one individual and the last survivor of those individuals dies);
- (l) if the Covenantor is an individual and the Covenantor dies (or if the Covenantor is more than one individual and any one of those individuals dies);
- (m) another encumbrancer takes possession of all or any part of the Property or a distress or execution or other similar process is brought against all or any part of the Property;
- (n) all or any part of the Property is expropriated;

		(o) if the Mortgagor, without the prior written consent of the Credit Union, permits possession of the Property to come into the hands of any person by lease or otherwise;
		(p) if the Mortgagor grants any further mortgage of the Mortgagor's interest in the Property without the Credit Union's prior written consent;
		(q) if the Mortgagor defaults under any other loan made by or credit facility given by the Credit Union to the Mortgagor; or
		(r) if the Mortgagor directly or indirectly terminates or repudiates his membership in the Credit Union during the term of this Mortgage.
16.02	Mortgage Due on Default	If there is an Event of Default, the Credit Union may require that the Mortgagor immediately repay the Principal Amount and all interest and all Other Amounts owing under this Mortgage.
16.03	Waiver of Event of Default	If the Credit Union waives an Event of Default, that waiver will not prevent the Credit Union from relying on any other Event of Default.
16.04	Default Under Other Loans	The Credit Union may consider an Event of Default to be a default under all other loans made by or credit facilities given by the Credit Union to the Mortgagor.

ARTICLE 17 - ENFORCEMENT AND COLLECTION

17.01	Enforcement of Remedies	<p>If any one of the Events of Default set out in Article 16 has occurred and is continuing, the Credit Union may (but will not be obligated to), from time to time and in any order, separately or in combination, and after giving the minimum notice, if any, required by applicable law and obtaining court approval where necessary, enforce any one or more of the following remedies:</p> <p>(a) sue the Mortgagor for all or any part of the amounts due under this Mortgage;</p> <p>(b) distraint for arrears of all or any part of the amounts due under this Mortgage;</p> <p>(c) apply to court to foreclosure the Mortgagor's and/or any other person's interest in all or any part of the Property or any Lease and to take possession of it and/or to sell, lease or otherwise deal with it;</p> <p>(d) enter on and take possession of all or any part of the Property;</p> <p>(e) sell and/or lease all or any part of the Property or sell the unexpired term of any Lease;</p> <p>(f) assign any Lease and sell the last day of the term granted by the Lease and/or remove the Mortgagor or any other persons from being a trustee of the last day of the term of any Lease and appoint a new trustee or trustees in its place;</p> <p>(g) appoint in writing a receiver (which term as used herein includes a receiver and manager) of all or any part of the Property and the rents and other income thereof and from time to time remove any receiver and appoint another in its place;</p>
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- (h) exercise in respect of the insurance policies, insurance trust agreements, leases, rents and benefits assigned pursuant to Paragraphs 11.05 and 12.06 the remedies exercisable by the Credit Union in respect of all or any of the Property; and
 - (i) exercise any other rights or remedies which the Credit Union may have, whether pursuant to this Mortgage, at law, in equity, by contract or otherwise.
- 17.02 Not Mortgagee in Possession Nothing contained herein and nothing done by the Credit Union or any receiver, other than taking possession of the Property in fact, will render the Credit Union or such receiver a mortgagee in possession.
- 17.03 Right of Distress The Mortgagor hereby waives the right to claim any exemption with respect to the Credit Union's right of distress and agrees that the Credit Union will not be limited as to the amount for which it may distrain.
- 17.04 Sale and Proceeds Any sale contemplated or permitted herein may be for cash or for credit, or partly for cash and partly for credit, by tender, private sale or public auction, as a whole or in separate parcels, with or without a reserve bid, with or without advertisement and at any time or times and on such terms as the Credit Union thinks reasonable. The Credit Union will be accountable for sale proceeds or rent only when received in cash. The Credit Union may use the services of any real estate agent in connection with any sale or lease (including any agent affiliated with the Credit Union). The Credit Union may apply the net proceeds of any lease or sale to any part of the amounts due under this Mortgage determined by the Credit Union, and the Mortgagor will pay the Credit Union any part of the amounts due under this Mortgage remaining unpaid.
- 17.05 Cancel Sale or Lease The Credit Union may cancel or amend any contract of sale or lease and sell or lease again, or adjourn any such sale from time to time, all as the Credit Union thinks reasonable, without being responsible for any resulting loss.
- 17.06 Purchaser to Receive Good Title Any purchaser or lessee from the Credit Union or a receiver pursuant hereto will not be required to see to the validity, legality, regularity or propriety of such sale or lease, or that a default has happened on account of which the sale or lease is being made. The Mortgagor agrees that each such purchaser and lessee will receive good title to or a valid lease of that part of the Property sold or leased, and that the Mortgagor will not make any claims concerning the validity, legality, regularity or propriety of the sale or lease against the purchaser or lessee or their successors in title. The Mortgagor's only claim respecting such validity, legality, regularity or propriety will be made against the Credit Union and will be in damages only.
- 17.07 Possession The Credit Union may lease or sell without entering into actual possession of the Property and, while in possession, will only be accountable for moneys actually received by it.
- 17.08 Sales of Parts of Property Without limiting the generality of Paragraph 23.01, sales may be made from time to time of parts of the Property to satisfy any part of the amounts due under this Mortgage, leaving the balance thereof secured under this Mortgage on the remainder of the Property.

