

**STANDARD MORTGAGE TERMS****FILED BY: BANK OF MONTREAL****BRITISH COLUMBIA CONVENTIONAL AND  
INSURED MORTGAGE**

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The following set of standard mortgage terms shall be deemed to be included in every Mortgage in which it is referred to by its filing number.

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## 2. DEFINITIONS

In this set of standard charge terms and in the Mortgage:

- (a) "Act" means the Land Transfer Form Act and any amendments thereto in effect at the time of execution and delivery of the Mortgage.
- (b) "Actual Mortgage Rate" means the interest rate per annum calculated in accordance with the applicable interest calculation period, not in advance, all as set out in the Mortgage and applicable, as well after as before maturity, default, and judgment.

- (c) "Amendment Interest Rate Differential Amount" with respect to any amendment to the Mortgage means the amount by which the amount determined in subparagraph (i) below exceeds the amount determined in subparagraph (ii) below:
- (i) the present value, as determined by the Mortgagee, of the aggregate amount of interest which would, but for the applicable amendment, be payable on the principal amount of the Mortgage outstanding on the Effective Date, from the Effective Date to the Maturity Date in effect prior to the amendment, at the Actual Mortgage Rate prior to the amendment (with such Actual Mortgage Rate being used as the discount factor to be applied to determine the present value); and
  - (ii) the present value, as determined by the Mortgagee, of the aggregate amount of interest, calculated on the principal amount of the Mortgage outstanding on the Effective Date, from the Effective Date to the Maturity Date in effect prior to the amendment, at the interest rate which is equivalent to:
    - A. the interest rate per annum published by the Mortgagee as the rate of interest applicable on the Effective Date to the Mortgagee's fixed rate limited prepayment residential first mortgages in Canada with a term nearest in length to the remaining term of the Mortgage on the Effective Date prior to the amendment of the term; less
    - B. the Discount Rate,with the rate of interest per annum referred to in this subparagraph (ii) being used as the discount factor to be applied to determine the present value.
- (d) "Debt" means all present and future indebtedness and liability owing by the Mortgagor to the Mortgagee pursuant to or in respect of the Mortgage including, without limitation, all principal, any additional principal amount or amounts advanced in accordance with subparagraph 3(b), interest, compound interest, Taxes and costs.
- (e) "Default" is defined in paragraph 20.
- (f) "Discount Rate" means:
- (i) the interest rate per annum published by the Mortgagee as the rate of interest applicable, on a date specified by the Mortgagee, to the Mortgagee's fixed rate limited prepayment residential first mortgages in Canada with a term equivalent in length to the Term of the Mortgage; less
  - (ii) the Actual Mortgage Rate.
- (g) "Effective Date" means the date on which the amendments in the applicable mortgage amending agreement take effect.
- (h) "Guarantor" means the person or persons, if any, executing the Mortgage (including any Schedule) or any guarantee as guarantor, guaranteeing to the Mortgagee payment of the Mortgagor's indebtedness to the Mortgagee pursuant to or in respect of the Mortgage.

- (i) "Interest Adjustment Date" means the first day of the month preceding the month in which the first instalment of principal and interest is due, if such instalments are paid monthly; or the first day of the month in which the first instalment of principal and interest is due, if such instalments are paid more frequently than monthly.
- (j) "Maturity Date" means the date on which the balance of the principal amount owing under the Mortgage is due and payable.
- (k) "Mortgage" means the applicable mortgage or charge, as amended from time to time, in which this set of standard mortgage terms is included by reference therein to its filing number (whether or not any provisions of this set of standard mortgage terms are excluded from such mortgage or charge) and includes all Schedules thereto, as amended from time to time and, for greater certainty, includes the provisions of this set of standard mortgage terms (except for any such provisions excluded from such mortgage or charge).
- (l) "Mortgaged Land" means the real property described in the Mortgage, all tenements, hereditaments and appurtenances with respect thereto, all estates and interests therein, and for greater certainty includes all buildings, plant, machinery, erections and improvements, fixed or otherwise, present or future, built, placed or put thereon including, without limitation, all fences, heating equipment, plumbing equipment, antennae, radiators, mirrors, air-conditioning equipment, ventilating equipment, fire alarm and protective systems, lighting and lighting fixtures, furnaces, boilers, oil burners, stokers, water heating equipment, cooking and refrigeration equipment, window blinds, floor coverings, storm windows, storm doors, window screens, door screens, shutters and awnings, all other apparatus and equipment appurtenant thereto, and all other fixtures, accessions and accretions of any kind or nature.
- (m) "Mortgagee" means Bank of Montreal and its successors and assigns.
- (n) "Mortgagor" means the person or persons so identified in the Mortgage and his, her or their Successors and assigns, as the case may be.
- (o) "Non Residential Mortgaged Land" means Mortgaged Land which:
  - (i) is vacant;
  - (ii) consists of commercial or industrial land;
  - (iii) has constructed thereon premises comprising seven or more dwelling units; or
  - (iv) consists of a rental housing project as defined in the National Housing Act.
- (p) "Other Claims" is defined in subparagraph 6(d) hereof.
- (q) "Prepayment Interest Rate Differential Amount" with respect to any prepayment of principal means the amount by which the amount determined in subparagraph (i) below exceeds the amount determined in subparagraph (ii) below:
  - (i) the present value, as determined by the Mortgagee, of the aggregate amount of interest which would, but for the applicable prepayment, be payable on the amount of the prepayment from the date of the prepayment to the Maturity Date at the Actual Mortgage Rate (with the Actual Mortgage Rate being used as the discount factor to be applied to determine the present value); and

(ii) the present value, as determined by the Mortgagee, of the aggregate amount of interest, calculated on the amount of the prepayment from the date of the prepayment to the Maturity Date at the interest rate which is equivalent to:

A. the interest rate per annum published by the Mortgagee as the rate of interest applicable on the prepayment date to the Mortgagee's fixed rate limited prepayment residential first mortgages in Canada with a term nearest in length to the remaining term of the Mortgage on the prepayment date; less

B. the Discount Rate,

with the rate of interest per annum referred to in this subparagraph (ii) being used as the discount factor to be applied to determine the present value.

(r) "Prior Mortgage" means a mortgage referred to in subparagraph 6(d) hereof.

(s) "Schedule" means a schedule to the Mortgage.

(t) "Successor" means an heir, executor, administrator or successor.

(u) "Taxes" means all taxes, rates and assessments, whether federal, provincial, municipal or otherwise, with respect to the Mortgaged Land.

(v) "Term of the Mortgage" means the period commencing on the Interest Adjustment Date and ending on the Maturity Date.

### 3. OPERATION OF MORTGAGE

Mortgage of  
Mortgaged  
Land and  
Assignment  
of Rents and  
Leases

(a) In consideration of the principal amount set out in the Mortgage paid to the Mortgagor, or of such portion thereof as may be advanced from time to time (the receipt and sufficiency of which are acknowledged by the Mortgagor), upon execution and delivery of the Mortgage, the Mortgagor mortgages and charges the Mortgaged Land to and in favour of the Mortgagee and the Mortgagor assigns to the Mortgagee all the Mortgagor's existing and future rights in all existing and future leases, tenancy agreements and other similar agreements of all or any part of the Mortgaged Land granted by the Mortgagor or any predecessor of the Mortgagor as landlord and all rents and other similar amounts now or hereafter paid or payable to the Mortgagor in respect of all or any part of the Mortgaged Land:

(i) as security for payment to the Mortgagee when due of all Debt including, without limitation:

A. the principal amount outstanding pursuant to the Mortgage from time to time;

B. Interest accruing on such principal amount at the Actual Mortgage Rate; and

C. all other amounts payable pursuant to or secured by the Mortgage from time to time as determined by reference to the provisions of the Mortgage or otherwise determined in accordance with the law including, without limitation, compound interest payable by the Mortgagor pursuant to the provisions hereof and interest on any late payments,

all calculated and payable as provided by the Mortgage; and

(ii) as security for the observance and performance of all other obligations of the Mortgagor pursuant to or in respect of the Mortgage.

Subject to the provisions of the Mortgage, the Mortgagor releases to the Mortgagee all the Mortgagor's claims upon the Mortgaged Land.

Additional  
Principal  
Advances  
Secured

(b) The Mortgagee may, from time to time in the Mortgagee's sole discretion, lend additional principal amounts to the Mortgagor provided the principal amount at any time owing by the Mortgagor to the Mortgagee and secured by the Mortgage shall not exceed the principal amount set out in the Mortgage and provided further that the Mortgagor delivers to the Mortgagee a letter, agreement or instrument wherein the Mortgagor refers to such additional principal amount and the Mortgage or wherein the Mortgagor agrees that such principal advance is made pursuant to the Mortgage or agrees that such principal amount shall be secured by the Mortgage. Each such principal amount, all interest accrued thereon and all other amounts owing by the Mortgagor to the Mortgagee with respect thereto shall be included as Debt, the payment thereof by the Mortgagor to the Mortgagee shall be secured by the Mortgage and each provision of the Mortgage shall apply thereto. The foregoing shall apply whether or not the principal amount of the Mortgage is from time to time reduced and thereafter increased or paid in full and thereafter incurred again. Nothing herein shall obligate the Mortgagee to lend any principal amount.

