

STANDARD MORTGAGE TERMS
FIXED AND VARIABLE RATE RESIDENTIAL CHARGE/MORTGAGE
ING BANK OF CANADA

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The following set of standard mortgage terms will be deemed to be included in every part of every mortgage in which the set is referred to by its filing number pursuant to section 228 of the *Land Title Act*, RSBC 1996, c. 250, as amended or replaced from time to time.

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1. DEFINITIONS

In this set of filed standard mortgage terms:

"Act" means the Strata Property Act, S.B.C. 1998, c. 43 as amended by the Strata Property Amendment Act, 1999, S.B.C. 1999, c. 21;

"additional principal amounts" means, collectively, any principal amounts advanced by us to you under the mortgage, in addition to the principal amount;

"borrower", "you" and "your" mean each person who signs the mortgage as borrower and his, her or their successors and assigns and these terms may be used interchangeably in this set of filed standard mortgage terms;

"business day" means a day that is not a Saturday, Sunday or statutory holiday in the province or territory in which the property is located;

"current mortgage rate" means, at any time during the term, the interest rate chargeable under the mortgage;

"default" means that you have done one or more of the following: (a) you have not paid an amount of principal, interest or other amount due to us under the mortgage; (b) you have breached a promise or covenant that you made in the loan commitment or the mortgage; and (c) you have made a representation or warranty in the loan commitment or the mortgage that is incorrect, incomplete or misleading in any material respect when made;

"deferred interest" is defined in section 4(c);

"Form B" means the form identified by the heading and in the form of "Form B" in Schedule A to the Land Title (Transfer Forms) Regulation, B.C. Reg. 53/90 which refers to this set of filed standard mortgage terms by this set's filing number;

"ING prime rate" means ING Bank of Canada's annual rate of interest announced from time to time as its benchmark prime rate of interest for Canadian dollar loans, which rate is subject to change from time to time at ING Bank of Canada's sole discretion;

"interest adjustment date" means the interest adjustment date set out in the mortgage;

"land registry office" means the land registry office or the land titles office in the province or territory in which the property is registered, or any other similar government office if the property is not registered in the land registry office or the land titles office;

"loan amount" means, collectively, all present and future indebtedness and liability owing by you to us under the mortgage including, without limitation, the principal amount, all additional principal amounts, if any, interest and all other amounts owing by you to us from time to time under the mortgage;

"loan commitment" means the mortgage commitment and any other agreement, not including the mortgage, between you and us setting out the terms of the loan, as the same may be amended from time to time in writing;

"maturity date" means the date set out in the mortgage on which the outstanding principal amount is due and payable, as the same may be extended from time to time;

"mortgage" means the mortgage created by all of the terms, conditions and other information contained in Form B and any schedule or attachment to Form B and this set of filed standard mortgage terms together, as the same may be amended from time to time;

"mortgage insurance company" means Canada Mortgage and Housing Corporation, Genworth Financial Mortgage Insurance Company Canada or any other similar mortgage insurance company;

"mortgage year" means the 12-month period from the interest adjustment date or an anniversary of such date;

"net proceeds" means the proceeds of the sale or lease of the property less our costs incurred to take, recover or keep possession of the property, to sell, lease or transfer the property including, without limitation, all amounts paid by us on account of taxes, maintenance, repairs, utilities, insurance and common expenses or other costs paid to the strata corporation or any other amount that we may pay to maintain, manage or preserve the property and our legal expenses in connection with the foregoing;

"new mortgage" is defined in section 25;

"other claims" is defined in section 6(a)(xii);

"outstanding principal amount" means the aggregate of that part of the principal amount and that part of the additional principal amounts, if any, outstanding from time to time under the mortgage;

"prepayment interest rate differential amount" means the amount determined in subsection (a) below *minus* the amount determined in subsection (b) below:

- (a) the present value, as determined by us, of the total amount of interest which would have been payable on the outstanding principal amount if the prepayment had not been made, calculated from the date of prepayment to the maturity date, at the current mortgage rate; and
- (b) the present value, as determined by us, of the total amount of interest calculated on the outstanding principal amount, calculated from the date of prepayment to the maturity date, at the interest rate *per annum* set by us applicable to residential mortgages in Canada for the mortgage term nearest in length to the remainder of the term on the prepayment date;

"prepayment privilege" means the privilege to prepay without penalty in a mortgage year, a maximum of 25% of the principal amount set out at the beginning of the term;

"principal amount" means the amount set out as the principal amount in the mortgage;

"property" means the mortgaged land legally described in the mortgage, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to any building or structure on the land or attached to or fixed to the land, including, without limitation,

additions, alterations, substitutions, improvements, equipment and other apparatus of any kind or nature on the land and every other thing referred to in Section 10 of the *Land Transfer Form Act* (British Columbia) and in the case of a strata lot includes, without limitation, the common elements and any other interest you have in the strata corporation or its assets;

"section" means a section of this set of filed standard mortgage terms;

"strata corporation" means the corporation created pursuant to the Act and governing the administration of a strata lot or lots of which the property forms part;

"strata property" is defined in section 28(e)(i);

"successor" means an heir, executor, administrator, liquidator, personal representative or successor;

"taxes" is defined in section 12;

"term" means the term of the mortgage, which is the period starting on the interest adjustment date and ending on the maturity date;

"transferable principal amount" is defined in section 25;

"variable rate adjustment date" is defined in section 4(a);

"variable rate" and **"adjustable rate"** mean the interest rate calculated pursuant to section 4(a) and these terms may be used interchangeably in this set of filed standard mortgage terms; and

"we", "our", "us" and "mortgagee" mean the mortgagee as set out in the mortgage.