17.09	Leasehold Interest - Credit Union Attorney	If the Mortgagor has a leasehold interest in the Property, the Mortgagor irrevocably appoints each officer of the Credit Union (with power of substitution) to be the Mortgagor's attorney during the continuance of this Mortgage so as to permit the Credit Union to execute any document or do any act or thing which the Credit Union is permitted or the Mortgagor is required to execute or do pursuant to the provisions hereof.
17.10	Leasehold Interest Sale and Assignment	If the Mortgagor has a leasehold interest in the Property, the Mortgagor will (a) at the request of the Credit Union and at the cost and expense of the Mortgagor, sell and assign to the Credit Union or any person appointed by the Credit Union, the last day of the term of the Lease or any renewal term, and (b) in the event of any sale by the Credit Union as contemplated herein, hold such last day in trust for the purchaser, and the purchaser's heirs, executors, administrators, successors and assigns.
17.11	Non-interference with Possession	Neither the Mortgagor nor any person claiming an interest in the Property through the Mortgagor will interfere in any way with the Credit Union's possession of the Property obtained pursuant to the provisions hereof nor with the possession of anyone to whom all or any part of the Property is sold or leased by the Credit Union or any receiver appointed pursuant to the provisions hereof.
17.12	Other Securities Held by the Credit Union	If the Credit Union holds other securities as security for repayment of the Principal Amount and interest, the Credit Union may realize on those securities or this Mortgage in any order it decides. Any action under those securities will not prevent action being taken under this Mortgage and vice versa.

ARTICLE 18 - RECEIVER

18.01	Receiver's Powers	<p>Any Receiver appointed by the Credit Union may:</p> <ul style="list-style-type: none"> (a) either in the Mortgagor's name or in the name of the Credit Union, demand, recover and receive income from the Property, and start and carry on any action or court proceedings to collect that income; (b) give receipts for income which the Receiver receives; (c) carry on or cease any business which the Mortgagor conducted on the Property; (d) lease or sublease the Property or any part of it on terms and conditions that the Receiver chooses; (e) complete the construction of, or repair any building or improvement on the Property; (f) take possession of all or part of the Property; (g) manage the Property and maintain it in good condition and repair; (h) do, in whole or in part, anything that the Mortgagor has promised in this Mortgage to do;
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		(i) do anything that, in the Receiver's opinion, will maintain and preserve the Property or will increase or preserve the value or income potential of the Property or the Mortgagor's business on the Property.
18.02	Authorized to Borrow Money	The Receiver may borrow money to do anything the Receiver is authorized to do.
18.03	Treatment of Money Borrowed	Any money borrowed by the Receiver, and any interest charged on that money and all the costs of borrowing, will be added to and be part of the balance outstanding under this Mortgage.
18.04	Removal and Reappointment	Any Receiver appointed by the Credit Union may be removed by the Credit Union and another Receiver appointed in his place.
18.05	Receiver is Agent of Mortgagor	Any Receiver appointed by the Credit Union will be the Mortgagor's agent. The Mortgagor will be responsible for all actions of the Receiver. Nothing done by the Receiver will make the Credit Union liable as a mortgagee in possession.
18.06	Receiver's Fees	The Receiver will receive a fee of 5% of the gross income collected by the Receiver or any higher rate permitted by a court. The Receiver will be reimbursed for his expenses in exercising his powers.
18.07	Deductions from Gross Income	From any income received, the Receiver: <ul style="list-style-type: none"> (a) may deduct the Receiver's fee and expenses; and (b) will pay the balance of any such income to the Credit Union.
18.08	Fees and Expenses a Charge on the Property	The Receiver's fee and expenses will be a charge on the Property and will bear interest at the Interest Rate.

ARTICLE 19 - CANADA MORTGAGE AND HOUSING CORPORATION

19.01	CMHC Provisions	<p>If this Mortgage is insured by Canada Mortgage and Housing Corporation ("CMHC") then the following additional provisions apply:</p> <ul style="list-style-type: none"> (a) this Mortgage is made pursuant to the <i>National Housing Act</i>; and (b) the Credit Union appoints CMHC and any duly authorized representative or agent of CMHC as the Credit Union's authorized representative for the purpose of inspecting the Property. The Mortgagor agrees that the Credit Union or CMHC (or their respective agents) may enter upon the Property to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Credit Union or CMHC and the reasonable cost of such testing, assessment, investigation or study, as the case may be, will be payable by the Mortgagor to the Credit Union forthwith and until paid will: <ul style="list-style-type: none"> (i) be added to the Principal Amount; (ii) be charged interest at the same interest rate as that charged on the Principal Amount; (iii) be secured by this Mortgage; and
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(iv) be a charge on the Property.

The exercise of any of the powers set forth above will not deem the Credit Union, CMHC or their respective agents to be in possession, management, or control of the Property or any buildings thereon.

ARTICLE 20 - TRANSFER OF MORTGAGE

20.01 Transfer The Credit Union may transfer this Mortgage at any time and on such terms as it may decide. If the Credit Union does transfer this Mortgage, the person to whom it is transferred will have all of the powers, rights and remedies available to the Credit Union in this Mortgage and the definition of the Credit Union will be amended to mean the person to whom the Credit Union has transferred this Mortgage.

ARTICLE 21 - CHANGE IN SPOUSAL STATUS

21.01 Change in Spousal After any change or event affecting any of the following, namely:
 Status

- (a) the spousal status of the Mortgagor or of any shareholder or director of any corporate Mortgagor;
- (b) the qualification of the Property as a matrimonial home or family asset; or
- (c) the ownership of the Property,

the Mortgagor will forthwith advise the Credit Union accordingly in writing and furnish the Credit Union with full particulars thereof, the intention being that the Credit Union will be kept fully informed of the names and addresses of the owner or owners for the time being of the Property and of any spouse who is not an owner but who has a right to possess the Property. In furtherance of such intention, the Mortgagor will furnish the Credit Union with such evidence in connection with any of subparagraphs (a), (b) and (c) of this provision as the Credit Union may from time to time request.