Continuation  
of Mortgage

(c) The Mortgage shall continue in full force and effect in accordance with its terms until the Mortgagee delivers a discharge of the Mortgage.

Mortgage  
Assignable by  
Mortgagee

(d) For greater certainty, the Mortgage and the Debt are assignable by the Mortgagee, and payment of amounts secured by the Mortgage to the Mortgagee in circumstances wherein it is intended that the Mortgage be assigned and not discharged, shall not cause the Mortgage to cease to operate nor entitle the Mortgagor to a discharge of the Mortgage.

Discharge

(e) The Mortgage is given upon the express condition that if the Mortgagor duly pays or causes to be paid to the Mortgagee the Debt in full without any deduction or abatement, as and when the same is due, and duly observes and performs all other obligations of the Mortgagor pursuant to or in respect of the Mortgage, and the Mortgagee has no obligation to lend any amount to the Mortgagor, then the Mortgagee shall, after receipt of the Mortgagor's written request therefor, deliver to the Mortgagor a discharge of the Mortgage.

Foreclosure  
Right

(f) The right of foreclosure is hereby expressly given and reserved to and retained by the Mortgagee in the same manner and to the same extent as if the Mortgagor had transferred the Mortgaged Land to the Mortgagee by way of mortgage subject to a proviso for redemption.

#### 4. PAYMENT OF PRINCIPAL AMOUNT AND INTEREST

The principal amount of the Mortgage, interest thereon and all other amounts payable under the Mortgage shall be paid at the branch or banking unit of the Mortgagee with which the Mortgagor is dealing or which is designated by the Mortgagee in writing.

Interest to  
Interest  
Adjustment  
Date

(a) The Mortgagor shall, on the Interest Adjustment Date, pay interest at the Actual Mortgage Rate on the principal amount of the Mortgage or such part thereof advanced by the Mortgagee to the Mortgagor from the date of advance until the Interest Adjustment Date, provided that, at the Mortgagee's request, the Mortgagor shall pay interest monthly on the first day of each month at the Actual Mortgage Rate on the principal amount or part thereof advanced by the Mortgagee to the Mortgagor from the date of advance until the Interest Adjustment Date and provided further that, at the Mortgagee's option, any accrued interest may be deducted from any principal advance.

Payments of  
Principal and  
Interest

(b) The Mortgagor shall pay to the Mortgagee the principal amount of the Mortgage and interest thereon at the Actual Mortgage Rate from and including the Interest Adjustment Date in equal instalments in the amount set out in the Mortgage, commencing on the first payment date set out in the Mortgage and ending on the last payment date set out in the Mortgage, and shall pay the balance, if any, of the principal amount, interest and other outstanding amounts secured by the Mortgage on the Maturity Date (unless such amounts are payable hereunder at an earlier date).

Interest After  
Default

(c) In default of payment when due of any amount payable pursuant to the Mortgage whether on, before or after the Maturity Date or judgment, and until such amount is paid, the Mortgagor shall pay to the Mortgagee interest at the Actual Mortgage Rate on such amount and such interest shall be paid on the first day of each month. In the event any such amount unpaid and interest thereon as aforesaid, or any part thereof, is not paid within the current interest calculation period specified in the Mortgage and without in any way waiving any demand or requirement that such arrears and interest be paid, a rest shall be made as at the end of the interest calculation period and as at the end of each subsequent interest calculation period until all such arrears and all interest are paid. Compound interest at the Actual Mortgage Rate shall, after each rest, be payable on the aggregate amount of arrears and interest then owing including any compound interest then due, and shall be due on the first day of the month next following the end of such interest calculation period and thereafter the first day of each month until paid. All amounts payable under this provision, whether for principal, interest, compound interest or otherwise shall be secured by the Mortgage on the Mortgaged Land.

Application of  
Amounts  
Received by  
Mortgagee

(d) All amounts paid by the Mortgagor to the Mortgagee (unless otherwise agreed in writing) shall, prior to default by the Mortgagor, be applied firstly to reduce compound interest, secondly to reduce interest (other than compound interest), thirdly to reduce principal and fourthly to reduce any other amount owing by the Mortgagor to the Mortgagee. All amounts paid by the Mortgagor to the Mortgagee (or otherwise received by the Mortgagee) after default by the Mortgagor shall be applied in the manner determined by the Mortgagee in its sole discretion.

5. **LIMITED PREPAYMENT PROVISIONS**

- (a) The Mortgagor shall not be entitled, subject to subparagraph (b), to prepay any amount of principal under the Mortgage, except that, subject to subparagraphs (c) and (d):
- (i) the Mortgagor shall be entitled, when not in default under the Mortgage, to prepay at any time or times, without notice and without payment of bonus, an amount or amounts of principal, provided that:
    - A. each amount of principal prepaid shall not be less than \$100.00; and
    - B. the aggregate of all amounts of principal prepaid during any calendar year shall not exceed 20% of the original principal amount of the Mortgage; and
    - C. such prepayment privileges shall not be cumulative; and
  - (ii) the Mortgagor shall be entitled, when not in default under the Mortgage, by entering into a mortgage amending agreement with the Mortgagee in form and substance satisfactory to the Mortgagee:
    - A. to increase once in each calendar year the amount of the instalment of principal and interest payable under the Mortgage, provided that such increase does not exceed 20% of the amount of the instalment of principal and interest payable by the Mortgagor immediately prior to such increase; or
    - B. after any increase pursuant to subparagraph A. hereof, to decrease once in each calendar year (including the year in which such increase occurred) the amount of the instalment of principal and interest payable under the Mortgage, provided that the original amortization period of the Mortgage is not extended as a result of such reduction;

provided further that the rights referred to in subparagraphs (ii)A. and (ii)B. are not cumulative; and
  - (iii) the Mortgagor shall be entitled, when not in default under the Mortgage, to prepay any amount of principal at any time or times without notice, upon payment, by way of bonus, of the following additional amount:
    - A. if the Term of the Mortgage is not longer than five years, the Prepayment Interest Rate Differential Amount, provided that the additional payment required by this subparagraph (iii)A. shall be not less than an amount equivalent to three months' interest at the Actual Mortgage Rate on the amount of such principal prepayment; or
    - B. if the Term of the Mortgage is longer than five years and if the date of prepayment is:



- (1) after the fifth year of the Term of the Mortgage, an additional amount equivalent to three months' interest at the Actual Mortgage Rate on the amount of such principal prepayment; or
  - (2) during the first five years of the Term of the Mortgage, the Prepayment Interest Rate Differential Amount, provided that the additional payment required by this subparagraph (iii)B.(2) shall be not less than an amount equivalent to three months' interest at the Actual Mortgage Rate on the amount of such principal prepayment.
- (b) If the Mortgagor is not a corporation, the Term of the Mortgage is longer than five years and the Mortgaged Land is Non-Residential Mortgaged Land, the Mortgagor shall be entitled to prepay any amount of principal after the fifth year of the Term of the Mortgage, provided the Mortgagor pays to the Mortgagee an additional amount equivalent to three months' interest at the Actual Mortgage Rate on the amount of such principal prepayment. For all purposes of the Mortgage, the date of the Mortgage shall be the Interest Adjustment Date and the Interest Adjustment Date shall be the date specified by the definition of "Interest Adjustment Date".
  - (c) Notwithstanding any other provision of the Mortgage, the Mortgagor shall not be entitled to prepay any amount of principal (except to the extent permitted by subparagraph (b)) or increase the amount of the instalments payable under the Mortgage if the Mortgaged Land is Non-Residential Mortgaged Land.
  - (d) In the event any prepayment is made, the payment dates and the amount of all remaining instalments shall continue unaffected by the prepayment so that the Mortgagor shall pay the instalments provided for in the Mortgage when due until all amounts owing under the Mortgage have been fully paid.

**6. EXPRESS COVENANTS BY MORTGAGOR**

The following covenants shall be deemed included as covenants of the Mortgagor, in every Mortgage in which this set of standard mortgage terms is referred to by its filing number, except to the extent that such covenants are expressly amended or excluded from the Mortgage by the provisions of the Mortgage, and the following covenants shall be construed and applied as covenants made by the Mortgagor for the Mortgagor and the Mortgagor's Successors and assigns to and in favour of the Mortgagee, its successors and assigns, to the same extent as if set out as such in the Mortgage executed and delivered by the Mortgagor.

