

STANDARD MORTGAGE TERMS

Filed by: Vancouver City Savings Credit Union
Address: VanCity Centre
183 Terminal Avenue
Vancouver, BC V6A 4G2
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Mortgage Part 2

This set of standard mortgage terms shall be deemed to be included in and form part of every mortgage, which incorporates these Standard Mortgage Terms, by an election in the Mortgage Form. This Mortgage is made pursuant to the *Land Transfer Form Act*, R.S.B.C. 1996.

1.00 DEFINITIONS

1.01 In these mortgage terms;

(a) "Borrower" means the person or persons named in the Mortgage Form as a borrower;

(b) "Borrower Address" means the postal address of the Borrower specified in the Mortgage Form or the most recent address stipulated by a written notice given under these mortgage terms by the Borrower to the Lender;

(c) "CMHC" means Canada Mortgage and Housing Corporation;

(d) "Commitment Letter" means the letter (and any amendments) from the Lender to the Borrower setting out the Lender's agreement to loan the Principal Amount to the Borrower;

(e) "Compound Interest" means Interest on any unpaid interest;

(f) "Court" means a court or judge having jurisdiction in any matter arising out of This Mortgage;

(g) "Covenantor" means the person who has signed the Mortgage Form or a schedule to the Mortgage Form as a covenantor or who as a covenantor has otherwise promised to pay the Principal Amount and Other Money to the Lender;

(h) "Credit Line" means a credit line agreement signed by the Borrower in favour of the Lender and includes any renewals and amendments or substitutions thereof;

(i) "Date of Advance" means the earlier of the date of any advance or readvance of money under This Mortgage or the date on which the Lender has, at the Borrower's request, made funds available to make an advance or readvance;

(j) "Default" includes each of the events of default specified in Article 12.00 and all other events of default specified in these mortgage terms;

(k) "First Payment Date" means the date specified as "First Payment Date" in the Mortgage Form;

(l) "Guarantee" means all guarantees, postponements, and claims signed by the Borrower in

favour of the Lender and includes any renewals, amendments or substitutions thereof;

(m) "Homeprime" means the rate of interest per annum designated by the Lender as its "Homeprime Rate" from time to time. The certificate of any manager of the Lender as to the Homeprime in effect at any time shall be accepted as conclusive evidence thereof for all purposes of This Mortgage;

(n) "Indebtedness" means the total of all present and future indebtedness and liabilities of the Borrower to the Lender, whether direct, indirect, absolute, contingent, matured or not, whatsoever and howsoever incurred and which are payable under and by virtue of a Loan Agreement or Agreements and any agreement between the Borrower and Lender taken in renewal, substitution or addition or replacement thereof and any monies due and payable under This Mortgage;

(o) "Interest Rate" means interest at the "Interest Rate" specified in the Loan Agreement or the Mortgage Form (if this is a CMHC insured mortgage);

(p) "Interest Act" means the Interest Act, R.S.C., Chap. I-15;

(q) "Interest Adjustment Date" means the interest adjustment date specified in the Loan Agreement, or if unspecified in the Loan Agreement, then the Date of Advance. The definition of interest adjustment date in Section 36(1) of the *National Housing Loan Regulations* will apply to all CMHC insured mortgages;

(r) "Interest Calculation Period" means the period or periods for the calculation of Interest specified in the Loan Agreement or the Mortgage Form (if this is a CMHC insured mortgage);

(s) "Land" means the "Mortgaged Land" described in the Mortgage Form, including all buildings, improvements and fixtures that are now or later attached to that land, other items mentioned in Section 10 of the *Land Transfer Form Act*, every right, benefit or privilege of the Borrower or that land and all the Borrower's present and future estate in that land;

(t) "Lender" means Vancouver City Savings Credit Union and includes any person to whom This Mortgage is transferred by that credit union;

(u) "Lender Address" means the postal address of the Lender specified in the Mortgage Form or the most recent address stipulated in a written notice given under these mortgage terms by the Lender to the Borrower;

(v) "Loan Payment or Loan Payments" means the "Amount of each periodic payment" specified in the Loan Agreement or the Mortgage Form (if this is a CMHC insured mortgage);

(w) "Loan Agreement" means any of the Commitment Letter, Conventional Loan Agreement, Loan Agreement, Credit Line, Guarantee or note or other type of agreement entered into between the Borrower and the Lender for the extension of credit by the Lender to the Borrower or for third parties as the context shall require and includes any renewals and amendments or substitutions thereof and any combination of such agreements;

(x) "Maturity Date" means the earlier of the date of demand for payment by the Mortgagee or "Balance Due Date" specified in the Loan Agreement or the Mortgage Form (if this is a CMHC insured mortgage), or such date on which the Lender lawfully requires payment of the Principal Amount and Other Money;

(y) "Mortgage Form" means Form B under the Land Title (Transfer Forms) Regulation and all schedules and addenda to Form B;

(z) "Note" means all promissory notes signed by the Borrower in favour of the Lender and includes all renewals, amendments and substitutions thereof;

(aa) "Other Money" means all money, other than the Principal Amount, which is owed by the Borrower to the Lender under This Mortgage;