ARTICLE 22 - ENVIRONMENTAL PROVISIONS

22.01 Environmental To the best of the Mortgagor's knowledge after due inquiry and investigation,
 Representations and except as previously disclosed to the Credit Union in writing:
 Warranties

- (a) the Property has been, and continues to be, owned by the Mortgagor and all predecessors in title in material compliance with all applicable Environmental Laws;
- (b) there have been no past, and there are no pending or threatened:

- (i) claims, complaints, notices or requests for information received by or known to the Mortgagor with respect to any alleged violation of any applicable Environmental Laws;
- (ii) complaints, notices or inquiries to the Mortgagor regarding potential liability under any applicable Environmental Laws; or
- (iii) claims, complaints, notices or requests to the Mortgagor requiring investigation or remediation under any applicable Environmental Laws

that, singularly or in the aggregate, have, or may be reasonably expected to have, a material adverse effect upon the Property or the Mortgagor's business carried on upon the Property;

- (c) there have been no releases or threatened releases of Hazardous Substances in violation of any applicable Environmental Laws at, on, under or adjacent to the Property or in the groundwater beneath the Property or any adjacent lands, singularly or in the aggregate, which have or which may be reasonably expected to have a material adverse effect on the Property or the Mortgagor's business carried on upon the Property;
- (d) the Mortgagor has been issued and is in material compliance with all permits, certificates, approvals, licences and other authorizations relating to environmental matters that are required pursuant to any Environmental Law and necessary for the Mortgagor's business carried on upon the Property;
- (e) there are no underground storage tanks, or water, gas or oil wells, active or abandoned, including petroleum storage tanks, on, under or adjacent to the Property that, singularly or in the aggregate may be reasonably expected to have a material adverse effect upon the Property or the Mortgagor's business carried on upon the Property; and
- (f) no conditions exist at, on, under or adjacent to the Property which, with the passage of time or the giving of notice, or both, would give rise to liability under any Environmental Law.

22.02 Notice of Hazardous Substances Violations

The Mortgagor will promptly notify the Credit Union (and provide whatever information the Credit Union may reasonably request with respect thereto):

- (a) upon becoming aware of the occurrence of any violation of any Environmental Law or permit related to Hazardous Substances, or the receipt of notice of any alleged violation or the receipt of a compliance order;
- (b) of the Mortgagor's intended response thereto; and
- (c) of all other communications with federal, provincial or municipal officials or agencies relating to Hazardous Substances.

22.03 Hazardous Substances Indemnity

The Mortgagor hereby agrees, at its sole cost and expense, to indemnify, protect, hold harmless and defend (with counsel of the Credit Union's choice) the Credit Union and its successors and assigns and their respective directors, officers, agents, attorneys and employees (collectively the "Indemnitees" and individually an "Indemnitee") from and against all claims, demands, damages, losses,

liabilities, obligations, penalties, fines, actions, causes of action, judgments, suits proceedings, costs, disbursements and expenses (including, without limitation, fees, disbursements and costs of lawyers, environmental consultants and experts), and all foreseeable and unforeseeable consequential and other damages of any kind or of any nature whatsoever (collectively, "Losses") which may at any time be imposed upon, incurred or suffered by or asserted or awarded against any Indemnitee directly or indirectly relating to or arising from any Hazardous Substance which originated on or from the Property at any time, past, present or future (collectively "Environmental Matters"), including, without limitation:

- (a) any past, present or future presence of any Hazardous Substance on, in, under or affecting all or any portion of the Property or on, in, under or affecting all or any portion of any property adjacent or proximate to the Property;
- (b) any past, present or future storage, holding, handling, release, threatened release, discharge, generation, leak, abatement, removal or transportation of any Hazardous Substance on, in, under or from the Property;
- (c) any violation at any time of any Environmental Laws;
- (d) the failure of the Mortgagor to properly complete, obtain, submit or file any notice, permit, licence, authorization, covenant or similar item relative to any Environmental Matters described herein in connection with the Property or the ownership, use, operation or enjoyment thereof;
- (e) the extraction, removal, containment, transportation or disposal of any Hazardous Substance from any portion of the Property or any other property adjacent or proximate to the Property;
- (f) any past, present or future presence, operation, closure, abandonment or removal from the Property of any storage tank which at any time contained any Hazardous Substance;
- (g) the implementation and enforcement of any monitoring, notification or other precautionary measures which may at any time become necessary to protect against the release or discharge of Hazardous Substances on, in, under or affecting the Property or into the air, any body of water, any other public domain or any property adjacent or proximate to the Property;
- (h) any failure of any Hazardous Substances generated or moved from the Property to be removed, contained, transported and disposed of in compliance with all applicable Environmental Laws; or
- (i) any investigation, inquiry, order, hearing, action or other proceeding by or before any governmental agency in connection with any Hazardous Substances or violation of any Environmental Law occurring or allegedly occurring at any time.

22.04 Limitation on
 Indemnity

The indemnity in Paragraph 22.03 will not apply to:

- (a) Losses which would have been imposed upon, incurred or suffered by or asserted or awarded against any Indemnitee even if the Mortgagor had not granted this Mortgage, or

- (b) Losses incurred or suffered by an Indemnitee by virtue of the settlement by agreement of the Indemnitee of a claim against the Indemnitee unless the Mortgagor has agreed to the settlement in writing

and the Mortgagor will have the onus of proving that any particular Losses are Losses to which this Paragraph 22.04 applies.