- Payment of Debt (a) The Mortgagor shall pay to the Mortgagee in lawful money of Canada each part of the Debt, as and when such part becomes due, without deduction or set-off of any kind.
- Observance and Performance of Provisions (b) The Mortgagor shall duly and punctually observe and perform all the provisions of the Mortgage which are to be observed and performed by the Mortgagor.
- Taxes (c) The Mortgagor shall promptly pay or cause to be paid all Taxes as they become due and, without limiting the foregoing:

- (i) the Mortgagee may deduct from the final advance of the principal moneys an amount sufficient to pay the unpaid Taxes which have become or will become due and payable on or before the Interest Adjustment Date;
- (ii) after the Interest Adjustment Date the Mortgagor shall pay to the Mortgagee in instalments on the dates on which instalments of principal and interest are payable pursuant to the Mortgage, sums sufficient to enable the Mortgagee to pay the whole amount of Taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof;
- (iii) where the period between the Interest Adjustment Date and the next following annual due date or first instalment due date for Taxes is less than one year, the Mortgagee may, at the Mortgagee's option, require the Mortgagor to pay to the Mortgagee in equal instalments, on each date on which an instalment of principal and interest is payable pursuant to the Mortgage, during such period and during the next succeeding twelve months' period, an amount estimated by the Mortgagee to be sufficient to pay, on or before the expiration of the said twelve months' period, all Taxes which shall become due and payable during the said two periods and during the balance of the calendar year in which the said twelve months' period expires; and the Mortgagor shall also pay to the Mortgagee on demand the amount, if any, by which the actual Taxes exceed such estimated amount;
- (iv) subject to subparagraph 6(c)(iii) hereof, the Mortgagor shall pay to the Mortgagee on each date on which an instalment of principal and interest is payable pursuant to Mortgage:
  - A. one-fifty-second of the annual amount (as estimated by the Mortgagee) of the Taxes becoming due and payable during the next succeeding year after such instalment due date, if instalments of principal and interest are due on Friday of every week; or
  - B. one-twenty-sixth of the annual amount (as estimated by the Mortgagee) of the Taxes becoming due and payable during the next succeeding year after such instalment due date, if instalments of principal and interest are due on Friday of every second week; or
  - C. one-twenty-fourth of the annual amount (as estimated by the Mortgagee) of the Taxes becoming due and payable during the next succeeding year after such instalment due date, if instalments of principal and interest are due on the first and fifteenth days of every month; or
  - D. one-twelfth of the annual amount (as estimated by the Mortgagee) of the Taxes becoming due and payable during the next succeeding year after such instalment due date, if instalments of principal and interest are due on the first day of every month,

and the Mortgagor shall also pay to the Mortgagee on demand, the amount, if any, by which the actual Taxes exceed such estimated amount; and,

- (v) the Mortgagor shall pay to the Mortgagee on demand interest, at the Actual Mortgage Rate, on the debit balance, if any, of the Mortgagor's tax account outstanding after payment of Taxes by the Mortgagee, until such debit balance is fully repaid; and the payment of such interest shall be secured by the Mortgage.

The Mortgagee shall apply such payments to pay Taxes only so long as a Default has not occurred but nothing herein shall obligate the Mortgagee to apply such payments on account of Taxes more often than yearly. If, before a sum or sums so paid to the Mortgagee shall have been so applied, there shall be a Default, the Mortgagee may apply such sum or sums in or towards payment of any part or parts of the Debt as the Mortgagee may determine. The Mortgagor shall transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of Taxes forthwith after receipt of same.

Good Title and  
Free From  
Encumbrances

- (d) At the time of execution and delivery of the Mortgage, the Mortgage is subject only to any prior mortgage to which the Mortgagee has consented in writing (hereinafter individually or collectively, as the case may be, called the "Prior Mortgage"); the Mortgagor is the legal and beneficial owner of, and has a good, absolute and indefeasible title and estate in fee simple to the Mortgaged Land (or, if paragraph 23 applies to the Mortgage, a good and absolute leasehold interest in the Mortgaged Land), without any encumbrance, lien, charge, mortgage, reservation, limitation, proviso or condition whatsoever except those contained in the original grant thereof from the Crown and except any Prior Mortgage; and the Mortgagor has good right, full power and lawful and absolute authority to mortgage and charge the Mortgaged Land to the Mortgagee in accordance with the provisions of the Mortgage; and the Mortgagor has not done, omitted or permitted anything whereby the Mortgaged Land or the Mortgagor's estate, right, title or interest therein is or may be alienated, encumbered, liened, charged, mortgaged, impeached or affected except for the Mortgage and any Prior Mortgage; and the Mortgagor agrees that, except for any Prior Mortgage, the Mortgagor shall keep the Mortgaged Land (or, if paragraph 23 applies to the Mortgage, the Mortgagor's leasehold interest therein) free and clear of and from all encumbrances, liens, charges and mortgages including, without limitation, any outstanding statutory liens or charges on the Mortgaged Land, arrears of Taxes, liens for arrears of condominium or strata corporation common element expenses or other condominium or strata corporation charges or expenses, executions, and rights (which encumbrances, liens, charges and mortgages including each Prior Mortgage, if any, are hereinafter collectively called "Other Claims").

Payments by  
Mortgagee of  
Other Claims

- (e) The Mortgagee may pay the whole or any part of any Other Claims at any time having priority over the Mortgage. The amounts so paid shall be payable by the Mortgagor to the Mortgagee on demand and shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate. The Mortgagee shall be entitled to the equities, rights and securities of the person or persons so paid and to obtain an assignment of any Other Claims so paid and of any right to payment, and the Mortgagee is authorized to retain any discharge of any Other Claims, without registration, until payment to the Mortgagee in full of such Other Claims.

- (f) The Mortgagor (or if the Mortgaged Land includes a strata lot or condominium unit, the applicable condominium or strata corporation) shall, at the Mortgagor's sole expense (or such condominium or strata corporation's sole expense), forthwith insure and during the continuance of the Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning and tempest and such other risks and perils as the Mortgagee may require including risks and perils covered by an "all risks" policy with standard extended coverage, each and every building now or hereafter erected on the Mortgaged Land, both during erection and thereafter, and also crops and other personal property or produce of land which may be charged by the Mortgage, for the full replacement cost thereof, and in an amount sufficient to avoid the application of any co-insurance provisions. Furthermore, in the case of commercial, industrial and/or income producing properties, this covenant shall also include, without limitation, boiler, plate glass, rental and public liability insurance in amounts and on terms satisfactory to the Mortgagee. Without limiting the foregoing and in addition thereto:
- (i) Prior to any advance of principal, the Mortgagor shall deliver to the Mortgagee a certified copy of each policy of insurance and receipts evidencing the payment of premiums for such insurance, and each such policy shall contain a standard mortgage clause approved by the Mortgagee, shall have provisions satisfactory to the Mortgagee and shall be issued by an insurer or insurers satisfactory to the Mortgagee; if the Mortgaged Land includes a condominium unit or strata lot, the Mortgagor or the applicable condominium or strata corporation shall assign, transfer and deliver to the Mortgagee certificates of insurance and insurance proceeds with respect to such unit; if any policy or any insurer at any time ceases to be satisfactory to the Mortgagee, the Mortgagor shall effect such new insurance as the Mortgagee may require.
  - (ii) Each policy shall contain an undertaking by the insurer to notify the Mortgagee in writing not less than fifteen days prior to any material change, cancellation, failure to renew or termination thereof.
  - (iii) At least fifteen days prior to the expiry of a policy or at least five days prior to the date fixed for cancellation of a policy should notice of cancellation be given, the Mortgagor shall deliver to the Mortgagee evidence of renewal or replacement therefor.
  - (iv) The loss under each policy shall be made payable to the Mortgagee as beneficiary and mortgagee as its interest may appear with preference in its favour over any claim of any other person or persons.
  - (v) In the event of failure on the part of the Mortgagor to fulfill any obligation of the Mortgagor under subparagraph 6(f) hereof, the Mortgagee shall be entitled (but shall not be obligated), unless such failure is rectified within two days after written notice by the Mortgagee to the Mortgagor of such failure, to effect such insurance as it deems proper and the Mortgagor shall promptly pay to the Mortgagee, on the then next date on which interest is payable by the Mortgagor, all premiums paid by the Mortgagee and such amount payable by the Mortgagor shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate.

- (vi) If the Mortgaged Land includes a condominium unit or strata lot, the Mortgagor shall (and shall cause the applicable condominium or strata corporation to) comply with all provisions of the applicable policy, observe and perform all duties and obligations imposed by statute or by the applicable condominium or strata corporation declaration and by-laws and, without limitation, comply with all the insurance provisions of the declaration and the Mortgagor, as a member of such condominium or strata corporation, shall seek full compliance by such condominium or strata corporation with all such covenants.
- (vii) In case of any loss or damage, the Mortgagor shall, at the Mortgagor's sole expense, immediately notify the Mortgagee of such loss or damage, fully comply with all provisions of the applicable policy, and furnish all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of all insurance moneys. Production of the Mortgage shall be sufficient authority for any insurer concerned (and such insurer is hereby directed by the Mortgagor) to pay any such loss to the Mortgagee. The Mortgagee shall have the right in its sole discretion, to the extent permitted by law, to apply the moneys in whole or in part in and to any one or more of the following:
  - A. in reduction of the Debt, including any principal amount outstanding under the Mortgage notwithstanding that such amount at such time may not be due and payable;
  - B. in payment of costs of rebuilding, reinstating, repair or reconstruction; or
  - C. in payment to subsequent encumbrancers entitled thereto, the Mortgagor or assigns thereof, as their interests may appear.

No damage to the insured property shall be repaired or any reconstruction effected without the prior written approval of the Mortgagee.