(bb) "Payment Date" means each of the "Payment Dates" specified in the Loan Agreement or the Mortgage Form (if this is a CMHC insured mortgage), commencing with the "First Payment Date" and ending on the "Last Payment Date" both as specified in the Loan Agreement or the Mortgage Form (if this is a CMHC insured mortgage);

(cc) "Permitted Encumbrances" means the prior charges referred to in Section 11 of the Mortgage Form;

(dd) "Place of Payment" means the "Place of Payment" specified in the Mortgage Form or any

other place stipulated by a written notice given by the Lender to the Borrower under This Mortgage;

(ec) "Prime" means that rate of interest per annum designated by the Lender as its "Prime Lending Rate" from time to time. The certificate of any Manager of the Lender as to the Prime in effect at any time shall be accepted as conclusive evidence thereof for all purposes of This Mortgage;

(ff) "Principal Amount" means the total amount of money specified as "Principal Amount" in the Loan Agreement or Agreements or if unspecified in the Loan Agreement, then the Indebtedness as reduced by payments made by the Borrower from time to time, or increased by the advance or readvance of money to the Borrower by the Lender from time to time and includes all money that is later added to the Principal Amount under these mortgage terms;

(gg) "Prior Charge" includes any charge, lien, mortgage, or claim against the Borrower or the Land which at any time has priority over This Mortgage, or in respect of which priority is claimed;

(hh) "Receiver" means a receiver or receiver manager appointed by the Lender under This Mortgage or by a Court;

(ii) "Taxes" includes all taxes, rates or assessments of every kind which are:

- (i) payable by any person in connection with This Mortgage or the Land or its use and occupation;
- (ii) levied, charged or assessed upon or in respect of:
 - (A) any machinery and equipment on the Land;
 - (B) local improvements and sewers;
 - (C) the lending of the Principal Amount;
 - (D) any transaction between the Borrower and the Lender;
 - (E) the provision of materials, goods and services including legal services rendered in connection with This Mortgage or the Land, but does not

include any tax payable on the income of the Lender;

(jj) "This Mortgage" means the combination of the Mortgage Form and these mortgage terms.

2.00 GRANT OF MORTGAGE

2.01 For valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the Borrower grants and mortgages the Land to the Lender as collateral security for payment of the Indebtedness and Other Money and for the performance of the Borrower's covenants and agreements under This Mortgage, PROVIDED that when the Borrower has performed all the Borrower's covenants and agreements under the terms of This Mortgage, under the terms of the Loan Agreement, and when the Lender has no obligation to make further advance or readvance of money, the Borrower will be entitled, within a reasonable time, at the Borrower's cost, to receive a discharge of This Mortgage and any other document given to secure the repayment of the Indebtedness.

3.00 INTEREST

3.01 The Indebtedness and Other Money shall bear interest both before and after default, judgement or maturity.

3.02 Interest on all or any part of the Indebtedness accrues from the Date of Advance.

3.03 In any judicial proceedings taken by the Lender for the realization of This Mortgage by sale or foreclosure the Interest accruing upon the Indebtedness and Other Money owing from and after the date of commencement of the proceedings shall be fixed and determined at that rate of Interest which was applicable hereunder on the day immediately prior to the date of commencement of the proceedings, notwithstanding any subsequent change thereafter in any reference rate.

4.00 COMPOUND INTEREST

4.01 Compound Interest shall be payable both before and after default, maturity and judgement. At the end of each Interest Calculation Period accrued Interest will be added to the Principal Amount and bear Interest.

5.00 CONTINUING SECURITY

5.01 This Mortgage, whether or not it secures a running account will be a general and continuing collateral security to the Lender for the payment of the indebtedness in an amount not exceeding the Principal Amount and Other Monies and the performance of the Borrower's obligations under This Mortgage, notwithstanding any fluctuation or change in the amount, nature or form of the Indebtedness or in the accounts relating thereto or the Notes or other obligations now or later held by the Lender representing all or any part of the Indebtedness or that there is no Indebtedness outstanding at any particular time; and This Mortgage will not be deemed to have been redeemed or become void as a result of any such event or occurrence.

6.00 ADDITIONAL SECURITY

6.01 This Mortgage is in addition to and not in substitution of any other security now or later held by the Lender for all or any part of the Indebtedness. This Mortgage shall not create any merger or discharge any part of the Indebtedness or any other debt owing to the Lender or other security now or later held by the Lender. The Borrower further agrees that This Mortgage shall not, in any way, affect the security now or later held by the Lender for all or any part of the indebtedness or the liability of any other person or limit any of the Lenders remedies in respect of any such other security held by the Lender for or on account of all or any part of the Indebtedness.

7.00 PREPAYMENT

7.01 The Borrower has no right to prepay all or any part of the Principal Amount before the Maturity Date except as set out in the Loan Agreement or as otherwise agreed to in writing by the parties from time to time.