2. GRANT OF MORTGAGE

We have agreed to loan you money on the terms set out in the loan commitment and the mortgage. In consideration for the loan we make to you of the principal amount or that part of the principal amount that is advanced and the additional principal amounts, if any, that are advanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us):

- (a) if you own the property, you charge your entire interest in the property to us; or
- (b) if you lease any or all of the property, you mortgage and sublease and charge to us all of your interest in and to the lease which creates or constitutes a leasehold interest in all or any part of the property and which lease is or will be more fully described by the registration number referred to in the mortgage, relating to the property, as the said lease or sublease may be amended from time to time, together with any and all extensions, renewals or replacements thereof in effect from time to time, (including, without limitation, any option or right of first refusal to purchase) in the property for the entire term (except the last day) of the lease; or

- (c) if you lease the property and you subsequently acquire the freehold title to the property, the mortgage will by operation of law become a mortgage of the freehold interest in the property to the same extent and effect as if you had been the owner of the freehold, free from encumbrances, at the date of the mortgage. For the purposes of this section, you hereby grant, mortgage and charge the freehold interest in the property to and in favour of us, such grant, mortgage and charge to take effect upon your acquiring freehold title to the property;

in each case, to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage and the loan commitment.

When you have repaid the loan amount in full as provided in the mortgage, we are under no obligation to loan any additional principal amounts to you. If you are not then in default, we will have no further interest in the property.

We have the right to assign the mortgage and the payment of amounts secured by the mortgage. An assignment by us will not cause the mortgage to cease to operate nor entitle you to a discharge of the mortgage.

3. FIXED INTEREST RATE (APPLICABLE ONLY TO FIXED RATE MORTGAGES)

This section 3 applies only to fixed rate mortgages.

The interest rate that you are required to pay and the frequency of the payments of principal and interest are set out in the mortgage. Interest is calculated semi-annually not in advance. Interest on the loan amount is payable at the current mortgage rate both before and after the maturity date, default and judgment, until the loan amount has been paid in full.

4. VARIABLE INTEREST RATE (APPLICABLE ONLY TO VARIABLE RATE MORTGAGES)

This section 4 applies only to variable rate mortgages.

(a) Interest Rate

The interest rate that you are required to pay and the frequency of the payments of principal and interest are set out in the mortgage. Interest is calculated semi-annually not in advance. The interest rate is a variable rate which will initially be determined on the interest adjustment date.

The interest rate will automatically be adjusted approximately every three months if there is a change in the ING prime rate, as follows: (i) if you have selected the monthly payment option, the first adjustment will occur on the day which is three months after the interest adjustment date, and each subsequent adjustment will occur on the day which is three months after the previous variable rate adjustment date; or (ii) if you have selected any other payment option, the first adjustment will occur on the payment date on or closest to (but not later than) the day which is three months after the interest adjustment date and each subsequent adjustment will occur on the payment date on or closest to (but not later than) the day which is three months after the previous variable rate adjustment date.

A day on which such adjustment takes place or would have taken place if there had been a change in the ING prime rate is referred to in this set of standard charge terms as a "variable

rate adjustment date". On each variable rate adjustment date, the interest rate payable until the next variable rate adjustment date will be the ING prime rate less an adjustment factor which is set out in the mortgage. The interest rate may change on a variable rate adjustment date without any prior notice to you. Interest is payable on the loan amount at the current mortgage rate both before and after the maturity date, default and judgment, until the loan amount has been paid in full.

(b) How You May Determine the Current Mortgage Rate

After each change in the ING prime rate, we may notify you by mail, electronic means or other means as we may from time to time determine, at the most current address we have for you, of the changed ING prime rate, its effective date and the current mortgage rate. The interest rate will vary according to section 4(a) even if we fail to send you such notice or you fail to receive it. The ING prime rate in effect at any time is available by calling us at the telephone number set out in the loan commitment or by visiting the internet website set out in the loan commitment.

(c) Deferred Interest

The amount of interest that has accumulated on the loan amount from one regular payment to the next which exceeds the regular loan payment is called "deferred interest". Interest at the current mortgage rate will be charged on the deferred interest from and including such regular payment date. On the next regular payment date, all interest which has accumulated on deferred interest from the previous regular payment date will be added to and become deferred interest and will itself bear interest from and including the regular payment date at the current mortgage rate. The amount of deferred interest from time to time may be obtained by contacting us. Deferred interest will apply to variable rate mortgages even if regular payment amounts are increased due to increases in the ING prime rate.

5. COMPOUND INTEREST

If you do not make a regular payment or any other payment when required by the mortgage, we will add any overdue amount (including interest) to the outstanding principal amount and charge interest, which we refer to as compound interest, at the current mortgage rate, both before and after maturity, default and judgment on all overdue amounts. You must pay compound interest immediately when we require, both before and after maturity, default and judgment.

6. CERTAIN PROMISES YOU MAKE TO US

(a) You agree with us that:

- (i) you will pay the loan amount as required by the mortgage and you will comply with all of your other obligations under the mortgage and the loan commitment;
- (ii) you will pay taxes assessed against the property either to us if we require or you request that they be paid to us, or directly to the tax authority (as further set out in section 12);
- (iii) unless you are the tenant of the property, you are the lawful owner of the property and there are no encumbrances affecting title to the property;

- (iv) you have the right to grant us the mortgage;
- (v) there are no limitations affecting title to, or your interest in, the property except for any restrictions registered in the land registry office and except for building and zoning by-laws, with which you have complied;
- (vi) all information that you have provided to us concerning your marital status and whether the property is a family asset within the meaning of the *Family Relations Act* (British Columbia) is true, complete and correct at the time the mortgage is signed and delivered;
- (vii) all representations made by you in the loan commitment and the mortgage are true, complete and correct at the time the mortgage is signed and delivered;
- (viii) to the best of your knowledge and belief, after reasonable enquiry and investigation:
 - (A) no condition exists on the property which is a contravention of any law, regulation, by-law, order or other legally binding requirement that relates to the protection of the environment, hazardous substances or public health and safety;
 - (B) no part of the property is or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations, by-laws, orders and other legally binding requirements;
 - (C) there are no underground or aboveground storage tanks on the property except in compliance with all laws, regulations, by-laws, orders and other legally binding requirements relating to underground and aboveground storage tanks, the protection of the environment, hazardous substances or public health and safety;
 - (D) no part of the property contains or will in the future contain any hazardous substance except in compliance with all laws, regulations, by-laws, orders and all other legally binding requirements;
 - (E) no claim, notice, order, investigation or other proceeding, in each case pursuant to any law, regulation, by-law, order or other legally binding requirement that relates to the protection of the environment, hazardous substances or public health and safety, has been made, issued or threatened in relation to any condition on the property; and
 - (F) no part of the property is currently in non-compliance with, or used in any manner which is in non-compliance with, any law, regulation, by-law, order or other legally binding requirement

relating to the protection of the environment, hazardous substances or public health and safety.