- (viii) As additional and separate security for payment of the Debt and all other indebtedness secured by the Mortgage, the Mortgagor hereby assigns, transfers and sets over to the Mortgagee, all the Mortgagor's present and future interests in and to all such present and future insurance policies and all proceeds therefrom.

Further  
Assurances

- (g) The Mortgagor and each and every person having or claiming to have an estate, right, title, interest or trust of, in or to the Mortgaged Land shall, at any time and from time to time, make, execute and deliver or cause to be made, executed and delivered to the Mortgagee such further and other reasonable acts, deeds, conveyances and assurances as may be required to fully and effectually carry out the true intention and meaning of the Mortgage and the provisions included in the Mortgage and the reasonable cost of such further assurances shall be added to the Debt.

Liens

- (h) The Mortgagor shall, within twenty-one days after a request by the Mortgagee to do so, cause to be discharged all builders' and construction lien claims registered against the Mortgaged Land including all liens registered pursuant to the Builders' Lien Act.

- Discharge of Part of Mortgaged Land
- (i) The Mortgagee may at its discretion, subject to the provisions of applicable law, from time to time release or discharge any part or parts of the Mortgaged Land, any other security or any guarantor or surety for the Debt either with or without any sufficient consideration therefor, without responsibility therefor and without thereby releasing or discharging the Mortgagor, any other part of the Mortgaged Land, other security, or other guarantor or surety from the Mortgage or from any covenants contained or incorporated in the Mortgage and without being accountable to the Mortgagor for the value thereof or for any money other than that actually received by the Mortgagee, and every part or lot into which the Mortgaged Land is or may hereafter be divided shall continue to be mortgaged and charged with the whole amount of the Debt.
- Granting of Time, etc.
- (j) The Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any and all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Mortgagor, any guarantor or surety, and all other persons and securities as the Mortgagee may see fit without prejudicing any of the rights of the Mortgagee under the Mortgage.
- Waste
- (k) The Mortgagor shall not permit waste to be committed or suffered on the Mortgaged Land or any part thereof.
- Alterations
- (l) The Mortgagor shall not, subject to subparagraph (m), make or permit to be made, any alterations or additions to the Mortgaged Land or any buildings thereon without the prior written consent of the Mortgagee and the Mortgagor will not allow the Mortgaged Land to remain unoccupied or unused.
- Compliance with Laws, Good Condition, Inspection and Repairs
- (m) The Mortgagor shall comply with all laws, by-laws and regulations affecting the Mortgaged Land, and with all orders, directives and requirements of any governmental authority or agency having jurisdiction and, at the Mortgagor's own expense, shall promptly and in a good and workmanlike manner make all improvements, alterations and repairs and effect any change in use that may be required from time to time to effect such compliance. The Mortgagor shall maintain the Mortgaged Land and all buildings, fixtures and other improvements on the Mortgaged Land in good condition and repair. The Mortgagee or any agent thereof may from time to time enter upon the Mortgaged Land and inspect the same and make such repairs as the Mortgagee deems necessary without being deemed to be a mortgagee in possession. The Mortgagor shall, on demand by the Mortgagee, reimburse the Mortgagee for all reasonable costs of such inspection and repairs and such amounts owing by the Mortgagor shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate.
- Advance of Principal
- (n) If any portion of the principal amount to be advanced by the Mortgagee and secured by the Mortgage is not advanced at the date of registration of the Mortgage, the Mortgagee may advance the same in one or more sums at any future date or dates and the amount of each such advance shall be secured by the Mortgage and be repayable with interest at the Actual Mortgage Rate and for all purposes of priority shall be considered and treated as having been so secured and advanced at the date of registration of the Mortgage. For greater certainty, where such subsequent advances are part of the principal amount contemplated by the Mortgagee at the time the Mortgage is granted, the letter, agreement or instrument referred to in subparagraph 3(b) shall not be required in order to effect the foregoing. None of the

preparation, execution, delivery or registration of the Mortgage, or the advance in part of the principal amount of the Mortgage shall obligate the Mortgagee to advance the whole of the principal amount or any unadvanced portion thereof but nevertheless the Mortgage shall take effect forthwith on the execution and delivery of the Mortgage by the Mortgagor.

- Waiver (o) No waiver, condonation or excusing by the Mortgagee of any default, breach or other non-performance by the Mortgagor at any time or times hereunder shall operate as a waiver by the Mortgagee of a subsequent default, breach or non-performance or adversely affect in any way the rights of the Mortgagee hereunder.
- Effect of Sale (p) No sale, conveyance, transfer or other dealing by the Mortgagor with the Mortgaged Land or any part thereof or any approval of the Mortgagee relating thereto shall, subject to paragraph 16, in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor, any guarantor or surety, or any other person or persons liable for payment of the Debt.
- Extension of Time and Amendments (q) No extension of time given by the Mortgagee to the Mortgagor or anyone claiming under the Mortgagor or any other amendment to the Mortgage or any other dealing by the Mortgagee with the owner of the Mortgaged Land shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor, any guarantor or surety, or any other person or persons liable for payment of the Debt. The Term of the Mortgage may be extended, the terms of payment changed and any other amendments effected by a written agreement between the Mortgagor and the Mortgagee with or without an increased rate of interest. Such amendment agreement need not be registered, but shall bind the Mortgaged Land. The priority of the Mortgage as extended and amended vis à vis subsequent transferees and encumbrancers shall remain unchanged whether or not such amendment agreement is registered. Nothing herein shall confer on the Mortgagor any right to an extension or amendment of the Mortgage.
- Discharge or Assignment (r) The Mortgagee shall be entitled to prepare or have its counsel prepare a discharge or assignment of the Mortgage and any other documents necessary to discharge or assign any security held by the Mortgagee and shall have a reasonable time after payment of all Debt within which to prepare, execute and deliver such documents. Interest at the Actual Mortgage Rate shall continue to accrue to the date of receipt of such payment in full. All reasonable fees and expenses of the Mortgagee and all reasonable fees and disbursements of the Mortgagee's counsel in connection with the preparation, review, execution and delivery of such documents shall, to the extent permitted by law, be paid by the Mortgagor to the Mortgagee as a condition precedent to the delivery of such documents.
- Other Security (s) The Mortgage is in addition to and not in substitution for any other security at any time held by the Mortgagee for all or any part of the Debt, and the Mortgagee may, at its option, pursue its remedies thereunder, under the Mortgage or at law concurrently or successively. Any judgment or recovery under the Mortgage or under any other security held by the Mortgagee for the Debt shall not affect the right of the Mortgagee to realize upon the Mortgage or any other such security.

Fixtures (t) For greater certainty, all erections and improvements fixed or otherwise now on or hereafter put on the Mortgaged Land, including without limiting the generality of the foregoing, all fences, heating equipment, plumbing equipment, antennae, radiators, mirrors, air-conditioning equipment, ventilating equipment, fire alarm and protective systems, lighting and lighting fixtures, furnaces, boilers, oil burners, stokers, water heating equipment, cooking and refrigeration equipment, window blinds, floor coverings, storm windows, storm doors, window screens, door screens, shutters and awnings and all other apparatus and equipment appurtenant thereto and all accessions and accretions of any kind or nature are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Mortgaged Land.

Expenses (u) The Mortgagor shall pay to the Mortgagee, on demand by the Mortgagee, an amount equivalent to all expenses paid or incurred by the Mortgagee in respect of the Mortgage or the Mortgaged Land including, without limitation:

- (i) solicitor's, inspector's, valuator's and surveyor's fees and expenses (including all such fees and expenses incurred in valuing the Mortgaged Land, preparing and registering the Mortgage, investigating the Mortgaged Land or title thereto, and making or maintaining the Mortgage as a first mortgage and charge of the Mortgaged Land);
- (ii) insurance premiums, Taxes, and amounts paid in respect of any Prior Mortgage, Other Claims, liens, charges, encumbrances or claims charged or to be charged against the Mortgaged Land;
- (iii) costs of maintaining, repairing, restoring or completing the Mortgaged Land;
- (iv) costs of inspecting, leasing, managing or improving the Mortgaged Land, including the price of any goods of any sort or description supplied to be used on the Mortgaged Land; and
- (v) costs of exercising or enforcing or attempting to exercise or enforce any right, power, or remedy pursuant to the Mortgage or otherwise including all legal costs, on a solicitor and his or her own client scale, and any costs of consultants or other advisers to the Mortgagee in connection with such enforcement,

whether such amounts are advanced or incurred with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise and whether or not any principal amount is advanced. All such amounts shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate.

Moneys Received (v) The Mortgagee shall not be accountable for any amounts except those actually received by the Mortgagee.