8.00 BORROWER'S COVENANTS

8.01 The Borrower covenants with the Lender that:

- (a) the Borrower will pay Taxes when due;
- (b) the Borrower, on request, will pay to the Lender;
 - (i) on each Payment Date an amount estimated by the Lender to be sufficient to permit the

Lender to pay the Taxes when they are due, and

- (ii) the amount by which the Taxes exceed the money paid to the Lender on account of Taxes;
- (c) the Borrower, on request, will deliver to the Lender all receipts for payment of Taxes and all notices or statements with respect to Taxes;
- (d) the Borrower has good title in fee simple to the Land subject only to the Permitted Encumbrances;
- (e) the Borrower has the right to convey and mortgage the Land to the Lender subject to the Permitted Encumbrances;
- (f) on Default the Lender shall have possession of the Land free from all encumbrances, save only the Permitted Encumbrances;
- (g) the Borrower will comply with all the covenants, terms and conditions of This Mortgage, any Prior Charge and all other mortgages or agreements granted, entered into or assumed by the Borrower in favour of the Lender;
- (h) the Borrower will keep the Land in good condition and repair;
- (i) the Borrower will make all repairs to the Land reasonably required by the Lender;
- (j) the Borrower will sign any other document that the Lender reasonably requires to ensure that payment of the Principal Amount and Other Money is secured to the Lender;
- (k) the Borrower releases to the Lender all his claims on the Land subject to the proviso in paragraph 2.01;
- (l) the Borrower will not do anything so that the value of the Land is decreased and particularly will not:
 - (i) demolish any building or part of any building forming part of the Land;
 - (ii) make any alteration, addition or improvement to any building forming part of the Land or construct any building on the Land without consent of the Lender; or

(iii) without the express written consent of the Lender change the present use of the Land.

(m) the Borrower will only construct buildings and improvements on the Land in accordance with any agreement with the Lender and all relevant building codes and accepted construction standards and municipal or governmental requirements;

(n) the Borrower will, if revenue is produced from the Land, keep proper records of all revenue and expenses relating to the Land and the Lender may examine such records. In each year within 90 days from the Borrower's fiscal year end the Borrower will give the Lender;

(i) a statement of such revenue and expenses relating to the Land for the Borrower's last fiscal year; and

(ii) the Borrower's financial statements including the balance sheet for the Borrower's last fiscal year.

All statements shall be prepared using generally accepted accounting principles by a professional accountant satisfactory to the Lender;

(o) The Borrower (or if the Land includes a strata lot, the applicable strata corporation) will, at the Borrower's expense (or such strata corporation's expense), insure and during the continuance of This Mortgage keep insured in favour of the Lender against loss or damage by fire and such other risks and perils as the Lender may require including risks and perils covered by an "all risk" policy with standard extended coverage, each and every building now or hereafter erected on the Land, both during erection and thereafter, and also other personal property which may be charged by This Mortgage for at least the full insurable value in Canadian currency on a replacement cost basis. Without limiting the foregoing and in addition thereto:

(i) the Borrower will deliver to the Lender as soon as practicable certificates of insurance or, if required by the Lender, a certified copy of each policy of insurance and receipts evidencing the payment of premiums for such insurance, and each such policy will contain a standard mortgage clause approved by the Lender, will have provisions satisfactory to the Lender and will be issued by an insurer or insurers licensed to do business in British Columbia satisfactory to the Lender and, if the Land

includes a strata lot, the Borrower or the applicable strata corporation will assign, transfer and deliver to the Lender certificates of insurance and insurance proceeds with respect to such unit;

(ii) each policy of insurance will contain an undertaking by the insurer to notify the Lender in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew or termination thereof;

(iii) at least fifteen (15) days prior to the expiry of a policy or at least five (5) days prior to the date fixed for cancellation of a policy should notice of cancellation be given, the Borrower will deliver to the Lender evidence of renewal or replacement thereof;

(iv) the loss under each policy will be made payable to the Lender as beneficiary and mortgagee as its interest may appear;

(v) in the event of failure on the part of the Borrower to fulfill any obligation of the Borrower under paragraph 8.01(o), the Lender will be entitled (but will not be obligated), unless such failure is rectified within two (2) days after written notice by the Lender to the Borrower of such failure, to effect such insurance as it deems proper and the Borrower will promptly pay to the Lender, on the next date on which interest is payable by the Borrower, all premiums paid by the Lender and such amount payable by the Borrower will, until paid to the Lender, be included in the Indebtedness, be secured by This Mortgage and bear interest at the Mortgage Rate; and

(vi) if the Land includes a strata lot, the Borrower will (and will cause the applicable 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 strata corporation declaration and by-laws and, without limitation, comply with all the insurance provisions of the declaration and the Borrower, as a member of such strata corporation, will seek full compliance by such strata corporation with all such covenants.