We may (but are not obligated to) require you, at your expense, to obtain an environmental assessment (which may include any intrusive environmental investigations of the property we deem necessary and desirable) of all or any part of the property, which environmental assessment must be satisfactory to us, but such assessment does not relieve you from your obligations under this section 6(a)(viii).

At any time that a change in the environmental condition on or with respect to the property makes any of the above statements untrue, you will provide us a written notice of such change immediately, including a copy, where applicable, of any correspondence with any regulatory body about the condition.

You will not, and will not allow any other person to, create or allow to exist any condition on or with respect to the property that does or could constitute a violation of any law, regulation, by-law, order or other legally binding requirement relating to the protection of the environment, hazardous substances or public health and safety now and as such requirements come into force in the future;

- (ix) you will, at your expense, sign any other document or take any further action which we may request to ensure that your entire interest in the property has been fully charged to us and that the loan amount is adequately secured;
- (x) if you are in default, we will have the right to take possession of the property without any encumbrances or interference;
- (xi) you will take any action necessary to protect your title to or interest in the property including, without limitation, protecting your rights under any applicable legislation, statute or regulation of any municipal, provincial or federal government or regulatory body and you will not in any way interfere with our interest in the property;
- (xii) you will not, without our prior written consent, further encumber the property and you will keep the property free and clear of any subsequent mortgages and from all encumbrances, liens, charges and mortgages including, without limitation, any outstanding statutory liens or charges on the property, arrears of taxes, liens for arrears of condominium common element expenses or other condominium charges or expenses, executions and rights (which encumbrances, liens, charges and mortgages and all prior mortgages, if any, are collectively referred to as "other claims"); and
- (xiii) you agree that we may pay the whole or any part of any other claims at any time having priority over the mortgage. The amounts so paid will be payable by you to us on demand and will, until paid, be included in the loan amount, be secured by the mortgage and bear interest at the current mortgage rate. We will be entitled to the equities and the 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 we are authorized to retain any discharge of any other claims, without registration, until payment to us of the other claims in full.

- (b) If you are a tenant of the property, you also agree with us that:
- (i) the property is leased to you under a valid and subsisting lease, a complete copy of which you have given to us and that you have good leasehold title to the property;
 - (ii) all rents and other monies payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;
 - (iii) you have the consent of your landlord or you have the right, without your landlord's consent, to charge your interest in the lease to us;
 - (iv) you have not done, or permitted to occur, any act to encumber the lease or any part of the lease;
 - (v) there are no limitations on your interest in the property except for any set out in the lease, except for restrictions registered in the land registry office and except for building and zoning by-laws, with which you and your landlord have complied;
 - (vi) you will pay rents and other payments required by the lease as they fall due;
 - (vii) you will comply with all your other obligations set out in the lease;
 - (viii) you will not surrender or assign the lease or any of your rights under the lease or sublet all or any part of the property or cause the lease to be terminated;
 - (ix) you will not make any change to the lease without first obtaining our written consent;
 - (x) where the lease contains an option to renew the term of the lease or a right of first refusal to lease or purchase the property, you will not allow any such right or option to lapse at any time while there remains any outstanding loan amount without our prior written consent;
 - (xi) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;
 - (xii) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in the property and in the lease has been fully charged to us and that the loan amount is adequately secured;

- (xiii) you will indemnify us against all actions, claims, costs and demands should you default under your lease;
- (xiv) you will hold the last day of the term of your lease or of any renewal term of the lease in trust for us and will only deal with it in such manner as we will require. You will have the same rights arising from this section 6(b)(xiv) as you already have under other provisions of the mortgage and at law;
- (xv) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal term. If we enforce our rights under the mortgage, then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's successors and will only deal with it in such manner as such person requires;
- (xvi) you irrevocably appoint us as your attorney so that we, on your behalf and in your name, may enforce any of the covenants in your favour under the lease, exercise any right or option available to you under the lease (including any right of renewal or termination) or assign the lease and the last day of the term of the lease and of any renewal term of the lease and convey your interest in the property as we may require to perfect any sale we may make under section 29;
- (xvii) we may remove you or any other person as trustee of the trust referred to in section 6(b)(xiv) and appoint a new trustee or trustees; and
- (xviii) you acknowledge that any breach of a term of the lease constitutes a default and you agree that we have the right (but not the obligation) at any time to pay any amount outstanding under the lease or take any action as may be necessary to bring the lease into good standing, and to add all amounts paid by us and all costs incurred by us to the loan amount secured by the mortgage.

7. HOW YOU WILL REPAY THE LOAN

(a) Currency and Place

You will pay the loan amount to us in lawful Canadian dollars, on each payment date at our address set out in the mortgage or as otherwise provided in this set of filed standard mortgage terms. If any payment is made on a day that is not a business day, the payment will be deemed to be made on the business day next following the payment date. Unless we otherwise agree, any payments to be made by you are due and payable as provided in the mortgage.