Change in Spousal Status (w) After any change or event affecting any of the following, namely,

- (i) the spousal status of the Mortgagor;
- (ii) the qualification of the Mortgaged Land as a matrimonial home; or
- (iii) the ownership of the Mortgaged Land,



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

Environmental  
Inspection and  
Testing

- (x) The Mortgagee, agent of the Mortgagee, or agent of the applicable mortgage insurer may, at any time, before and after Default, and for any purpose deemed necessary by it, enter upon the Mortgaged Land to inspect the Mortgaged Land. Without in any way limiting the generality of the foregoing, the Mortgagee or the applicable mortgage insurer (or their respective agents) may enter upon the Mortgaged Land to conduct any environmental testing, site assessment, investigation or study deemed necessary by it (or them) and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Actual Mortgage Rate, shall be payable by the Mortgagor forthwith and shall be a charge upon the Mortgaged Land. The exercise of any of the powers herein shall not deem the Mortgagee, the mortgage insurer or their respective agents to be in possession, management or control of the Mortgaged Land.

## 7. MORE FREQUENT PAYMENT PROVISIONS

If the Mortgage provides for the payment of instalments of principal and interest more frequently than monthly, the Mortgagor shall make all instalment payments of principal and interest and pay Taxes and life insurance premiums, if applicable, in accordance with the provisions of the Mortgage and the following provisions shall apply:

- (a) Despite anything in the Mortgage to the contrary, in the event there occurs a Default, the Mortgagor shall pay to the Mortgagee all arrears then outstanding and shall, at the option of the Mortgagee, pay to the Mortgagee, principal, interest and Taxes in monthly instalments; the amount of such monthly instalments and the terms of repayment shall be determined by the Mortgagee provided that the original amortization period of the Mortgage is not extended as a result of the Mortgagor's making monthly payments of principal, interest and Taxes; provided further that nothing herein contained shall prejudice the Mortgagee's rights pursuant to the provisions contained in or incorporated into the Mortgage which require payment, at the Mortgagee's option, of all Debt, if a Default occurs.
- (b) The Mortgagor shall maintain with the Mortgagee or another financial institution satisfactory to the Mortgagee, an account of a type which is satisfactory to the Mortgagee. The Mortgagor shall authorize the Mortgagee to debit such account automatically by an amount equivalent to the amount of each instalment of principal, interest, Taxes and life insurance premiums (if applicable) payable, when each such instalment is due. If the account is with another financial institution, the Mortgagor shall cause such other financial institution to remit such amount to the Mortgagee when each instalment is due. The Mortgagor shall, at the Mortgagee's request, execute such authorization in form and substance satisfactory to the Mortgagee.

- (c) The Mortgagor shall ensure that there are, at all times, sufficient funds deposited to the account referred to in subparagraph 7(b) hereof to pay each instalment when due. Failure by the Mortgagor to comply with the foregoing, cancellation by the Mortgagor of the authorization referred to in subparagraph 7(b) hereof or termination of such account shall constitute a Default.

**8. SALE, CONVEYANCE OR TRANSFER OF MORTGAGED LAND**

In the event the Mortgagor sells, conveys, transfers or enters into an agreement to sell, convey or transfer the Mortgaged Land to a purchaser or a transferee thereof who is not approved by the Mortgagee in writing, the Debt shall, at the Mortgagee's option, become forthwith due and payable; provided that the Mortgagee shall not unreasonably withhold such approval.

**9. AUTOMATIC RENEWAL AT MATURITY OF SIX MONTH TERMS, ONE YEAR TERMS AND TWO YEAR TERMS**

If at any time the Term of the Mortgage (or any subsequent term of the Mortgage) is six months, one year or two years, the Mortgagor shall be entitled at maturity, provided a Default has not then occurred, to automatic further six month, one year or two year term extensions respectively without paying a renewal fee. Prior to the end of each six month, one year or two year term, the Mortgagee will provide the Mortgagor with a notice offering to extend the then current term of the Mortgage for a further six month, one year or two year term, provided the Mortgagor pays interest at the amended rate and the amended amount of the mortgage payments to the new maturity date, all as specified by the notice. If the Mortgagee does not receive from the Mortgagor before the then existing maturity date written advice that the Mortgagor does not accept such offer, the Mortgagor shall be deemed to have accepted the Mortgagee's offer. The Mortgagor's failure to respond to or receive such notice shall not prevent the interest rate from changing, on the first day of the extended term, to the rate specified by the notice, or otherwise affect the foregoing. The Mortgagee may terminate the foregoing automatic renewal program on six months' written notice to the Mortgagor.

**10. AUTOMATIC RENEWAL AT MATURITY OF OTHER TERMS**

If at any time:

- (a) the Term of the Mortgage (or any subsequent term of the Mortgage) is not six months, one year or two years; and
- (b) the Mortgagor does not pay all Debt to the Mortgagee at the end of such term; and
- (c) the Mortgagor and the Mortgagee do not, prior to the end of such term, amend the Mortgage to extend the term further,

the Mortgage shall, at the Mortgagee's option, without further action by the Mortgagee, the Mortgagor or any other person, be amended as at the last day of such term, so that the term is extended for a further six months, the interest rate payable by the Mortgagor is a fixed rate equivalent to the fixed rate then charged by the Mortgagee for open prepayment residential first mortgage loans made by the Mortgagee in Canada with terms of six months commencing on such date, the instalments of principal and interest are payable with the same frequency after such amendment as before but in an amended amount of which the Mortgagee will advise the Mortgagor, and the Mortgagor may, when not in default, prepay principal in minimum amounts of \$100 at any time after such amendment without notice or bonus.

#### 11. **MORTGAGE RATE PROTECTION PLAN**

The Mortgagor shall be entitled at any time when not in default under the Mortgage, to ask for an amendment to the Mortgage. If the Mortgagee agrees to amend the Mortgage, such amendment shall be in accordance with a mortgage amending agreement in form and substance satisfactory to the Mortgagee, which shall stipulate, among other things, the Effective Date; provided that the Mortgagor pays to the Mortgagee before the Effective Date of the amendment, an additional amount equivalent to the following:

- (a) if the Term of the Mortgage is not longer than five years, the Amendment Interest Rate Differential Amount, provided that the additional payment required by this subparagraph (a) shall be not less than an amount equivalent to three months' interest at the Actual Mortgage Rate on the principal amount outstanding on the Effective Date; or
- (b) if the Term of the Mortgage is longer than five years and the Effective Date is:
  - (i) on or after the fifth anniversary of the Interest Adjustment Date, an additional amount equivalent to three months' interest at the Actual Mortgage Rate on the principal amount outstanding on the Effective Date; or
  - (ii) before the fifth anniversary of the Interest Adjustment Date, the Amendment Interest Rate Differential Amount provided that the additional payment required by this subparagraph (b)(ii) shall be not less than an amount equivalent to three months' interest at the Actual Mortgage Rate on the principal amount outstanding on the Effective Date.

Despite the foregoing, the additional amount referred to in subparagraphs (a) and (b) shall not be payable by the Mortgagor to the Mortgagee if the Mortgagor and the Mortgagee amend the Mortgage to a limited prepayment fixed rate mortgage with an amended term of one year or more and if the Mortgage had a term of six months immediately before such amendment.

#### 12. **MORTGAGOR'S PORTABILITY OPTION**

At any time prior to the Maturity Date:

- (a) the Mortgagor shall be entitled to request from the Mortgagee a new loan in any amount, which matures on the Maturity Date and which bears interest at a new rate based on:

- (i) the fixed interest rate specified by the Mortgage, on an amount up to and including the principal amount of the Mortgage outstanding on the date the new loan is advanced; and
- (ii) the interest rate determined by the Mortgagee, on the amount of such new loan which exceeds the amount referred to in subparagraph (i),

repayment of such new loan to be secured by a first mortgage of the Mortgaged Land or, if the Mortgaged Land is sold and new property purchased by the Mortgagor, by a first mortgage of such new property; or

- (b) any person to whom the Mortgagor sells the Mortgaged Land shall be entitled (with the prior written consent of the Mortgagor) to request from the Mortgagee a new loan which matures on the Maturity Date and which bears interest at the new rate referred to in subparagraph (a), repayment of such new loan to be secured by a first mortgage of the Mortgaged Land,

provided that only one of the Mortgagor and the person to whom the Mortgagor sells the Mortgaged Land shall be entitled to make such request, and provided the approval of any request and the conditions of any such approval shall be entirely at the discretion of the Mortgagee.

### 13. **BLEND AND EXTEND OPTION**

The Mortgagor shall be entitled, at any time when not in default under the Mortgage, to request the Mortgagee:

- (a) to extend the Term of the Mortgage to a term requested by the Mortgagor and satisfactory to the Mortgagee at an amended fixed interest rate determined by the Mortgagee provided that the amended mortgage shall contain prepayment provisions similar to those set out in paragraph 5 hereof; or
- (b) to lend an additional principal amount to the Mortgagor pursuant to a new mortgage of the Mortgaged Land to be granted by the Mortgagor to the Mortgagee, in form and substance and with priority satisfactory to the Mortgagee, with a term longer than the Term of the Mortgage at a fixed interest rate determined by the Mortgagee provided that the new mortgage contains prepayment provisions similar to those set out in paragraph 5 hereof.

The amended or new fixed interest rate shall be determined by the Mortgagee, in the Mortgagee's sole discretion, based on the existing interest rate in respect of the existing Term of the Mortgage and the Mortgagee's then current interest rate in respect of the amended term or new term requested by the Mortgagor. The approval of any such request and the conditions of any such approval shall be entirely at the discretion of the Mortgagee.