(p) the Borrower will pay to the Lender when requested to do so all expenses and costs of the Lender incurred to protect the Lender's interest under This Mortgage. Those expenses and costs include the payment of Taxes, legal fees and disbursements on an indemnity basis and in no event less than on a solicitor and client basis and the cost of the time and services of the Lender and the Lender's employees, for;

- (i) preparing and registering This Mortgage and all related documents and any offer of financing made by the Lender including all necessary steps to advance and secure the Principal Amount and for reporting to the Lender;
- (ii) collecting and attempting to collect any money secured under This Mortgage;
- (iii) enforcing the terms of This Mortgage including efforts to compel the Borrower to perform all of the Borrower's obligations under This Mortgage;
- (iv) doing anything which the Borrower has agreed to do but has not done;
- (v) preparing and signing a discharge of This Mortgage and of any other document given to secure repayment of the Principal Amount, whether such discharge is prepared by the Lender, the Borrower or any other person; and
- (vi) the Lender's cost of renewing any leasehold interest;

(q) the buildings or improvements on the Land and the Land itself does not contain any urea-formaldehyde foam insulation, asbestos, or other hazardous or noxious substance and no such substance will be used or stored on or under the Land;

(r) if any substance referred to in paragraph 8.01(q) exists in the building or improvement on the Land, the Borrower will immediately remove the same;

(s) the Borrower will indemnify and save the Lender harmless from and against any and all costs and expenses of any kind, including reasonable disbursements and legal fees on an indemnity basis and in no event less than on a solicitor and client

basis, to which the Lender is put as a result of a breach of the Borrower's covenant contained in paragraph 8.01(r);

(t) the indemnity contained in paragraph 8.01(s) will survive This Mortgage and continue in full force and effect even after the Lender has exhausted any remedy it is entitled to pursue under This Mortgage;

(u) every building and improvement on the Land and their use complies with all municipal, civic or provincial building, zoning and siting bylaws and every order of a fire marshal or health inspector;

(v) if the Borrower, as a landlord, leases all or any part of the Land, the Borrower will comply with the terms of such lease and will not in respect of any such lease;

(i) with the exception of the last month's rent, accept rent more than one month in advance;

(ii) vary its terms; or

(iii) accept its surrender;

without first obtaining the written consent of the Lender which consent shall not unreasonably be withheld.

(w) the Borrower will at all times until the Principal Amount and Other Money is fully paid to the Lender be the holder of equity shares of the Lender in such amount as the Lender shall request at the time it advances the Principal Amount to the Borrower. The Borrower agrees to execute the Lender's current form of pledge agreement charging such shares in favour of the Lender in accordance therewith;

(x) the Borrower shall not lease the Land for a term of three years or more without the prior written consent of the Lender;

(y) the Borrower will comply with all of the terms of the Loan Agreement; and

(z) the Borrower, on request, will deliver to the Lender annually 12 post-dated cheques to pay the Loan Payments and the estimated annual Taxes or arrange for such payments to be made by pre-authorized chequing; and

(aa) the Borrower will advise the Lender, in writing, of any material change in the financial or other circumstances of the Borrower, including:

- (i) the spousal status of the Borrower, including marriage break-up; or
- (ii) any transfer or agreement to transfer ownership of the Land,

and shall furnish the Lender with any additional information in connection with such material change as the Lender may request from time to time.

9.00 LENDER'S COVENANTS

9.01 The Lender covenants with the Borrower to:

(a) apply any payments made on account of Taxes in payment of Taxes when due so long as the Borrower is not in Default. If the Borrower is in Default the Lender may apply any payment made on account of Taxes against the Indebtedness;

(b) execute within a reasonable time at the Borrower's cost a discharge of This Mortgage and any other document given to secure repayment of the Principal Amount when the Borrower has performed all the Borrower's covenants and agreements, all money secured by This Mortgage has been paid and all the terms of This Mortgage have been met and the Lender has no obligation to make any further advance or readvance of money to the Borrower. The Borrower is responsible for registration of the discharge. If the Lender registers the discharge, the Borrower will reimburse the Lender for all registration fees.

9.02 The Principal Amount is payable on demand by the Lender, but the Lender agrees that if the Borrower observes and performs all of the Borrower's covenants under the Loan Agreement and This Mortgage and pays the Lender the Loan Payment, then the Lender will not exercise its right to demand payment of the Principal Amount prior to the last payment date specified in the Loan Agreement.

10.00 GENERAL AGREEMENTS

10.01 If the Borrower acquires any additional interest in the Land This Mortgage shall mortgage and charge such additional interest.

10.02 The Lender may repair or finish the construction of any building or improvement forming part of the Land.

10.03 The Lender, CMHC (if this is a CMHC insured mortgage) or their respective agents may, at any time, before and after default, and for any purpose deemed necessary by it or them, enter upon the Land to inspect the Land. Without in any way limiting the generality of the foregoing, the Lender, CMHC (if this is a CMHC insured mortgage) or their respective agents may enter upon the 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 Mortgage Rate, will be payable by the Borrower and will be a charge upon the Land. By exercising these rights, the Lender, CMHC (if this is a CMHC insured mortgage) or their respective agents will not be deemed to be in possession, management or control of the Land.

10.04 The Lender shall not be responsible to maintain or preserve the Land or to account for any money not actually received by the Lender.

10.05 The Lender may cure in whole or in part any Default under This Mortgage and any default under a Prior Charge or pay any money expressed to be due under a claim of lien and pay Taxes when due and any money so paid by the Lender shall be paid by the Borrower to the Lender on request.