22.05 Survival of Hazardous Substances Indemnity

The Indemnity in Paragraph 22.03 is given solely to protect the Indemnitees against Losses and not as additional security for, or as a means of repayment of, the Principal Amount or any other obligations under this Mortgage. Accordingly, the obligations of the Mortgagor under this Article 22 will be independent of, and will not be measured or affected by:

- (a) any amounts at any time secured by this Mortgage;
- (b) the sufficiency or insufficiency of the security of this Mortgage;
- (c) any consideration given by the Credit Union or any other party in any realization proceedings to acquire any property mortgaged or charged by this Mortgage;
- (d) the discharge or repayment in full of the Principal Amount or any other obligations under this Mortgage;
- (e) the discharge, assignment, transfer, or release of this Mortgage by the Credit Union; or
- (f) any exculpatory provisions in any laws or documentation limiting the Credit Union's rights to recover a deficiency judgment.

22.06 Environmental Audit

The Mortgagor will, if requested by the Credit Union, cause an environmental audit to be made of the Property by a person or firm approved by the Credit Union, at the Mortgagor's sole expense, and which audit will be of such scope as the Credit Union in its absolute discretion, acting reasonably, may require.

ARTICLE 23 - CONSOLIDATION

23.01 Consolidation of All Mortgages on Default

The doctrine of consolidation will apply to this Mortgage and any other mortgages granted by the Mortgagor to the Credit Union notwithstanding section 31 of the *Property Law Act*, R.S.B.C. 1996, c.377, as amended or replaced from time to time. This means that if the Mortgagor has granted any other mortgages to the Credit Union then, after an Event of Default, the Credit Union may consolidate this Mortgage with all of the mortgages so that the Mortgagor cannot repay any of the mortgages without repaying all of the mortgages.

ARTICLE 24 - DISCHARGE OF MORTGAGE

24.01 Discharge of Mortgage from Title to Property

When all amounts secured by this Mortgage have been paid in full and any obligations of the Credit Union to make advances that will be secured by this Mortgage have been terminated, the Credit Union will, at the request of the Mortgagor, prepare (unless the Mortgagor has done so) and sign a discharge of

this Mortgage (the "Discharge of Mortgage"). The Credit Union will give the Discharge of Mortgage to the Mortgagor when the Mortgagor pays the following fees and expenses:

- (a) the Credit Union's standard fee for calculating and providing a payout balance statement on a mortgage;
- (b) except if prohibited by law, the Credit Union's standard fee for signing a discharge of mortgage; and
- (c) except if prohibited by law and unless the Mortgagor has prepared and provided the Discharge of Mortgage, all of the Credit Union's expenses of preparing the Discharge of Mortgage.

24.02 Registration of Discharge The Mortgagor will be responsible for registering the Discharge of Mortgage to remove this Mortgage from the title to the Property.

ARTICLE 25 - SUBDIVISION AND PARTIAL DISCHARGES

25.01 Subdivision of the Property If the Property is subdivided:

- (a) each subdivided lot will be charged with the whole amount due under this Mortgage; and
- (b) the Credit Union cannot be required by anyone to discharge this Mortgage against any subdivided lot unless the full amount owing under this Mortgage is paid when due.

25.02 Partial Discharges of Mortgage The Credit Union may discharge this Mortgage from any part of the Property in return for any consideration required by the Credit Union. If the Credit Union discharges any part of the Property from this Mortgage, this Mortgage will continue to charge any part of the Property that has not been discharged.

ARTICLE 26 - COVENANTOR

26.01 Covenantor's Promises As the Credit Union would not have agreed to lend the amounts of money lent and secured by this Mortgage and contained within the Principal Amount without the promises of the Covenantor further securing the obligations of the Mortgagor, and in consideration of the Credit Union advancing all or part of the original amounts of money lent and secured by this Mortgage and contained within the Principal Amount shown in Item 5(a) of Form B at the request of the Covenantor, the Covenantor promises:

- (a) to repay to the Credit Union when due, all of the amounts owed under this Mortgage or under any other document evidencing a debt obligation (including, without limitation, any loan agreement, promissory note, line of credit or letter of credit) of the Mortgagor or any other party for which this Mortgage provides security, limited in amount to the lesser of the total amount of such debt obligations, the Principal Amount together with all interest and all Other Amounts due under this Mortgage, and the value of the Covenantor's interest (legal and/or beneficial) in the Property; and

- (b) to do everything the Mortgagor is required to do, and not do anything the Mortgagor is not supposed to do under this Mortgage.
- 26.02 Mortgage of Interest As security for the Covenantor's covenants and obligations hereunder, the Covenantor transfers, grants and mortgages the Property and the Covenantor's present and future interest in the Property (whether legal and/or beneficial and including, without limitation, any right of the Covenantor in the Property as a matrimonial home or family asset) to the Credit Union.
- 26.03 Covenantor's Agreements The Covenantor agrees that, with or without notice, the following will in no way affect any of the promises of the Covenantor or the liability of the Covenantor to the Credit Union:
- (a) a discharge of the Property or any part of the Property from this Mortgage;
- (b) any disregard or waiver of an Event of Default;
- (c) the giving of extra time to the Mortgagor to
- (i) do something that the Mortgagor has agreed to do, or
- (ii) cure an Event of Default; or
- (d) any other dealing between the Mortgagor and the Credit Union that concerns this Mortgage or the Property.
- 26.04 Release of Covenantor All of the Covenantor's promises and agreements will be binding on the Covenantor until either:
- (a) the Credit Union releases the Covenantor in writing from all promises, agreements and liabilities under this Mortgage; or
- (b) the Principal Amount and interest and all Other Amounts are fully paid to the Credit Union and the Credit Union delivers the Discharge of Mortgage to the Mortgagor.
- 26.05 Primary Debtor The Covenantor is a primary debtor to the same extent as if the Covenantor had signed this Mortgage as a Mortgagor or had signed any other document evidencing a debt obligation of the Mortgagor or any other party for which this Mortgage provides security (as set out and as limited in Paragraph 26.01(a)) and is not merely a guarantor or a surety, and the Covenantor and the Mortgagor and such other party or parties will be jointly and separately (that is, not proportionately) responsible for all the promises and obligations of the Mortgagor under this Mortgage and of the Mortgagor and such other party or parties under such other documents.