(b) Interest Adjustment Date

Interest on all money we have advanced to you up to the interest adjustment date will be calculated daily at the current mortgage rate in effect on the date of each advance up to but not including the interest adjustment date. At our option, such interest will either (i) be payable by you to us on the interest adjustment date; (ii) be added to the loan amount on the interest adjustment date and will bear interest at the current mortgage rate; (iii) be deducted by us from

any advance or advances which we make; or (iv) be debited by us from your account referred to in section 7(e) on the first regular payment date.

(c) Regular Payments

You will make regular payments of principal and interest to us in the amount and on the payment dates specified in the mortgage, beginning on the first payment date until and including the maturity date. You may, upon request and at our discretion, change your regular payment date to a payment date then currently offered for your type of mortgage. Any interest outstanding as a result of such change to your regular payment date will be added to your mortgage payment on the first regular payment date after such change. You will pay the outstanding balance of the loan amount on the maturity date.

(d) Term/Amortization (Applicable only to Variable Rate Mortgages)

This section 7(d) applies only to variable rate mortgages.

The interest rate specified in the mortgage is subject to variations as set out therein. Your regular payment of principal and interest may increase or decrease from time to time due to variations in the current mortgage rate but the term and the amortization period set out in the mortgage will not change. The principal and interest payment may also be increased by you if you are otherwise permitted to do so under the mortgage.

(e) Bank Account for Payments

You will maintain an account of a type satisfactory to us with ING Bank of Canada, a branch of a Canadian chartered bank or trust company or such other bank, trust company, caisse populaire or credit union approved by us in writing and provide an authorization in a form acceptable to us to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You will ensure that the account always contains sufficient funds to meet each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be a default. You agree to pay us our then current administration and processing fees for any actions which we have to take as a result of your default under this section 7(e).

(f) How Your Regular Payments are Applied

Each of your regular payments will be used: (i) first, to pay interest or reduce the interest (other than deferred interest) on the principal amount and on the additional principal amounts, if any, accumulated to, but not including, the payment date; (ii) second, to pay or reduce any deferred interest (if you have a variable rate mortgage) outstanding and accumulated to, but not including, the payment date; and (iii) third, to reduce the principal amount and the additional principal amounts, if any. However, if you are in default, we may apply your payment or any other money we receive towards any part of the loan amount we choose.

(g) Payment Provisions on Default

If you are in default, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes and life insurance premiums (if applicable) on a monthly basis. In such an event, we may require you to

pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also exercise our rights under section 17.

8. INCREASING YOUR REGULAR PAYMENT AMOUNT

If you are not in default, you may, effective on any regular payment date and on written notice to us, increase the amount of your regular payments, without penalty, provided that the total of all such increases during any mortgage year does not exceed 25% of the amount of your regular principal and interest payments as set out in the mortgage at the beginning of the term. After you have increased the amount of your regular payments, you may, effective on any regular payment date, decrease the amount of your regular payments to an amount not less than the amount of your regular principal and interest payments as set out in the mortgage at the beginning of the term.

9. EARLY REPAYMENT

(a) Fixed Rate Mortgages

This section 9(a) applies only to fixed rate mortgages.

- (i) If you are not in default, you may, on any regular payment date, prepay an amount to be applied to the outstanding principal amount, without penalty, provided that:
 - (A) each such prepayment is at least \$100;
 - (B) the total of all such prepayments paid during any mortgage year does not exceed 25% of the principal amount set out at the beginning of the term;
 - (C) if you do not completely use such prepayment privilege in any mortgage year, it cannot be carried forward to the next or any future mortgage year; and
 - (D) if, at the beginning of the mortgage year, the outstanding principal amount is more than 25% of the principal amount, you may not apply a prepayment made under this section 9(a)(i) to prepay the entire outstanding principal amount unless, at the same time as you make such a prepayment, you also make a discharge request (but not an assignment request) in accordance with section 32.
- (ii) Any other early repayment may only be made upon the payment of the prepayment interest rate differential amount or three months' interest at the current mortgage rate calculated on the loan amount, whichever is greater, even if you may not have completely used your prepayment privilege in any mortgage year.

(b) Variable Rate Mortgages

This section 9(b) applies only to variable rate mortgages.

- (i) If you are not in default, you may, on any regular payment date, prepay an amount to be applied to the outstanding principal amount, without penalty, provided that:
 - (A) each such prepayment is at least \$100;
 - (B) the total of all such prepayments paid during any mortgage year does not exceed 25% of the principal amount set out at the beginning of the term;
 - (C) if you do not completely use such prepayment privilege in any mortgage year, it cannot be carried forward to the next or any future mortgage year; and
 - (D) if, at the beginning of the mortgage year, the outstanding principal amount is more than 25% of the principal amount, you may not apply a prepayment made under this section 9(b)(i) to prepay the entire outstanding principal amount unless, at the same time as you make such a prepayment, you also make a discharge request (but not an assignment request) in accordance with section 32.
- (ii) Any other early repayment may only be made upon the following conditions: the loan amount can be prepaid in full with three months' interest penalty at the current mortgage rate.

10. EARLY RENEWAL (APPLICABLE ONLY TO FIXED RATE MORTGAGES)

This section 10 applies only to fixed rate mortgages.

If the property contains more than four living units or if the property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no right of early renewal.

If you are not in default and the property either contains no more than four living units or is a single residential condominium unit, then you may renew the mortgage before the maturity date. You must apply to us to use this right of early renewal. You may renew the mortgage by selecting from the mortgage options that we offer at the time that you apply for early renewal and you must enter into an agreement amending the mortgage, acceptable to us, which will contain the terms and conditions of the amendments to the mortgage. You agree to pay us our then current administration and processing fees to renew the mortgage, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made. You also agree that you will pay all legal expenses with respect to the renewal documentation and its registration.

11. INSURANCE

If the property is not a single residential condominium unit, you must insure and keep insured in our favour and until the mortgage is discharged, the property, including, without limitation, all buildings, structures, fixtures and improvements now or in the future located on the property for not less than their full replacement value in Canadian dollars. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from

such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower or sprinkler system or any other comparable apparatus is operated on the property, you must also insure and keep insured in our favour and until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

All insurance policies must be provided by a company approved by us and contain mortgage clauses approved by the Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and that we will have the first right to receive and to have a lien on the loss proceeds. Upon our request, you will provide us with certified copies of every insurance policy with respect to the property and, not less than 15 days before any policy expires, evidence of its renewal.