10.06 All money which is owed to the Lender under This Mortgage shall be secured by This Mortgage.

10.07 All money paid by the Lender under the terms of This Mortgage shall bear interest from the dates paid.

10.08 Any notice required or desired to be given by one party to the other may be given by delivery or by facsimile transmission or by regular mail to the Borrower Address or the Lender Address as the case may be and such notice, if given by mail, shall, in the absence of a threatened or actual postal disruption, be deemed to have been received five days after mailing. In the event of a threatened or actual postal disruption any notice shall be given by delivery or facsimile transmission to the party to whom it is to be given and the notice shall be deemed received on the day it is delivered or transmitted.

10.09 A sale of the Land by the Borrower does not relieve the Borrower from the obligation to perform all of the Borrower's covenants under This Mortgage.

10.10 The Borrower will at all times comply with all applicable laws, regulations or orders of all governing authorities relating to environmental, health and safety matters. The Borrower further covenants to the best of the Borrower's knowledge:

(a) no notice, order, directive or claim of any kind is pending or relating to environmental, health or safety matters;

(b) no hazardous or toxic materials are on, under or approximate to the Land;

(c) the Land has not been used as a landfill or waste disposal site at any time;

(d) the Land has not been a source of hazardous materials or waste.

10.11 If the Borrower has mortgaged other property to the Lender or has assumed a mortgage granted to the Lender charging other property then, a default under one of the mortgages shall be a default under all such mortgages, and after Default, the Lender shall be entitled to consolidate This Mortgage with all of the mortgages so that the Borrower must redeem all or none of the mortgages.

10.12 No waiver or failure to enforce any of the Lender's rights under This Mortgage shall prejudice the rights of the Lender on any future occasion.

10.13 If all or any part of the Land is expropriated then all compensation or payment made for such expropriation shall be paid to the Lender towards payment of the Principal Amount and Other Money and the Borrower assigns the right to receive such compensation or payment to the Lender.

10.14 If any part of This Mortgage is comprised of two or more persons then all covenants shall be joint and several.

10.15 This Mortgage shall be binding on the Borrower and on the Borrower's executors, administrators, assigns and successors in title.

10.16 The use of the singular or either gender in This Mortgage shall include the plural, other gender, body corporate or politic where appropriate.

10.17 If any of the terms of This Mortgage are invalid or unenforceable in whole or in part then such invalid or unenforceable provision, covenant or agreement or part thereof shall be severed from and not affect the validity or enforceability of the remainder of This Mortgage.

10.18 Any reference in This Mortgage to a statute shall include any successor statute and its and their amendments and regulations in force from time to time.

10.19 Nothing done by the Lender or any Receiver nor any provision of This Mortgage shall make the Lender a "mortgagee in possession".

10.20 The Borrower hereby waives the rights and benefits available to it under the *Insurance Act R.S.B.C. 1996, c. 226* and amendments thereto, and the *Fires Prevention (Metropolis) Act, 1774*.

10.21 Time is of the essence of This Mortgage.

10.22 All the terms and conditions of the Loan Agreement shall remain in full force and effect, but if there is a conflict between the terms of the Loan Agreement and the terms of This Mortgage, the terms of This Mortgage shall apply.

10.23 Neither the execution or the registration of This Mortgage, nor the advance of any monies by the Lender under the Loan Agreement shall bind the Lender to advance or readvance any unadvanced portion of the Principal Amount, but nevertheless This Mortgage shall forthwith take effect upon its execution. The Lender will decide, in the Lender's sole discretion, whether or not any advance or readvance will be made and the amount and date of any advance or readvance.

10.24 The Lender shall have the right at any time to appropriate any payment made as a temporary or permanent reduction of any portion of the Indebtedness, whether the same be represented by open account, overdraft or by any bills, Notes, Loan Agreement or other instrument and whether then due or to become due and may from time to time revoke or alter such appropriation and appropriate such payment as a temporary or permanent reduction of any other portion of the Indebtedness as in its sole and uncontrolled discretion it may see fit.

10.25 The Borrower agrees that the Lender may securitize, assign or pledge This Mortgage for liquidity or other purposes without the consent of the Borrower; and irrevocably agrees that the Lender

may collect, use and disclose all personal information included in or relevant to This Mortgage (including credit and default information) with respect to the Borrower or any guarantor in connection with such securitization, assignment or pledge or collection or enforcement proceedings in respect of This Mortgage.

10.26 The Borrower agrees that it will be bound by any agreement, whether oral or in writing, to change This Mortgage including, without limitation, any extension of time for payment, any variation in the Interest Rate, or any renewal or extension to the term of This Mortgage. The Covenantor, spouse of the Borrower and any other person who is bound by the terms of This Mortgage hereby authorize the Borrower to make changes to This Mortgage, to deal exclusively with the Lender in making such changes and agree to be bound in respect thereof.