ARTICLE 27 - ASSIGNMENT OF RENTS

- 27.01 Application The provisions of this Article 27 will only apply if Item 5(j) of Form B has been completed to show "YES" to an assignment of rents.

27.02	Assignment of Rents	The Mortgagor assigns and transfers to the Credit Union all leases, agreements to lease, rental agreements, and other similar agreements (collectively the "Rental Agreements") affecting the Property and any guarantees thereof, whether verbal or written, together with all rents payable under them, and all rights, benefits and advantages arising out of them.
27.03	No Obligation on Credit Union	The Credit union will not be responsible for the collection of any rents or doing anything that the landlord or the tenant is supposed to do under the Rental Agreements.
27.04	Not Mortgagee In Possession	Nothing in this Article 27 will make the Credit Union a mortgagee in possession.
27.05	Treatment of Monies Received by the Credit Union	The Credit Union will be liable to account for only the monies it actually receives under this Article 27, after deduction of all its expenses in collecting the monies, and all such monies when received by the Credit Union will be applied against the amounts due under this Mortgage.
27.06	When Rents to be Collected	Unless the Mortgagor otherwise agrees, the Credit Union will not collect any monies under this Article 27 until there is an Event of Default under this Mortgage, and the Mortgagor agrees that the decision of the Credit Union as to whether or not there has been any such Event of Default will be final and conclusive.
27.07	Additional and Collateral Security	This assignment of rents is additional and collateral security for the amounts due under this Mortgage and is not in substitution for or in satisfaction of such amounts, and Paragraph 17.12 of these Standard Mortgage Terms applies.
27.08	No Prepayment of Rent	The Mortgagor will not accept prepayment of any rent due or to become due under any of the Rental Agreements, but will only accept payment in the amounts and on the days and in the manner set out in the Rental Agreements.
27.09	Representations and Warranties	<p>The Mortgagor hereby represents and warrants to the Credit Union that:</p> <ul style="list-style-type: none"> (a) the Mortgagor has not previously assigned the Rental Agreements or any guarantees thereof in whole or in part, pursuant to an assignment which is presently in force; and (b) all of the rents under any Rental Agreements are payable on a monthly basis and there is not now nor has there ever been any right of set-off, commutation or prepayment with respect to such rents.
27.10	Positive Covenants	<p>The Mortgagor hereby covenants and agrees with the Credit Union that:</p> <ul style="list-style-type: none"> (a) the Mortgagor will provide to the Credit Union, forthwith upon request a current list of all Rental Agreements and any guarantees thereunder in such detail as the Credit Union may reasonably require and also, if requested by the Credit Union, a copy of each such Rental Agreement and any guarantee thereunder; (b) the Mortgagor will, forthwith upon notice from the Credit Union that it requires the same, execute and deliver to the Credit Union specific assignments of specific Rental Agreements and the rents payable thereunder; (c) the Mortgagor will give to each tenant and guarantor under a Rental Agreement, when directed by the Credit Union, notice of this assignment and any specific assignment; (d) the Mortgagor will at all times, observe and perform all of the Mortgagor's obligations under each Rental Agreement; and

- (e) the Mortgagor will promptly advise the Credit Union in writing:
 - (i) of any defaults under any of the Rental Agreements which are not cured within 14 days of the Mortgagor giving the tenant or guarantor under such Rental Agreement notice thereof,
 - (ii) of any other events pursuant to which the Mortgagor is entitled to terminate a Rental Agreement,
 - (iii) of any termination of any Rental Agreement, and
 - (iv) of any distraint or other action taken by the Mortgagor against a tenant or a tenant's assets.

- 27.11 Negative Covenants The Mortgagor will not, without the prior written consent of the Credit Union:
 - (a) permit any set-off, waiver, release, discharge, discount or commutation of the payment of any of the rents; or
 - (b) while any Event of Default is in existence, modify, amend, surrender, cancel or terminate any of the Rental Agreements or the guarantees thereof.

- 27.12 Notice Effective No tenant or guarantor under any Rental Agreement will be bound to ascertain whether or not an Event of Default has occurred or is continuing and whether or not an Event of Default has occurred and any notice of this assignment will be valid and effective as regards any such tenant or guarantor even though no Event of Default has occurred or is continuing and the remedy, if any, of the Mortgagor will be against the Credit Union only.

- 27.13 Proceedings If the Credit Union at any time in its absolute discretion deems it advisable to take proceedings either judicially or extrajudicially by way of distress or otherwise for the enforcement of the payment of the rents or performance of the obligation of any tenant or guarantor under any Rental Agreement then the Mortgagor will, if requested by the Credit Union, join with the Credit Union in such proceedings and the Mortgagor hereby irrevocably authorizes the Credit Union to join the Mortgagor in such proceedings.