### 14. **RATE BUYDOWN OPTION**

The Mortgagor shall be entitled, at any time when not in default under the Mortgage, to request the Mortgagee to amend the Mortgage to reduce the interest rate applicable to the Mortgage by not more than 3% per annum if the Term of the Mortgage is three years or longer, or by not more than 2% per annum if the Term of the Mortgage is shorter than three years, provided the Mortgagor pays to the Mortgagee an additional amount determined by the Mortgagee to compensate the Mortgagee for all

loss of revenue suffered by the Mortgagee as a result of such reduced interest rate.

**15. DEFERRED PAYMENT OPTION**

The Mortgagor shall be entitled, at any time when not in default under the Mortgage, to request the Mortgagee to permit the Mortgagor to defer payment of one or more consecutive instalments of principal and interest pursuant to the Mortgage for any reason satisfactory to the Mortgagee. If the Mortgagee grants such request, the Mortgagor shall pay interest on the amount of any such deferred instalment at the Actual Mortgage Rate, including interest on unpaid interest, until such deferred amount is fully paid. The Mortgagor shall be entitled, at any time when not in default under the Mortgage, to prepay such deferred amount in whole or in part, without payment of any bonus. Such right is in addition to any other applicable voluntary prepayment right set out in the Mortgage.

**16. UNDERTAKING NOT TO SUE MORTGAGOR AFTER APPROVED SALE OF MORTGAGED LAND**

The Mortgagor shall be entitled, when not in default under the Mortgage, upon the sale of the Mortgaged Land by the Mortgagor to a purchaser who is satisfactory to the Mortgagee (in the Mortgagee's sole discretion), to obtain from the Mortgagee an undertaking by the Mortgagee not to sue the Mortgagor pursuant to the Mortgage if the purchaser defaults or the purchaser's assigns default pursuant to the Mortgage after the completion of the sale of the Mortgaged Land to the purchaser. The purchaser shall be deemed not to be satisfactory to the Mortgagee unless and until the Mortgagee delivers such undertaking to the Mortgagor in writing.

**17. DISCRETION OF THE MORTGAGEE WHETHER TO GRANT REQUESTS OR ENTER INTO AMENDMENT AGREEMENTS**

Despite any other provision of the Mortgage, the Mortgagee shall have no obligation to grant any request of the Mortgagor referred to in paragraphs 11, 12, 13, 14, 15 or 16 hereof. The Mortgagee shall be deemed not to have granted such request unless the Mortgagee delivers to the Mortgagor a written agreement satisfactory to the Mortgagee agreeing to such request or amending the Mortgage to reflect such request or unless such agreement is made in accordance with paragraph 26. Whenever the Mortgage provides for an amendment agreement, such amendment agreement shall be in form and substance satisfactory to the Mortgagee, shall not, subject to paragraph 26, be effective unless signed by the Mortgagor, the spouse of the Mortgagor, if applicable, and any Guarantor, and shall specify the date on which such amendment becomes effective. If the amendment agreement provides for the payment of an amendment fee, the Mortgagor shall pay such fee to the Mortgagee, in an amount satisfactory to the Mortgagee, at or before the time such amendment is effective.

**18. PROVISIONS WHICH DO NOT APPLY IF THE MORTGAGED LAND IS NON-RESIDENTIAL MORTGAGED LAND**

Despite any other provision of the Mortgage, paragraphs 7, 9, 10, 11, 12, 13, 14, 15 and 16 hereof shall not apply to the Mortgage or the Mortgaged Land if the Mortgaged Land is Non-Residential Mortgaged Land.

19. **STRATA LOT PROVISIONS**

If the Mortgaged Land is a strata lot or condominium unit or includes a strata lot or condominium unit, the following provisions shall apply:

- (a) the Mortgagor shall observe and perform each of the covenants and provisions required to be observed and performed pursuant to the Mortgage, the Condominium Act, all amendments thereto, all legislation passed in substitution therefor, and the declaration, by-laws and rules, as amended from time to time, of the condominium or strata corporation of which the Mortgagor is a member by virtue of the Mortgagor's ownership of the condominium unit or strata lot charged by the Mortgage;
- (b) the Mortgagor shall pay promptly when due any and all common expenses, common element expenses, assessments, levies, instalments, payments or any other amounts due to the applicable condominium or strata corporation or any agent thereof by the Mortgagor and, at the Mortgagee's request, deliver to the Mortgagee evidence of the payment thereof;
- (c) upon Default herein and notwithstanding any other right or action of such condominium or strata corporation or the Mortgagee, the Mortgagee may distrain for arrears of any assessments, levies, instalments, payments or any other amounts due to the Mortgagee or arising pursuant to this provision; and
- (d) the Mortgagor hereby authorizes the Mortgagee to exercise the right of the Mortgagor as an owner of the Mortgaged Land to vote or to consent in all matters relating to the affairs of the condominium or strata corporation or arising under the Condominium Act, the declaration or the by-laws of the condominium or strata corporation, provided that:
  - (i) in any case where the Mortgagee is entitled under the Condominium Act to receive and does receive notice of a meeting of owners, the Mortgagee may notify the condominium or strata corporation and the Mortgagor of its intention to exercise the right of the owner to vote or to consent at such meeting at least two days before the date specified in the notice for the meeting, failing which the Mortgagor may exercise such right to vote or consent at such meeting;
  - (ii) the Mortgagee shall not, by virtue of the giving to the Mortgagee of the right to vote or consent, be under any obligation to vote or consent or to protect the interests of the Mortgagor, and the Mortgagee shall not be responsible for any exercise or failure to exercise the right to vote or consent; and
  - (iii) nothing herein contained, including the exercise by the Mortgagee of the right to vote or consent, shall constitute the Mortgagee a mortgagee in possession.

## 20. DEFAULT

Despite any other provision of the Mortgage, upon the occurrence of a default in payment of any principal amount, interest or other amount payable pursuant to or in respect of the Mortgage, or upon the occurrence of a default by the Mortgagor pursuant to any provision of the Mortgage or any provision of a Prior Mortgage, or upon discovery by the Mortgagee that any covenant or representation contained in the Mortgage or in any loan or mortgage application made by the Mortgagor is breached or untrue, or upon the Mortgagor's permitting any buildings forming part of the Mortgaged Land to remain unfinished without any work being done thereon for ten days, or upon the expropriation of all or any part of the Mortgaged Land, or upon waste being committed or permitted on the Mortgaged Land (each of which events is referred to as a "Default"), all Debt shall, at the option of the Mortgagee, forthwith become due and payable, the Mortgagor shall forthwith pay all Debt to the Mortgagee, all the Mortgagee's rights and remedies pursuant to the Mortgage or otherwise available at law shall become exercisable and, without limitation to the foregoing, the following shall apply:

- (a) The Mortgagee may, at the Mortgagor's expense and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed any obligation of the Mortgagor in respect of the Mortgaged Land or the Mortgage.
- (b) The Mortgagee may at such time or times as the Mortgagee may deem necessary and without the concurrence of any person, enter upon and take possession of the Mortgaged Land, the Mortgagee shall have quiet possession of the Mortgaged Land free of all encumbrances, and the Mortgagee may, after giving any notices required by law, make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements forming part of the Mortgaged Land, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Mortgaged Land as the Mortgagee may deem expedient; and all reasonable costs, charges and expenses, including allowances for the time and service of any employee of the Mortgagee or other person appointed for any of such purposes, shall be forthwith payable to the Mortgagee, and shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate.
- (c) After any Default has continued for at least seven days, the Mortgagee may, on at least thirty days' notice sell the Mortgaged Land or any part or parts thereof, or after any Default has continued for at least sixty days, the Mortgagee may sell the Mortgaged Land or any part or parts thereof without notice.
- (d) The following provisions shall apply, where applicable, with respect to the lease or sale of the Mortgaged Land by the Mortgagee:
  - (i) notice of sale shall be given to such persons and in such manner and form as required by law; provided that in the event that the giving of such notice of sale shall not be required by law or to the extent that any notice requirements shall not be applicable, notice may be effectually given by leaving it with a person on the Mortgaged Land, if occupied, or by placing the same on some portion thereof, if unoccupied, or at the option of the Mortgagee, by mailing it by registered mail addressed to the Mortgagor at the Mortgagor's last known address, or by publishing it once in a newspaper published in the area or region in which the Mortgaged Land is situated;