We may place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and will bear interest at the current mortgage rate.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. The production of a copy of the mortgage will be sufficient authority for the insurance company to pay any loss to us or to accept instructions from us dealing with the loss and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be: (i) used to repair or rebuild the property; (ii) paid to you; and/or (iii) used to reduce any part of the loan amount, whether due or not, including, without limitation, an amount to compensate us for loss of interest.

12. PROPERTY TAXES

In this set of filed standard mortgage terms, "taxes" includes all taxes, rates and assessments of any nature or kind including, without limitation, property taxes, municipal taxes, school taxes, local improvement rates or charges, development cost charges, interest and penalties payable with respect to the property.

We may withhold from any advance under the mortgage any amount we feel necessary to pay taxes then owing or to anticipate future payments of taxes.

You are responsible for the payment of all taxes on the property which you will pay when due. Upon our request, you will provide us with all the receipted tax bills or a tax certificate confirming that taxes are paid once per calendar year during the term. If you fail to provide us with such bills or certificates, we may conduct such searches with the appropriate tax authority as we deem necessary to obtain the current tax status with respect to the property, and you must immediately reimburse us for all payments and expenses we incur in so doing.

In the alternative, we may, at our option and on written notice to you, estimate the amount of taxes payable for the property each year and you agree to pay to us sufficient monies by equal instalments (based on the payment frequency of the mortgage) to be applied on account of such taxes. You will pay the instalments on each payment due date during the term. We agree to apply these payments against your taxes as long as you are not in default, although we are not obligated to apply payments on account of your taxes more often than annually. If you have paid us instalments towards taxes and if before we have been able to pay these taxes to the appropriate tax authority you have failed to make a payment of principal, interest or any other monies to be paid by you under the mortgage, then we may, at our option, apply such sum or

sums towards payment of any such principal, interest or other monies to be paid by you which you have failed to pay. If the taxes actually charged for any one year, together with any interest and penalties, exceed the estimated amount, you agree to pay us promptly upon written notice from us the amount required to make up the difference. If you desire to take advantage of any discounts or avoid any penalties in connection with the payment of taxes, you may pay to us such additional amounts as are required for that purpose. If we are paying your taxes, you agree to send to us the tax bills and other notices affecting the imposition of taxes immediately after you have received them. If we advance to you additional principal amounts under the mortgage, we may deduct from any additional principal amount advanced the amount required to pay any outstanding taxes.

If you do not make your tax payments when they are due, then we may, but will not be obligated to, make those payments for you and the amounts paid by us will: (i) be a charge on the property in favour of us in priority to all claims subsequent to the mortgage; (ii) be payable by you immediately with interest at the current mortgage rate until paid; and (iii) may, at our option, be added to the loan amount and will bear interest at the current mortgage rate.

13. REPAIRS

You agree to keep the property in a good condition and state of repair and carry out all necessary repairs. You agree not to do, or let anyone else do, anything which lowers the value of the property. You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of the property.

If, in our opinion, you do not keep the property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this section 13, then we can make whatever repairs are, in our opinion, necessary. The costs of any inspections and repairs are payable by you immediately and, if not paid, will be added to the loan amount and will bear interest at the current mortgage rate.

You authorize us or anyone on our behalf to enter the property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

14. DEMOLITION AND ALTERATIONS

You agree not to demolish the whole or any part of any building or structure on the property without first obtaining our written approval and not to make any material alterations, additions or improvements to the property without first obtaining our written approval to your proposed plans and specifications. In either case, we may withhold our approval in our sole discretion.

The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to the property. Upon our request, and at your expense, you will provide us with proof of payment and compliance with governmental requirements and building standards. You must retain all holdbacks required or allowed to be retained by law and such governmental requirements and building standards, as the case may be. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses including, without limitation, any charges for providing financial guarantees or other security, are immediately payable by you to us and, if you do not pay them, we will add them to the loan amount and they will bear interest at the current mortgage rate.

15. NO OBLIGATION TO MAKE ADVANCES TO YOU

If we decide, for any reason, not to advance to you all or any part of the principal amount or any additional principal amounts, we are not obligated to do so. This applies even if the mortgage has been signed and registered and whether or not any part of the principal amount or any additional principal amounts have previously been advanced. However, by signing the mortgage you have charged all of your interest in the property to us and you will pay us, on demand, all of our costs including, without limitation, all our legal fees and disbursements, title insurance, expenses for investigating title to or zoning compliance of the property and for preparing and registering the mortgage.

16. LEASES AND RENTS

If the property is intended to be used as an owner-occupied single-family residential premises, you represent and agree that no part of the property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a lease of the whole or any part of the property or renew any lease (other than a renewal provided for in any lease) without first obtaining our written approval which we may withhold in our sole discretion.

If in the future you decide to lease the whole or any part of the property to another person or persons, you must first obtain our written approval which we may withhold in our sole discretion. If we give our approval, upon our request you will:

- (a) assign to us all leases, agreements and their renewals, and all rights thereunder as they affect the property;
- (b) assign to us all rent and any other monies payable under the leases and agreements; and
- (c) give us security on chattels, fixtures and equipment as we may reasonably require.

You agree to pay all of our expenses including, without limitation, all our legal fees and disbursements and other costs relating to such additional security.

If you do not comply with any of your obligations under this section 16, at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling the property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount and will bear interest at the current mortgage rate. You irrevocably appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

Nothing we do under this section 16 will put us in possession of the property and we are not obliged to collect any rent or income from the property or to comply with any term of any lease or agreement.

Rental of any part of the property without our written approval will be considered to have been done to discourage us from taking possession of the property.

17. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

- (a) subject to section 21, you do not make any payment required by the mortgage;
- (b) you do not comply with any of your other obligations under the mortgage;
- (c) we discover that any representation or warranty you made to us in applying for the loan, in the loan commitment or in the mortgage (including, without limitation, those contained in section 6) is untrue;
- (d) any lien is registered against the property or we receive notice of a construction lien, a security interest, a lien that is created as a result of unpaid property taxes or unpaid construction maintenance fees or any other lien against the property;
- (e) you do not observe or perform any obligation or condition contained in any mortgage, charge, lien or encumbrance to which our mortgage is subject or subordinate;
- (f) any buildings being erected on or additions, alterations or improvements done to the property remain unfinished without work being done on them for a period of ten consecutive days; or
- (g) the property is abandoned.

We have the right to waive any particular default by you but if we do so we are not waiving any other existing default or one or more defaults which may occur in the future.

18. BUILDING MORTGAGE

If any of the principal amount or the additional principal amounts, if any, to be advanced under the mortgage is used to finance an improvement on the property (meaning any alteration, addition or repair to or any construction, erection or installation on, the property including, without limitation, the demolition or removal of all or any part of any building, structure or works on the property), you must first obtain our written approval of this before any advances are made under the mortgage. You agree to make the improvement only in accordance with plans and specifications that we have approved in writing and to complete the improvement as quickly as possible.

Subject to section 15, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale. We will decide whether advances may be made and when they will be made.

Whatever the purpose of the mortgage, we may retain funds from any advance or advances until we are completely satisfied that you have retained the holdback amount that you are required or allowed to retain under applicable construction lien legislation, as the case may be, and the lien period has expired. You authorize us to give information about the mortgage to anyone who claims a construction lien on the property.

19. RELEASING THE PROPERTY FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of the property, whether or not we receive any value, and we will be accountable to you only for money that we actually receive. If we release our interest under the mortgage in only a part of the property, the remainder of the property will continue to secure the loan amount and your obligations, and those of any guarantor, under the mortgage will continue unchanged. You will pay our then current administration or processing fee for preparing and signing the discharge and all legal and other expenses, whether the discharge is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge on your title and to pay the registration fee. If the property is subdivided, each part of the property will secure payment of the loan amount.

20. CONVERTIBILITY (APPLICABLE ONLY TO VARIABLE RATE MORTGAGES)

This section 20 applies only to variable rate mortgages.

If you are not in default and you qualify with our requirements in effect at the time you would like to convert the mortgage, you may convert the mortgage to a fixed rate mortgage offered by us with a term of at least three years, with the interest rate and containing the terms and provisions that are offered by us at the time of conversion. If you wish to take advantage of this opportunity, you must apply to us and you must enter into a mortgage amending agreement or a new fixed rate mortgage which will contain all amended terms, conditions and provisions of the mortgage. You agree to pay us our then current administration or processing fees in connection with the conversion, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made. You also agree that you will pay all legal expenses with respect to the conversion documentation and its registration. You also acknowledge that we are under no obligation to consent to allowing you to convert the mortgage or extend the term. Once the mortgage has been converted, the prepayment privileges of the mortgage will no longer apply and prepayment privileges, if any, will be contained in the mortgage amending agreement, the new fixed rate mortgage or other similar documentation that we may use for these purposes from time to time.

21. SKIP A PAYMENT

If you are not in default and subject to compliance with the *National Housing Act (Canada)*, you may, on at least five business days' notice to us in writing or by telephone, skip a regular payment under the mortgage without being in default, if you do so not more than once in any mortgage year. You may repay the amount of any skipped regular payment at any time during the term without penalty. You will still be required to pay any amount related to taxes or insurance due on the date such skipped regular payment was otherwise required to be made. The interest portion of the skipped regular payment will be added to the outstanding principal amount and will bear interest at the current mortgage rate.

22. ADDITIONAL PRINCIPAL AMOUNTS

We may from time to time at our sole option lend you additional principal amounts under the mortgage provided that the outstanding principal amount does not at any time exceed the principal amount set out in the mortgage at the beginning of the term. If we request, you will enter into an agreement with us that any additional principal amounts loaned to you by us are secured by the mortgage. All additional principal amounts, interest thereon and any other amounts owing with respect to such additional principal amounts will be secured by, and repaid

in accordance with, the provisions of the mortgage. These provisions apply notwithstanding that the principal amount outstanding under the mortgage may be reduced and subsequently increased or repaid and subsequently loaned again. If additional principal amounts are loaned prior to the expiry of the term, the term will be extended based on the interest rate and term that you select. We are entitled to discharge the mortgage without notice to you once you have repaid all amounts owing under the mortgage including, without limitation, the principal amount and any additional principal amounts.

23. RENEWING OR AMENDING THE MORTGAGE

At our option, the mortgage may from time to time be renewed, extended or amended by an agreement (in a form acceptable to us) with you, with or without any increase in the interest rate or the principal amount. It will not be necessary for us to register the agreement on title to the property in order to retain priority for the mortgage, as renewed or amended, which may include advances of additional principal amounts, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to the property after the mortgage at the time any agreement is entered into. However, we are entitled to make any registrations against title to the property as we deem necessary and, if requested, you will assist us with any registration we may make. The entering into of any agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not enter into such agreement.

If we do not receive notice from you before the maturity date that either (i) you intend to repay the loan amount in full on the maturity date, or (ii) you would like to extend the term of the mortgage, then, at our option, unless we notify you to the contrary and without entering into a further agreement with you, effective on the maturity date the term of the mortgage will be extended for one year from the maturity date and the interest rate will be our then current interest rate for a one year fixed rate mortgage. For greater certainty, the mortgage will then be a fixed rate mortgage even if you currently have a variable rate mortgage.

24. DUE ON SALE

If you transfer title to the property or agree to do so, the loan amount will, at our option, immediately become due and payable in full.