- 27.14 Attorney The Mortgagor appoints the Credit Union as the Mortgagor's attorney:
 - (a) to demand, recover, and enforce payment of all rents;
 - (b) to institute such actions at law or in equity and take such proceedings by distress or otherwise as the Credit Union from time to time considers proper; and
 - (c) to execute any and all documents in the name of the Mortgagor as the Credit Union considers proper;

and this power of attorney will be irrevocable during the existence of this Mortgage.

ARTICLE 28 - SEVERABILITY OF ANY INVALID PROVISIONS

- 28.01 Invalid Provisions If at any time any provision of this Mortgage is illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation thereunder or would by reason of the provisions of any such statute or by regulation render the Credit Union 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 under such statute, then such provision will not apply and will be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Credit Union unable to collect the amount of any such loss; but the rest of this Mortgage will not be affected by the invalid or unenforceable provision.

ARTICLE 29 - NOTICES AND DEMANDS

- | | | |
|-------|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 29.01 | Service of Notices Demands | Any notice or demand to be given to the Mortgagor may be given at the address set out in Item 3 of Form B or at such other address as the Mortgagor has given to the Credit Union in writing. Any notice or demand to be given to the Credit Union may be given at the address set out in Item 4 of Form B or at such other address as the Credit Union has given to the Mortgagor in writing. The notice or demand may be either personally delivered or mailed to that address. If the demand or notice is delivered, it will be considered received by the person to whom it is delivered upon delivery, and if it is mailed, it will be considered received by the person to whom it is addressed, three (3) days after mailing except as provided in Paragraph 29.02 of these Standard Mortgage Terms. |
| 29.02 | Labour Disputes | If there is a labour dispute affecting mail delivery in Canada, any notice or demand which is mailed during, or three (3) days before, the labour dispute will only be considered received when actually received by the person to whom it is addressed. |

ARTICLE 30 - INTERPRETATION

- | | | |
|-------|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 30.01 | Headings | The headings in this Mortgage are for reference only and will not be used in the interpretation of this Mortgage. |
| 30.02 | Schedules Attached | Any Schedule attached to Form B is a part of this Mortgage. |
| 30.03 | Singular or Masculine Words | The use of singular or masculine in this Mortgage will include the plural, feminine, or corporate body where appropriate. |
| 30.04 | More than One Mortgagor or Covenantor | If the Mortgagor or the Covenantor is more than one person, each person making up the Mortgagor or the Covenantor will be jointly and separately (that is, not proportionately) responsible for all of the promises and obligations of the Mortgagor and the Covenantor respectively under this Mortgage. |
| 30.05 | Persons Bound | This Mortgage will be binding on the Mortgagor and the Covenantor and on the Mortgagor's and the Covenantor's executors, administrators, successors in title, and assigns and will continue for the benefit of the Credit Union and the Credit Union's successors and assigns. |
| 30.06 | Statutes | All references to a particular statute in this Mortgage mean the statute as amended from time to time and any statutes substituted therefor. |
| 30.07 | Governing Law | This Mortgage will be governed by, and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada in force in British Columbia and the Mortgagor hereby submits to the jurisdiction of the courts of British Columbia with respect to this Mortgage. |

SCHEDULE "A"

EXAMPLES OF EQUIVALENT RATES - *INTEREST ACT* DISCLOSURE

This chart compares and converts interest rates calculated monthly not in advance to interest rates calculated half-yearly not in advance as required by the *Interest Act* (Canada).

CURRENT MORTGAGE INTEREST RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE INTEREST RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)
0.050	0.05001	2.200	2.21011
0.100	0.10002	2.250	2.26057
0.150	0.15005	2.300	2.31105
0.200	0.20008	2.350	2.36154
0.250	0.25013	2.400	2.41203
0.300	0.30019	2.450	2.46254
0.350	0.35026	2.500	2.51306
0.400	0.40033	2.550	2.56359
0.450	0.45042	2.600	2.61412
0.500	0.50052	2.650	2.66467
0.550	0.55063	2.700	2.71523
0.600	0.60075	2.750	2.76580
0.650	0.65088	2.800	2.81638
0.700	0.70102	2.850	2.86698
0.750	0.75117	2.900	2.91758
0.800	0.80133	2.950	2.96819
0.850	0.85151	3.000	3.01881
0.900	0.90169	3.050	3.06945
0.950	0.95188	3.100	3.12009
1.000	1.00209	3.150	3.17074
1.050	1.05230	3.200	3.22141
1.100	1.10252	3.250	3.27208
1.150	1.15276	3.300	3.32277
1.200	1.20300	3.350	3.37347
1.250	1.25326	3.400	3.42417
1.300	1.30353	3.450	3.47489
1.350	1.35380	3.500	3.52562
1.400	1.40409	3.550	3.57636
1.450	1.45439	3.600	3.62711
1.500	1.50470	3.650	3.67787
1.550	1.55501	3.700	3.72864
1.600	1.60534	3.750	3.77942
1.650	1.65568	3.800	3.83021
1.700	1.70603	3.850	3.88101
1.750	1.75639	3.900	3.93183
1.800	1.80676	3.950	3.98265
1.850	1.85714	4.000	4.03348
1.900	1.90754	4.050	4.08433
1.950	1.95794	4.100	4.13518
2.000	2.00835	4.150	4.18605
2.050	2.05878	4.200	4.23692
2.100	2.10921	4.250	4.28781
2.150	2.15965	4.300	4.33871