- (ii) such notice of sale shall be sufficient although not addressed to any person or persons by name or designation, and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability;
- (iii) sale of the Mortgaged Land may be by public auction or private sale or partly by one and partly by the other, for such price as can reasonably be obtained therefor and on such terms as to credit and otherwise and with such conditions of sale and stipulations as to title or evidence or commencement of title or otherwise as the Mortgagee in its discretion shall deem proper;
- (iv) in the event of any sale on credit or for part cash and part credit, the Mortgagee shall not be accountable for or charged with any moneys until such moneys are actually received by the Mortgagee;
- (v) the Mortgagee may rescind or vary any contract of sale and may buy in and re-sell the Mortgaged Land or any part thereof without being answerable for any loss occasioned thereby;
- (vi) the Mortgagee may sell all or any part of the buildings, fixtures, machinery, equipment, crops and standing or fallen trees or any severable part of the Mortgaged Land and the purchaser shall have all necessary access for severing, cutting and removal;
- (vii) no purchaser or lessee shall be bound to enquire into the legality, regularity or propriety of any sale or lease or be affected by notice of any irregularity or impropriety, and no lack of default, lack of notice or failure to comply with any requirement, and no irregularity or impropriety of any kind shall invalidate any sale or lease by the Mortgagee;
- (viii) the Mortgagee may sell or lease without entering into actual possession of the Mortgaged Land but when it wishes to take possession it may break locks and bolts and while in possession shall only be accountable for moneys received by it;
- (ix) subject to compliance with all applicable law, sales may be made from time to time of any part or parts of the Mortgaged Land to satisfy any portion of the Debt, leaving the balance of the Debt secured by the Mortgage on the remainder of the Mortgaged Land, or the Mortgagee may take proceedings to sell and may sell the Mortgaged Land for part of any sums owing or in arrears subject to the balance of said sums not yet due at the time of the said sale;
- (x) the Mortgagor hereby appoints the Mortgagee as the Mortgagor's true and lawful attorney and agent to do all things and execute all documents to effectually complete any such sale or lease;
- (xi) the Mortgagee may lease or take sale proceedings notwithstanding that other proceedings have been taken or are then pending;
- (xii) the proceeds of any sale or lease shall be applied firstly in payment of any costs (including legal fees on a solicitor and his or her own client basis), expenses, commissions and fees which may be incurred in taking, recovering or keeping



possession of the Mortgaged Land or in making sales, leases and conveyances as aforesaid or by reason of non-payment or procuring payment of any amounts owing under the Mortgage (including sums which the Mortgagee has paid for Taxes, insurance, repairs, maintenance, common expenses and other amounts added thereto or payable by the Mortgagor to the condominium or strata corporation if the Mortgaged Land is or includes a condominium unit or strata lot); and thereafter to reduce the Debt in the manner determined by the Mortgagee and, for greater certainty, the Mortgagor shall continue to be liable for and shall pay to the Mortgagee all Debt which then remains unpaid;

- (xiii) the Mortgagee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by its wilful neglect or default; and
- (xiv) no sale or other dealing by the Mortgagee with the Mortgaged Land or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the Debt.

Despite the foregoing power of sale, the Mortgagee shall be entitled to its right of foreclosure of the right of redemption of the Mortgagor as fully as if the power of sale were not contained herein.

- (e) The Mortgagee may forthwith take such proceedings to realize on its security created by the Mortgage by foreclosing against the Mortgaged Land or by any other action or act to which it is entitled by law.
- (f) The Mortgagee may distrain for payment of amounts owing under the Mortgage upon the Mortgaged Land or any part thereof and all chattels situated thereon and by distress warrant recover the same by way of rent reserved as in the case of demise of the Mortgaged Land and all costs, charges and expenses incurred by or on behalf of the Mortgagee with respect to or in connection therewith as in like cases of distress for rent. The Mortgagor waives the right to claim exceptions and agrees that the Mortgagee shall not be limited in the amount for which it may distrain.
- (g) The taking of a judgment or judgments on any of the covenants herein or in the Mortgage contained shall not operate as a merger of the said covenants or affect the Mortgagee's right to interest under the Mortgage at the Actual Mortgage Rate and the said judgment may provide at the option of the Mortgagee that interest thereunder shall be computed at the Actual Mortgage Rate until the said judgment shall have been fully paid and satisfied.

## 21. CERTAIN IMPLIED COVENANTS EXCLUDED

Any covenants deemed by statute to be included in the Mortgage are expressly excluded from the Mortgage. Clause 15 of Schedule 6 of the Act is expressly excluded from the Mortgage.

## 22. NATIONAL HOUSING ACT

If the Mortgage is insured by Canada Mortgage and Housing Corporation against default:

- (a) the Mortgage is made pursuant to the National Housing Act ;
- (b) if there is any conflict between any provision of the Mortgage and any requirement of the National Housing Act or the National Housing Loan Regulations, such latter requirement shall govern; and
- (c) all requirements of the National Housing Act and the National Housing Loan Regulations are hereby incorporated herein.

## 23. MORTGAGE OF LEASEHOLD INTEREST

If the Mortgagor is not the owner of the Mortgaged Land in fee simple but is the owner of a leasehold interest in the Mortgaged Land as tenant, or as an assignee or successor of a tenant, pursuant to a lease referred to in the Mortgage, the following provisions shall apply:

- (a) The Mortgagor represents and warrants the Mortgagee as follows:
  - (i) The lease is a good, valid and subsisting lease and has not been surrendered, forfeited or terminated or, except as specified in the Mortgage, amended, and the rents, covenants and provisions therein reserved and contained have been duly paid, performed and observed by the Mortgagor up to the date of the Mortgage.
  - (ii) The Mortgagor now has good right, full power and lawful and absolute authority to charge, mortgage, demise and sublet the Mortgaged Land in accordance with the Mortgage and any consent thereto required of the applicable landlord has been obtained.
- (b) The Mortgagor agrees with the Mortgagee as follows:
  - (i) The Mortgagor shall at all times fully perform and comply with all the obligations of the Mortgagor under or with respect to the lease, or imposed on, assumed by or agreed to by the Mortgagor pursuant to any Other Claims and if the Mortgagor fails to do so, the Mortgagee may (but shall not be obliged to) take any action the Mortgagee deems necessary or desirable to prevent or to cure any default by the Mortgagor in the performance of or compliance with any such obligations. Upon receipt by the Mortgagee from the landlord, any prior encumbrancer, any claimant of any of the Other Claims or any other person of any written notice of default, the Mortgagee may rely thereon and take any action to cure such default even though the existence of such default or the nature thereof may be questioned or denied by or on behalf of the Mortgagor and the Mortgagee shall have the absolute and immediate right to enter in and upon the Mortgaged Land or any part thereof to such extent and as often as the Mortgagee, in its sole discretion deems necessary or desirable, in order to prevent or to cure any such default. The Mortgagee may pay and expend such amounts as the Mortgagee in its sole discretion deems necessary for any such purpose, and the amounts so paid shall be payable by the Mortgagor to the

Mortgagee on demand, and shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate from the date of each such payment.

- (ii) If the Mortgage is outstanding at the expiration of the term of the lease and the Mortgagor refuses or neglects to exercise the Mortgagor's right, if any, to renew the lease or refuses to pay any fees, costs, charges or expenses payable upon any such renewal, the Mortgagee may effect any such renewal in the name of the Mortgagor or otherwise, and every such new or renewed lease shall remain and be mortgaged and charged pursuant to the Mortgage in accordance with the Mortgage.
  - (iii) From and after the execution and delivery of the Mortgage, the Mortgagor shall stand possessed of the Mortgaged Land for the residue of the term granted by the lease in trust for the Mortgagee, and shall assign and dispose thereof as the Mortgagee may direct, but subject to the Mortgagor's right of redemption under the Mortgage. The Mortgagor hereby irrevocably appoints the Mortgagee as the Mortgagor's substitute to be the Mortgagor's attorney for and on behalf of the Mortgagor to assign the lease and convey the leasehold interest in the Mortgaged Land and the said reversion as the Mortgagee shall at any time direct, and in particular, upon any sale made by the Mortgagee under any power of sale contained in the Mortgage or granted by statute to assign the lease and convey the Mortgagor's leasehold interest in the Mortgaged Land and the reversion to a purchaser. This appointment is coupled with an interest and shall not be revoked by the Mortgagor. The Mortgagee may at any time remove the Mortgagor or any other person from being a trustee of the lease under the above declaration of trust and appoint a new trustee or trustees.
  - (iv) The Mortgagor shall not surrender, terminate, amend or modify the lease or agree to do so without the prior written consent of the Mortgagee, which the Mortgagee may withhold in its absolute discretion. No release or forbearance of any of the Mortgagor's obligations under the lease or under any prior encumbrance shall release the Mortgagor from any of the Mortgagor's obligations under the Mortgage.
  - (v) Unless the Mortgagee expressly consents in writing, the title in fee simple to the Mortgaged Land and the leasehold estate shall not merge but shall always remain separate and distinct, notwithstanding the union of said estates by purchase or otherwise.
- (c) Despite any other provision of the Mortgage, the last day of the term of the lease or any renewal thereof or any agreement therefor now held or hereafter acquired by the Mortgagor shall be excepted out of the mortgage, charge and demise contained in the Mortgage.
  - (d) Despite subparagraph 3(a) hereof and any other provision of the Mortgage, the Mortgagor mortgages and charges, by way of sublease, the Mortgagor's leasehold interest in the Mortgaged Land pursuant to the lease (including, without limitation, any right of renewal and any right to purchase the Mortgaged Land or any part thereof as set out in the lease), the mortgages and charges contained in the Mortgage shall be by way of sublease and the Mortgagee shall not have any obligation or liability to the landlord or any other person pursuant to or in respect of the lease.