25. ASSUMPTION AND PORTABILITY

If you have entered into an agreement to transfer title to the property and you are not in default, you may, with our prior written approval, (i) allow the transferee of title to the property to assume the mortgage or, (ii) if you have agreed to purchase a new property, borrow an amount equal to the outstanding principal amount on the day title to your new property is transferred to you (the "transferable principal amount") under a new mortgage to be registered against title to the new property (the "new mortgage"). You may choose only one of the following two options and we may in our sole discretion not approve one or both of the options.

(a) Assumption

In the case of an assumption of the mortgage, the transferee of the property must provide us with such information as we require to permit us to determine whether we can approve a loan to such transferee. If we approve a loan to the transferee, the transferee must sign and deliver to us an assumption agreement in a form acceptable to us. Upon receipt of the signed assumption

agreement and the payment of our then current administration or processing fee for such assumption and all legal and other expenses, we may in our sole discretion release you and any guarantors from your and their obligations under or in respect of the mortgage and the loan commitment.

(b) Portability

If you are not in default and you qualify with our requirements in effect at the time and if you purchase and become the owner of a new property within not more than 30 days of the date of the sale of the property, you may borrow from us with respect to the purchase of the new property. If you wish to take advantage of this opportunity, you must apply to us in writing and you must sign a new mortgage. The following conditions apply:

- (i) if you would like to borrow an amount equal to the transferable principal amount, the new mortgage will be at the same interest rate as set out in the mortgage and for a term equal to the remainder of the term;
- (ii) if you would like to borrow more than the transferable principal amount, we have the right to approve the excess amount in our sole discretion and, if approved, the interest rate payable by you will be a blended rate calculated by taking the weighted average of the current mortgage rate at the date of transfer of your new property and the interest rate payable by you on the additional amount that you borrow, which will be our then current interest rate for a term equal to the term closest to the remainder of the term of the mortgage;
- (iii) if you would like to borrow less than the transferable principal amount, the new mortgage will be at the same interest rate as set out in the mortgage and for a term equal to the remainder of the term. The amount by which the transferable principal amount exceeds the principal amount of the new mortgage will, after deducting from such amount any amount that you are entitled to prepay without penalty under the prepayment privilege for the mortgage year, be subject to the prepayment provisions in the mortgage;
- (iv) you will only be required to pay a prepayment penalty if the new mortgage will be for an amount that is less than the transferable principal amount and more than any amount that you are entitled to prepay without penalty under the prepayment privilege for the mortgage year; and
- (v) you agree to pay us our then current administration and processing fees to approve and process the new mortgage, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made. You also agree that you will pay all legal expenses with respect to the new mortgage and its registration.

You acknowledge that we are under no obligation to consent to allowing you to borrow the transferable principal amount or any additional amount or extend the term with respect to the new mortgage.

26. CERTAIN ACTIONS WE CAN TAKE

If we think it is necessary, we may pay any other claims that have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant under a lease of the property, we may cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses that we incur in so doing.

If you do not comply with any of your obligations under the mortgage, we may perform those obligations. Where you are a tenant of the property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal will be subject to the mortgage. You must immediately reimburse us for all payments that we have to make and costs that we incur in taking these steps.

Any payments we make under the mortgage and any expenses incurred by us (including, without limitation, our legal expenses) in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations in accordance with the mortgage, which are not immediately reimbursed to us will be added to the loan amount and will bear interest at the current mortgage rate from the date we pay them. Any interest which accrues as a result of changes requested by you to the frequency of payments or to the regular payment date will be paid by you or added to the loan amount and will bear interest at the current mortgage rate.

If we have not received a solicitor's final opinion within 90 days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

27. ENVIRONMENTAL MATTERS

You agree that we or our agents (or agents of the mortgage insurance company if the mortgage is insured by a mortgage insurance company) may at any time and for any reason enter and inspect the property and conduct any environmental testing, site assessment, investigation or study which we or the mortgage insurance company consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the current mortgage rate, will be immediately payable by you and will be a charge on the property. None of us, the mortgage insurance company, our agents or the agents of the mortgage insurance company will become mortgagees in possession of the property or have management or control of the property by exercising these rights.

28. STRATA PROPERTY

If the property includes any strata lot under the Act, you agree to comply with the provisions of this section 28 in addition to the other provisions of this set of filed standard mortgage terms, other than section 11.

(a) Compliance with the Act

You will comply with the Act and with the declaration, by-laws and rules and regulations of the strata corporation in effect from time to time.

(b) Payment of Strata Fees and Other Costs

You will pay all amounts required by the Act, the declaration and the by-laws of the strata corporation on or before the date such amounts are due, including, but not limited to, all strata fees, special levies and other amounts payable to the strata corporation. If we request, you will give us proof that you have done so. If we request, you will also deliver to us, within 10 days of our request, a "Certificate of Payment" from the strata corporation confirming that you do not owe money to the strata corporation. If you do not make any payments which you are obligated to pay, we may do so on your behalf and add such amounts to the loan amount and such amounts will bear interest at the current mortgage rate.

(c) Notices and Demands

You will mail to us by prepaid registered mail or deliver to us a copy of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the strata property so that we receive such communications at least five days before any claim or demand is payable or, in the case of other communications, within five days of the date you receive them.

(d) Voting Rights

You irrevocably authorize us, in your name and on your behalf, to exercise your rights under the Act and under the declaration and by-laws of the strata corporation to vote at any meeting of the strata corporation and to consent to any matter relevant to matters affecting our security including the management, sale or other dealings with the property or assets of the strata corporation or the termination of the application of the Act to the strata corporation. However, you may exercise such rights to vote or consent unless we notify you in writing that we wish to use our rights to vote or consent, in which case we may also notify the condominium corporation. Our wish to vote or consent can be for a limited period of time or for a particular meeting or matter. We are not responsible for any exercise of this right to vote or failure to exercise it. When we do vote or consent in your place, we do not then become a mortgagee in possession and are not responsible for protecting your interests or for the way we vote or consent or fail to do so.