CURRENT MORTGAGE INTEREST RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE INTEREST RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)
4.350	4.38961	6.800	6.89706
4.400	4.44053	6.850	6.94850
4.450	4.49146	6.900	6.99995
4.500	4.54240	6.950	7.05141
4.550	4.59335	7.000	7.10288
4.600	4.64431	7.050	7.15436
4.650	4.69528	7.100	7.20585
4.700	4.74626	7.150	7.25736
4.750	4.79725	7.200	7.30887
4.800	4.84826	7.250	7.36039
4.850	4.89927	7.300	7.41193
4.900	4.95029	7.350	7.46347
4.950	5.00133	7.400	7.51503
5.000	5.05237	7.450	7.56659
5.050	5.10343	7.500	7.61817
5.100	5.15450	7.550	7.66976
5.150	5.20557	7.600	7.72135
5.200	5.25666	7.650	7.77296
5.250	5.30776	7.700	7.82458
5.300	5.35887	7.750	7.87621
5.350	5.40999	7.800	7.92785
5.400	5.46112	7.850	7.97951
5.450	5.51226	7.900	8.03117
5.500	5.56341	7.950	8.08284
5.550	5.61457	8.000	8.13452
5.600	5.66574	8.050	8.18622
5.650	5.71692	8.100	8.23792
5.700	5.76812	8.150	8.28964
5.750	5.81932	8.200	8.34137
5.800	5.87054	8.250	8.39310
5.850	5.92176	8.300	8.44485
5.900	5.97300	8.350	8.49661
5.950	6.02424	8.400	8.54838
6.000	6.07550	8.450	8.60016
6.050	6.12677	8.500	8.65195
6.100	6.17805	8.550	8.70375
6.150	6.22934	8.600	8.75556
6.200	6.28064	8.650	8.80739
6.250	6.33195	8.700	8.85922
6.300	6.38327	8.750	8.91106
6.350	6.43460	8.800	8.96292
6.400	6.48594	8.850	9.01479
6.450	6.53730	8.900	9.06666
6.500	6.58866	8.950	9.11855
6.550	6.64003	9.000	9.17045
6.600	6.69142	9.050	9.22236
6.650	6.74281	9.100	9.27428
6.700	6.79422	9.150	9.32621
6.750	6.84564	9.200	9.37815

CURRENT MORTGAGE INTEREST RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE INTEREST RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)
9.250	9.43010	11.700	11.98892
9.300	9.48206	11.750	12.04141
9.350	9.53403	11.800	12.09391
9.400	9.58602	11.850	12.14643
9.450	9.63801	11.900	12.19895
9.500	9.69002	11.950	12.25149
9.550	9.74203	12.000	12.30403
9.600	9.79406	12.050	12.35659
9.650	9.84610	12.100	12.40915
9.700	9.89815	12.150	12.46173
9.750	9.95021	12.200	12.51432
9.800	10.00228	12.250	12.56692
9.850	10.05436	12.300	12.61953
9.900	10.10645	12.350	12.67215
9.950	10.15855	12.400	12.72478
10.000	10.21066	12.450	12.77742
10.050	10.26279	12.500	12.83008
10.100	10.31492	12.550	12.88274
10.150	10.36707	12.600	12.93542
10.200	10.41922	12.650	12.98810
10.250	10.47139	12.700	13.04080
10.300	10.52357	12.750	13.09351
10.350	10.57576	12.800	13.14623
10.400	10.62795	12.850	13.19896
10.450	10.68016	12.900	13.25170
10.500	10.73238	12.950	13.30445
10.550	10.78462	13.000	13.35721
10.600	10.83686	13.050	13.40998
10.650	10.88911	13.100	13.46277
10.700	10.94138	13.150	13.51556
10.750	10.99365	13.200	13.56837
10.800	11.04594	13.250	13.62118
10.850	11.09823	13.300	13.67401
10.900	11.15054	13.350	13.72685
10.950	11.20286	13.400	13.77970
11.000	11.25519	13.450	13.83256
11.050	11.30753	13.500	13.88543
11.100	11.35988	13.550	13.93831
11.150	11.41224	13.600	13.99121
11.200	11.46461	13.650	14.04411
11.250	11.51699	13.700	14.09702
11.300	11.56938	13.750	14.14995
11.350	11.62179	13.800	14.20289
11.400	11.67420	13.850	14.25583
11.450	11.72663	13.900	14.30879
11.500	11.77907	1.3950	14.36176
11.550	11.83151	14.000	14.41474
11.600	11.88397	14.050	14.46773
11.650	11.93644	14.100	14.52073

CURRENT MORTGAGE INTEREST RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE INTEREST RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)
14.150	14.57375	16.650	17.23834
14.200	14.62677	16.700	17.29192
14.250	14.67981	16.750	17.34550
14.300	14.73285	16.800	17.39909
14.350	14.78591	16.850	17.45270
14.400	14.83897	16.900	17.50631
14.450	14.89205	16.950	17.55994
14.500	14.94514	17.000	17.61358
14.550	14.99824	17.050	17.66723
14.600	15.05135	17.100	17.72089
14.650	15.10448	17.150	17.77456
14.700	15.15761	17.200	17.82824
14.750	15.21075	17.250	17.88193
14.800	16.26391	17.300	17.93564
14.850	15.31707	17.350	17.98935
14.900	15.37025	17.400	18.04308
14.950	15.42344	17.450	18.09682
15.000	15.47664	17.500	18.15056
15.050	15.52985	17.550	18.20432
16.100	15.58307	17.600	18.25809
15.150	15.63630	17.650	18.31187
15.200	15.68954	17.700	18.36567
15.250	15.74279	17.750	18.41947
15.300	15.79606	17.800	18.47328
15.350	15.84933	17.850	18.52711
15.400	15.90262	17.900	18.58095
15.450	15.95592	17.950	18.63479
15.500	16.00922	18.000	18.68865
15.550	16.06254	18.050	18.74252
15.600	16.11587	18.100	18.79640
15.650	16.16922	18.150	18.85030
15.700	16.22257	18.200	18.90420
15.750	16.27593	18.250	18.95811
15.800	16.32930	18.300	19.01204
15.850	16.38269	18.350	19.06597
15.900	16.43609	18.400	19.11992
15.950	16.48949	18.450	19.17388
16.000	16.54291	18.500	19.22785
16.050	16.59634	18.550	19.28183
16.100	16.64978	18.600	19.33582
16.150	16.70323	18.650	19.38982
16.200	16.75669	18.700	19.44384
16.250	16.81016	18.750	19.49786
16.300	16.86365	18.800	19.55190
16.350	16.91714	18.850	19.60594
16.400	16.97065	18.900	19.66000
16.450	17.02417	18.950	19.71407
16.500	17.07769	19.000	19.76815
16.550	17.13123	19.050	19.82224
16.600	17.18478	19.100	19.87634