11.00 ACCELERATION

11.01 If a Default occurs the Principal Amount and Other Money shall, at the Lender's option, immediately be paid.

12.00 DEFAULTS

12.01 A Default occurs under This Mortgage if:

- (a) the Borrower breaches or threatens to breach any covenant or agreement contained in This Mortgage or in any agreement leading or collateral to This Mortgage;
- (b) the Borrower or any Covenantor makes any false statement to the Lender in connection with This Mortgage;
- (c) the Borrower breaches any covenant or agreement contained in any other mortgage or agreement granted, entered into or assumed by the Borrower in favour of the Lender even though the Borrower has not broken any covenant or agreement contained in This Mortgage;
- (d) the Borrower becomes bankrupt or insolvent, or, being a company, any step in the winding up of the company is taken or it loses its corporate existence;
- (e) the Land is abandoned or left unoccupied for 30 or more consecutive days;
- (f) the Land or any part of it is expropriated;

(g) the Borrower does not discharge any claim of lien or judgement registered against title to the Land in the Land Title Office within 30 days of its registration;

(h) a receiver or receiver-manager is appointed with respect to the Borrower;

(i) the Borrower sells or agrees to sell all or part of the Land;

(j) the Borrower is in breach under any term or condition of the Loan Agreement;

(k) the Borrower, being a Company, issues any of its shares or if any of its shares are transferred in either case to a person not approved by the Lender or upon terms not acceptable to the Lender; or

(l) the Borrower further encumbers the Land without the express written consent of the Lender.

13.00 LENDER'S REMEDIES

13.01 If a Default occurs the Lender may at the Lender's option and in any order that the Lender chooses, do any one or more of the following:

- (a) demand payment of the Principal Amount and Other Money;
- (b) sue the Borrower, for payment of the Principal Amount and Other Money;
- (c) take all legal steps and proceedings to compel the Borrower to keep all the Borrower's covenants and agreements;
- (d) apply to the Court to foreclose the interest in the Land of the Borrower and any successor in title to the Land and in any other property mortgaged or pledged to the Lender so that when the Court makes its final order of foreclosure the interest in the Land and in any other property of the Borrower and any successor in title to the Land and in any other property will be absolutely vested in and belong to the Lender or other person ordered by the Court;
- (e) apply to the Court for an order that the Land be sold on terms approved by the Court; and
- (f) appoint a Receiver.

13.02 If the Lender obtains a court order or judgement against the Borrower or the Land as a

result of a Default, the remedies described in paragraph 13.01 may continue to be used by the Lender. The Lender will continue to be entitled to receive Interest on the Principal Amount and Other Money until the court order is complied with and the judgement is paid in full.

14.00 RECEIVER

14.01 The Borrower appoints both the Lender and any agent of the Lender as the Borrower's attorney to appoint a Receiver of the Land and the Lender or the Lender's agent may, after any Default, appoint a Receiver of the Land and the Receiver has power either in the name of the Borrower or in the name of the Lender to:

- (a) demand, recover and receive income from the Land and take and carry on any step or Court proceeding to collect that income;
- (b) give receipts for any income that the Receiver receives;
- (c) carry on the Borrower's business on the Land;
- (d) lease or sub-lease all or part of the Land on such terms and conditions as the Receiver chooses;
- (e) take possession of all or part of the Land and the Borrower's business on the Land;
- (f) manage the Land and maintain it in good condition;
- (g) make improvements to the Land; and
- (h) repair, maintain and improve or complete the construction of any building or improvement forming part of the Land.

14.02 The Receiver shall be the agent of the Borrower who shall be solely responsible for the Receiver's acts or omissions.

14.03 From income received, the Receiver may do any one or more of the following in any order that the Receiver chooses:

- (a) retain a commission of 5% of the gross income received or any higher commission approved by a Court;

- (b) retain and pay enough money to pay or recover the costs and expenses of collecting income and to pay or recover other costs and expenses;

- (c) pay the costs and expenses of maintaining the Land in good condition and of repairing, maintaining, improving and completing the construction of any building or improvement forming part of the Land;

- (d) pay for all goods, services and utilities furnished or supplied to the Land or to the Receiver;

- (e) pay for all steps taken to preserve the Land from damage by any cause;

- (f) pay any money which if not paid might result in a default under any Prior Charge;

- (g) pay Taxes;

- (h) pay Interest that is due and payable;

- (i) pay all or part of the Principal Amount which is due and payable and if the Lender agrees may prepay all or part of the Principal Amount;

- (j) pay any Other Money;

- (k) pay any money owed by the Borrower under a Prior Charge; and

- (l) operate any business carried on by the Borrower on the Land.

14.04 The Receiver may borrow money to do anything which the Receiver is entitled to do under This Mortgage.

14.05 Any money borrowed by the Receiver and any interest thereon and all the costs and expenses of borrowing shall be added to the Principal Amount and bear Interest.

14.06 A Receiver appointed by the Lender may be discharged by the Lender or the Lender's agent and the Lender or the Lender's agent may appoint another Receiver on one or more occasions.

14.07 Any money paid by the Lender to the Receiver as commission or as reimbursement for costs and expenses shall be Other Money.