- (e) Wherever any reference is made in the Mortgage to any right of the Mortgagee to sell, transfer, assign, lease, sublease, alienate or otherwise deal with the Mortgaged Land, such reference shall be deemed to relate to the existing and future rights and interests of the Mortgagor in the Mortgaged Land pursuant to the lease. Each reference to the lease in the Mortgage shall include the lease, as amended or replaced from time to time.

#### 24. ASSIGNMENT OF LEASES AND RENTS

If the Mortgagor or any predecessor of the Mortgagor grants or has granted any lease, tenancy agreement or other similar agreement of all or any part of the Mortgaged Land as landlord, the following provisions shall apply:

- (a) The assignment of each of the foregoing and of each of the rents and other amounts by the Mortgagor to the Mortgagee pursuant to subparagraph 3(a) hereof shall be deemed to be a separate assignment so that the Mortgagee in its discretion may exercise its rights in respect of any or all of such leases, tenancy agreements or other similar agreements or the rents or other amounts paid or payable thereunder.
- (b) Until a Default occurs the Mortgagor may collect, retain and apply all rents and other similar amounts and deal with all leases, tenancy agreements and other similar agreements from time to time in accordance with sound business practice.
- (c) Nothing herein shall obligate the Mortgagee to assume or perform any obligation of the Mortgagor or any other person to any tenant or other person pursuant to or in respect of any lease, tenancy agreement, other similar agreement or otherwise and the Mortgagor hereby indemnifies and saves harmless the Mortgagee from any and all claims with respect thereto, provided that the Mortgagee may, at its sole option, assume or perform any such obligations as it considers necessary or desirable.
- (d) The Mortgagee may, at any time without further request or agreement by the Mortgagor, reassign to the Mortgagor, or the Mortgagor's Successors or assigns, any or all of the foregoing.
- (e) The Mortgagee's obligations with respect to any amount collected by the Mortgagee shall be discharged by the application of such amount to reduce the Debt.
- (f) Nothing contained herein shall have the effect of making the Mortgagee a mortgagee in possession of the Mortgaged Land.

#### 25. GUARANTEE

The following shall apply to each Guarantor:

- (a) The Guarantor unconditionally guarantees to the Mortgagee payment when due of all Debt and the performance by the Mortgagor of each of the covenants, conditions, obligations and provisions to be observed or performed by the Mortgagor pursuant to the Mortgage. The guarantee is given by the Guarantor as principal debtor and not as surety and the Guarantor shall be liable to the Mortgagee in the same manner and to the same extent as if the Guarantor had executed the Mortgage as Mortgagor. The guarantee shall not be, nor be

deemed to have been waived, released, discharged, impaired or affected by reason of the assignment or reassignment of the Mortgage at any time and from time to time, by reason of any amendment or modification to the Mortgage, or by reason of the release or discharge of the Mortgagor in any creditor, receivership, bankruptcy, insolvency or other proceedings. In the event of any Default, the Guarantor waives any right to require the Mortgagee to proceed against the Mortgagor or to seek or exhaust the Mortgagee's rights, remedies or recourse against the Mortgagor, the Mortgaged Land, or any other person or security before proceeding against the Guarantor or obtaining payment from the Guarantor of all Debt. The Guarantor expressly waives the benefits of discussion and division and notice of Default. The Guarantor acknowledges that the Mortgage would not have been entered into by the Mortgagee without the guarantee. If the Mortgagor is a corporation, no change thereto or therein including any amalgamation with any other corporation, shall in any way affect the liability of the Guarantor either with respect to any part of the mortgage transaction occurring before or after any such change and the Mortgagee shall not be concerned to see or inquire into the powers of the Mortgagor or any of its directors or other agents, acting or purporting to act on its behalf and any amount borrowed or obtained from the Mortgagee in professed exercise of such powers, shall be deemed to form part of the Debt hereby guaranteed, notwithstanding that such borrowing or obtaining of advances shall be in excess of the powers of such corporate Mortgagor or of its directors or other agents as aforesaid, or be in any way irregular, defective or informal. The Mortgagee, without exonerating the Guarantor in whole or in part may, without the Guarantor's consent, grant time, renewals, extensions, indulgences, releases and discharges to, may take securities (including the Mortgage) from, and may give the same and any and all existing securities up to, may abstain from taking securities from or perfecting securities (including the Mortgage) of, may accept compositions from, or may otherwise deal with the Mortgagor and all other persons (including any other guarantor or Guarantor) and securities, as the Mortgagee may see fit, and all dividends, compositions and amounts received by the Mortgagee from the Mortgagor or from any other person or estate capable of being applied by the Mortgagee in reduction of the Debt hereby guaranteed, shall be regarded for all purposes as payments in gross, and the Mortgagee shall be entitled to prove against the estate of the Mortgagor upon any insolvency or winding up in respect of the whole of the Debt, and the Guarantor shall have no right to be subrogated to the Mortgagee in respect of any such proof or otherwise until the Mortgagee shall have received from such estate or the Guarantor payment in full of all amounts then owing to the Mortgagee. The Guarantor acknowledges that the guarantee has been delivered free of any conditions and that no representations or warranties have been made to the Guarantor affecting the Guarantor's liability under the guarantee or otherwise. The guarantee is in addition to and not in substitution for any other guarantee or guarantees now or hereafter held by the Mortgagee. The guarantee shall remain in full force and effect until all Debt has been indefeasibly paid in full and until the Mortgagee has delivered a written release to the Guarantor. The Guarantor shall, on demand by the Mortgagee, reimburse the Mortgagee for all costs incurred by the Mortgagee in enforcing the guarantee and the other provisions of the Mortgage.

- (b) Whenever the guarantee is given by more than one person, all covenants, liabilities and obligations of the Guarantor shall be joint and several. The obligations of the Guarantor shall be binding on the Guarantor and the Guarantor's Successors and may be enforced by the Mortgagee or by a successor or assignee of the Mortgagee, whether or not any notice is given of such assignment.

26. **MANNER OF AMENDING THE MORTGAGE AND GRANTING REQUESTS**

If the Mortgagor wishes to make amendments to the Mortgage and such amendments are satisfactory to the Mortgagee, then the Mortgagor, the Guarantor, if applicable, and the spouse of the Mortgagor, if applicable, hereby authorize the Mortgagee to act and rely on oral agreements, facsimile signed agreements, and electronically transmitted agreements among the Mortgagor, the Mortgagee, the Guarantor, if applicable, and the spouse of the Mortgagor, if applicable, and all such persons shall be bound by such amendment agreements. The Mortgagee may also grant the Mortgagor's requests orally, by facsimile or electronically. The Mortgagor, the Guarantor, if applicable, and the spouse of the Mortgagor, if applicable, hereby authorize the Mortgagee to record such oral agreements and the discussions with respect to such amendments or requests and to use such recordings as evidence of such oral agreements. The Mortgagor, the Guarantor, if applicable, and the spouse of the Mortgagor, if applicable, shall execute and deliver to the Mortgagee, promptly after a request by the Mortgagee, a written agreement evidencing any such oral agreement or electronically transmitted agreement. The Mortgagee shall not be obligated to act or rely on any oral agreement or electronically transmitted agreement and may terminate any oral agreement or electronically transmitted agreement if for any reason the Mortgagee believes that the agreement was not made with the appropriate persons or if the agreement is not accurate or not understood. The Mortgagee may take steps to confirm the identity of such other persons prior to making any amendment agreement or granting any request. The Mortgagee may terminate, at any time in the Mortgagee's discretion, the right of the Mortgagor to enter into oral agreements or electronically transmitted agreements with the Mortgagee.

27. **GOVERNING LAW**

This set of standard mortgage terms and the Mortgage shall be governed by the laws of British Columbia.

28. **TITLES AND MARGINAL NOTES**

Titles and marginal notes in this set of standard mortgage terms and in any Schedule or Schedules to the Mortgage are inserted for convenience of reference only and shall not affect or modify the interpretation or construction of the Mortgage, this set of standard mortgage terms or any provision of either.

29. **MISCELLANEOUS**

Whenever a Mortgage is made or assumed by more than one person, all such persons shall be jointly and severally liable for all covenants, liabilities and obligations contained therein unless the Mortgage otherwise specifies. The covenants, liabilities and obligations of the Mortgagor shall be binding on the Mortgagor and the Mortgagor's Successors and assigns and may be enforced by the Mortgagee or by a successor or assignee of the Mortgagee. Where the context so requires, words in the singular shall include the plural, words in the plural shall include the singular and words importing the masculine gender shall include the feminine and neuter genders. Time shall be of the essence of the Mortgage. To the extent permitted by law, all provisions of the Mortgage shall have effect notwithstanding any statute to the contrary. The rights granted to the Mortgagee by the Mortgage shall be in addition to all other rights available to the Mortgagee by statute or other law. In

accordance with the Property Law Act, the doctrine of consolidation is not abolished with respect to the Mortgage. If any provision of the Mortgage is found by a Court of competent jurisdiction to be illegal, invalid or unenforceable, such provision shall not apply and the Mortgage shall remain in full force and effect without such provision.

END OF SET