CURRENT MORTGAGE INTEREST RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE INTEREST RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)
19.150	19.93046	21.650	22.65032
19.200	19.98458	21.700	22.70500
19.250	20.03872	21.750	22.75969
19.300	20.09286	21.800	22.81439
19.350	20.14702	21.850	22.86911
19.400	20.20119	21.900	22.92384
19.450	20.25537	21.950	22.97857
19.500	20.30956	22.000	23.03332
19.550	20.36376	22.050	23.08808
19.600	20.41798	22.100	23.14285
19.650	20.47220	22.150	23.19764
19.700	20.52644	22.200	23.25243
19.750	20.58068	22.250	23.30724
19.800	20.63494	22.300	23.36205
19.850	20.68921	22.350	23.41688
19.900	20.74349	22.400	23.47172
19.950	20.79778	22.450	23.52657
20.000	20.85208	22.500	23.58143
20.050	20.90640	22.550	23.63630
20.100	20.96072	22.600	23.69118
20.150	21.01506	22.650	23.74608
20.200	21.06941	22.700	23.80098
20.250	21.12376	22.750	23.85590
20.300	21.17813	22.800	23.91083
20.350	21.23251	22.850	23.96577
20.400	21.28690	22.900	24.02072
20.450	21.34131	22.950	24.07568
20.500	21.39572	23.000	24.13066
20.550	21.45015	23.050	24.18564
20.600	21.50458	23.100	24.24064
20.650	21.55903	23.150	24.29564
20.700	21.61349	23.200	24.35066
20.750	21.66796	23.250	24.40569
20.800	21.72244	23.300	24.46073
20.850	21.77693	23.350	24.51578
20.900	21.83143	23.400	24.57085
20.950	21.88595	23.450	24.62592
21.000	21.94047	23.500	24.68101
21.050	21.99501	23.550	24.73610
21.100	22.04955	23.600	24.79121
21.150	22.10411	23.650	24.84633
21.200	22.15868	23.700	24.90146
21.250	22.21326	23.750	24.95660
21.300	22.26786	23.800	25.01176
21.350	22.32246	23.850	25.06692
21.400	22.37707	23.900	25.12210
21.450	22.43170	23.950	25.17729
21.500	22.48634	24.000	25.23248
21.550	22.54099		
21.600	22.59565		

SCHEDULE "B"

CALCULATION OF THE COMPONENTS OF MONTHLY PAYMENTS

If the amount of each regular payment is fixed, the amount of the interest and principal components of each payment will vary as the Prime Lending Rate (and therefore the Interest Rate) and the outstanding balance of the loan vary. The following shows how to calculate how much of each payment is interest and how much is principal.

If the regular payment is interest only, the amount of the payment will vary as the Interest Rate varies. The following shows how to calculate the amount of each payment.

METHOD OF CALCULATION

1. Count the number of days in the payment period. Include the date that the last payment was made on (or if you are doing this calculation for the first payment, the Interest Adjustment Date) but do not include the date on which this payment is being paid.
2. If the Interest Rate changed during the payment period, count the number of days on which each Interest Rate was in effect.
3. Determine the amount of the loan outstanding after the last payment was made. If the calculation is being made in respect of the first payment, the loan amount used in the formula will be the Principal Amount owing on the Interest Adjustment Date. Remember to add any interest which was not paid when the last payment was made.
4. Apply the following formula in order to calculate the interest which accrued on the loan at each Interest Rate which was in effect during the payment period:

$$\frac{\text{loan amount owing after immediately preceding payment} \quad \times \quad \text{Interest Rate} \quad \times \quad \text{Number of days during payment period on which each Interest Rate was charged}}{\text{Number of days in the year}}$$

Add together each of the amounts of interest which accrued at each of the Interest Rates in effect during the payment period. The total of these amounts is the interest which accrued on the loan during the period.

5. Each payment is applied first to pay the interest which accrued on the loan during the period, second to pay any Other Amounts due under this Mortgage, and the balance, if any, to reduce the principal of the loan.

EXAMPLE

1. The following example shows how these calculations are carried out in practice. In this example:

- (a) The loan owing after the last payment - \$50,000.00.
- (b) Interest Rate during the payment period - 10%.
- (c) The regular payment - \$455.00.
- (d) The number of days in the payment period - 31.

2. Use the formula to calculate how much interest accrued on the loan during the period:

$$\$50,000.00 \times 10\% \times 31/365 = \$424.66$$

3. Apply the regular payment (\$455.00) first to pay the interest which accrued on the loan during the period (\$424.66) and then apply the balance of \$30.34 (\$455.00 - \$424.66) to reduce the principal of the loan.

END OF SET