15.00 CONDOMINIUM PROVISIONS

15.01 If the land is or becomes a strata lot created under the *Strata Property Act*, S.B.C. 1998, c. 43, the following provisions shall apply:

(a) the Borrower shall pay when due all money owing to the Strata Corporation;

(b) the Borrower shall comply with, observe and perform all of the provisions of the *Strata Property Act* and the by-laws, rules and regulations of the Strata Corporation;

(c) the Borrower grants to the Lender the Borrower's power to vote at all meetings of the Strata Corporation so far as the *Strata Property Act* permits but if the Lender does not exercise such power the Borrower may do so;

(d) the Lender is not required to attend any meeting of the Strata Corporation, to vote at any meeting or to protect the Borrower's interest;

(e) at the request of the Lender the Borrower shall deliver promptly to the Lender a copy of every document to which the Borrower is entitled under the *Strata Property Act* or the by-laws of the Strata Corporation;

(f) the Borrower appoints the Lender to be the Borrower's agent to inspect or obtain copies of all records or other documents of the Strata Corporation that the Borrower is entitled to inspect or obtain;

(g) if the Strata Corporation transfers, charges or adds to its common property or amends its by-laws without the consent of the Lender and if, in the opinion of the Lender, the value of the Land is thereby reduced, the Principal Amount and Other Money shall become due on demand.

16.00 SUBDIVISION

16.01 If the Land is subdivided:

(a) This Mortgage shall charge each parcel or lot into which the Land is subdivided as security for payment of the Principal Amount and Other Money; and

(b) the Lender is not required to discharge This Mortgage as a charge against title to any parcel or lot unless all the Principal Amount and Other Money is paid and the Lender is not obligated to make any

further advance or readvance of money under This Mortgage.

16.02 Even though the Lender is not required to discharge This Mortgage in respect of any parcel or lot the Lender may agree to do so in return for payment of all or part of the Principal Amount and Other Money. If the Lender discharges This Mortgage in respect of a parcel or lot This Mortgage will continue to charge all parcels and lots which have not been specifically discharged.

17.00 ASSIGNMENT OF RENTS

17.01 The Borrower assigns and sets over to the Lender all rents payable from time to time under all leases of the Land or any part thereof whether presently existing or arising in the future together with the benefit of all covenants, agreements and provisos contained in the leases.

17.02 Forthwith after making any lease of the Land, or any part thereof, the Borrower will execute and deliver to the Lender an assignment in a form acceptable to the Lender of all rents payable under the Lease, the benefit of the covenants, agreements and provisos herein contained on the part of the tenant to be observed or performed and the reversion of such lease and will also execute and deliver to the Lender all notices and other documents as may be required in order to render such assignment effective in law.

17.03 Nothing contained in This Mortgage shall make the Lender responsible for the collection of rents payable under any lease on the Land or the performance of any covenants, terms or conditions contained in the lease.

17.04 No lease of the Land or any part thereof made by the Borrower shall have priority over This Mortgage, without the express written consent of the Lender.

18.00 RENEWALS

18.01 This Mortgage, as well as any renewal of This Mortgage at a different rate of Interest, whether registered in the Land Title Office or not, has priority over all other mortgages, charges, liens or claims which are granted or created against the Land subsequent to the date of registration of This Mortgage notwithstanding the respective date of creation, execution, delivery, registration and

advance of funds under This Mortgage and such other mortgages, charges, liens or claims.

18.02 Pursuant to Section 27(1)(b) of the *Land Title Act* paragraph 18.01 shall be notice of This Mortgage and the contents hercof to every person dealing with the title to the Land.

18.03 The Borrower agrees that any renewal of This Mortgage may be requested and processed by the Lender in person or over the telephone and the Borrower hereby authorizes the Lender to record such agreement and the discussions with respect thercto and, if made, to use such rccording as evidence of the terms of renewal. The Borrower agrees to be bound by the terms of renewal as set out by the Lender in a letter scnt to the Borrower Address confirming the results of the agreement, and such letter constitutes a written renewal agreement between the Lender, the Borrower and any other person, including any Covenantor or spouse of the Borrower, who signed the original Loan Agreement. Such letter will be deemed to have been received by the Borrower five (5) days after it is sent by the Lender to the Borrower Address by regular mail. If the Borrower does not receive the letter within ten (10) days following the date of renewal, the Borrower will notify the Lender and request a copy of the letter.

19.00 LEASEHOLD INTEREST

19.01 If the Borrower's interest in the Land is a leasehold interest, then the grant and mortgage herein shall be construed as a grant or mortgage of the unexpired term of the lease, less the last day of the term, the provisions of paragraph 8.01(d), (e) and (f) of This Mortgage shall not apply and the provisions of this Article shall apply instead.

19.02 The Borrower covenants with the Lender that:

- (a) the Borrower has a good leasehold title to the Lands, subject to the Permitted Encumbrances;
- (b) the Borrower has the right to charge and sublet the leasehold in the Lands to the Lender in the manner herein provided and, if required, has obtained the landlord's consent to This Mortgage;
- (c) neither the Borrower nor any other person has made, done, or suffered any act to encumber the lease or any part thereof, save and except as provided in the Permitted Encumbrances;

(d) the lease is a good valid subsisting lease and has not been surrendered, forfeited, amended, or become void or voidable and the rents and covenants reserved have been duly paid and performed by the Borrower up to the date of execution of This Mortgage; and

(e) during the continuance of This Mortgage, the Borrower will not amend surrender or modify the lease without the written consent of the Lender and shall pay the rent reserved by the lease and perform and observe the covenants, provisos, and conditions contained in the lease on the tenants part to be performed and observed and agrees to keep the Lender indemnified against all actions, claims and demands whatsoever in respect of the said rents and covenants or anything relating thereto.

20.00 COVENANTOR PROVISIONS

20.01 As the lending of the Principal Amount will benefit the Covenantor, the Covenantor wishes the Lender to lend the Principal Amount to the Borrower and the Lender has agreed to do so and pay the sum of \$10.00 to the Covenantor if the Covenantor makes the covenants in this Article 20.00 . The Covenantor acknowledges the receipt and sufficiency of such consideration and covenants with the Lender to:

- (a) pay the Principal Amount and Other Money when due; and
- (b) keep and perform all the Borrower's covenants and agreements.

20.02 The Covenantor agrees that, with or without notice, the following shall in no way affect any of the covenants of the Covenantor or the liability of the Covenantor to the Lender:

- (a) a discharge of the Land or any part of the Land from This Mortgage;
- (b) any disregarding or waiver of a Default;
- (c) the giving of extra time to the Borrower to do something that the Borrower has agreed to do or to cure a Default;
- (d) any other dealing between the Borrower and the Lender that concerns This Mortgage or the Land.

20.03 All the Covenantor's covenants and agreements shall be binding on the Covenantor until:

(a) the Principal Amount and Other Money have been fully paid to the Lender;

(b) the Borrower has performed all the Borrower's covenants and agreements contained in This Mortgage and in any agreement made in connection with This Mortgage; and

(c) the Lender has no obligation to advance or readvance money to or on behalf of the Borrower.

20.04 The Covenantor is a primary debtor to the same extent as if the Covenantor had signed This Mortgage as "Borrower" and is not merely a guarantor or a surety, and the Covenantor's covenants and agreements are joint and several with the covenants and agreements of the Borrower. This means that the Covenantor and the Borrower are both liable to perform all the covenants and agreements contained in This Mortgage

20.05 The Lender, without notice to or the consent of the Covenantor, may:

(a) grant any extension of time for payment, renewals or modifications of This Mortgage;

(b) increase the Interest Rate;

(c) take further security for the Principal Amount and Other Money,

without affecting the Covenantor's obligations or liability hereunder.

20.06 The Covenantor agrees that it will be bound by any agreement between the Borrower and the

Lender, whether oral or in writing, to change This Mortgage including, without limitation, any extension of time for payment, any variation in the Interest Rate, any renewal or extension to the term of This Mortgage, notwithstanding that the Covenantor did not receive notice of, or consent to, such change. The Covenantor hereby authorizes the Borrower to deal exclusively with the Lender in making changes to This Mortgage and agrees to be bound in respect of such changes.

21.00 NATIONAL HOUSING ACT

21.01 If This Mortgage is insured by CMHC:

(a) This Mortgage is made pursuant to the *National Housing Act*;

(b) if there is any conflict between any provision of This Mortgage and any requirement of the *National Housing Act* or the *National Housing Loan Regulations*, such latter requirements shall govern; and

(c) all requirements of the *National Housing Act* and the *National Housing Loan Regulations* are incorporated herein.

22.00 CANADA INTEREST ACT

22.01 For the purposes of the *Canada Interest Act*, the monthly Interest charged, on the basis of a Homeprime Rate or other rate expressed as a monthly calculated rate, is equal to the semi-annual interest calculation set out in accordance with the conversion table which follows:

CONVERSION TABLE - MONTHLY INTEREST TO SEMI-ANNUAL

Interest	Equivalent Rate Calculated Half-Yearly Not in Advance	Interest	Equivalent Rate Calculated Half-Yearly Not in Advance
5.00	5.052373	14.00	14.414740
5.25	5.300757	14.25	14.679805
5.50	5.563407	14.50	14.945141
5.75	5.819321	14.75	15.210752
6.00	6.075501	15.00	15.476636
6.25	6.331947	15.25	15.742793
6.50	6.588659	15.50	16.009224
6.75	6.845636	15.75	16.275929
7.00	7.102880	16.00	16.542909
7.25	7.360391	16.25	16.810163
7.50	7.618168	16.50	17.077693
7.75	7.876212	16.75	17.345497
8.00	8.134524	17.00	17.613577
8.25	8.393103	17.25	17.881932
8.50	8.661949	17.50	18.150562
8.75	8.911064	17.75	18.419460
9.00	9.170446	18.00	18.688652
9.25	9.430097	18.25	18.958111
9.50	9.690015	18.50	19.227848
9.75	9.950205	18.75	19.497861
10.00	10.210662	19.00	19.768151
10.25	10.471389	19.25	20.038717
10.50	10.732385	19.50	20.309562
10.75	10.993650	19.75	20.580684
11.00	11.255185	20.00	20.852085
11.25	11.516991	20.25	21.123764
11.50	11.779067	20.50	21.395720
11.75	12.041413	20.75	21.667956
12.00	12.304030	21.00	21.940471
12.25	12.566918	21.25	22.213265
12.50	12.830777	21.50	22.486338
12.75	13.093508	21.75	22.759690
13.00	13.357210	22.00	23.033323
13.25	13.621184	22.25	23.307235
13.50	13.885431	22.50	23.581429
13.75	14.149949	22.75	23.885902

END OF SET