(e) Acceleration of Repayment of Loan Amount

At our option, the loan amount will become payable immediately if:

- (i) the strata property of which the property forms a part, including, without limitation, the common elements and the assets of the strata corporation (collectively, the "strata property") is no longer governed by the Act;
- (ii) a vote of the strata lot owners authorizes the sale of the strata property or any part thereof;

- (iii) the strata corporation fails to comply with the Act, the by-laws or rules and regulations;
- (iv) the strata corporation fails, in our opinion, to manage the strata property in a careful way or to maintain the strata property in good repair;
- (v) the strata corporation fails to insure the strata property according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds;
- (vi) the strata corporation makes or permits to be made any substantial modification to strata property or any part thereof without our approval; or
- (vii) there has been substantial damage to the strata property and the owners have voted for termination of the strata corporation.

Our rights to cause the loan amount to become payable immediately will not be affected by the fact that we may have voted in favour of or consented to any of the foregoing.

(f) Insurance

If the property is a single residential strata lot, you must insure and keep insured in our favour and until the mortgage is discharged, the property (including, without limitation, all buildings, structures, fixtures and improvements now or in the future located on the property not required to be insured by the strata corporation according to the Act or the declaration of the strata corporation) for not less than its full replacement value in Canadian dollars.

The strata corporation must obtain such appropriate insurance as it is required to obtain under the Act and under the declaration and by-laws of the strata corporation, failing which you will be in default. In addition, you must insure against loss or damage by fire with extended perils coverage, and against such additional risks as we may at any time require, all improvements or those improvements required by the Act or by-laws of the strata corporation which at any time have been made to the property.

All insurance policies must be provided by a company approved by us and contain mortgage clauses approved by the Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. Upon our request, you will provide us with certified copies of every insurance policy with respect to the property and, not less than 15 days before any policy expires, evidence of its renewal.

We may place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and will bear interest at the current mortgage rate.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. The production of a copy of the mortgage will be sufficient authority for the insurance company to pay any loss to us or to accept instructions from us dealing with the loss, and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be: (i) used to repair or rebuild the

property; (ii) paid to you; and/or (iii) used to reduce any part of the loan amount, whether due or not, including, without limitation, an amount to compensate us for loss of interest.

You will, and to the extent it is within your control will cause the strata corporation to, assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the strata corporation fails to keep the buildings and improvements insured or provide us at least 15 days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements.

The obligation to insure may be performed by the strata corporation and the proceeds of insurance may be payable in accordance with the Act and the by-laws of the strata corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the Act and the by-laws and that, as a member of the strata corporation, you will insist that the strata corporation fully complies with these terms.

(g) Possession of Property

Nothing we do under this section 28 will be deemed to put us in possession of the property.

29. ENFORCING OUR RIGHTS

(a) Remedies

If you are in default, the loan amount will immediately become due and payable at our option and we may enforce any one or more of the remedies listed below in any order, separately or together, to the extent that such remedies are available in the province or territory in which the property is located.

Our remedies are:

- (i) Go to Court - We may take court proceedings to collect the loan amount.
- (ii) Foreclosure or Sale - We may take court proceedings to foreclose your right, title and equity of redemption to the property. If we obtain a final order of foreclosure from the court, the property will become ours. We may also ask the court to order the sale of the property under its supervision. The net proceeds from the sale of the property will be applied to reduce the loan amount. If the net proceeds are less than the loan amount, you must pay us the difference. If the net proceeds are more than the loan amount, any amount remaining after all claims have been satisfied will be paid to you.
- (iii) Enter on the Property - We can enter on the property at any time without your permission and make any necessary arrangements to inspect, collect rents or manage the property or repair or complete construction of any building or other improvement on the property. Any costs we incur will be added to the loan amount and will bear interest at the current mortgage rate.

- (iv) Appoint a Receiver - We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from the property. The receiver will be your agent, not ours, and you will be responsible for any of the receiver's acts or omissions. We are not accountable for any monies received by the receiver except to the extent that we actually receive any such monies. The receiver may use every remedy which we have under the mortgage to collect the income from the property, take possession of the whole or part of the property, manage the property and keep it in good condition. From the income collected, the receiver may pay all rents, taxes, rates, insurance premiums and other expenses required to keep the property in good condition, his or her own commission as receiver, all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing, interest owing under the mortgage and all or any part of the loan amount whether or not it is due.
- (v) Distress – Subject to applicable laws, we may distrain for arrears of interest against the property or any part of it and recover by way of rent reserved as in the case of a demise, the arrears of interest and all costs and expenses incurred in such distress and may also distrain for arrears of principal and regular payments of taxes, if required, in the same manner as if the same were arrears of interest.
- (vi) Assignment of Rents – You assign to us all rents from the property. This assignment will take effect upon default.

(b) No Interference

If, in enforcing any of our remedies, we take possession of the property, neither you nor any person claiming an interest in the property through you will interfere with our possession, the possession of any receiver we may appoint or with the possession of any person to whom the property is leased or sold and you will not make any claim against any person to whom the property may be leased or sold.

(c) Notice

When any notice is given by us in connection with the mortgage, the notice may be given in any manner permitted or provided by the laws applicable thereto or, subject to those laws, may, at our option, be given by us by leaving it with an adult person on the property if occupied, by placing it on some portion of the property if unoccupied, by mailing it by prepaid registered mail addressed to you at your last known address, or by publishing it once in a newspaper having a general circulation in the city, town, municipality or area in which the property is located; and such notice will be sufficient even if it is not addressed to any person by name or designation and even if any person to be affected by the notice may be unborn, unknown, unascertained or under any disability; and, subject to the laws from time to time applicable to the notice, such notice will be as effectual as if it had been personally served upon all persons required to be served by it.

(d) Our Expenses

You agree to pay immediately upon our request all of the expenses which we incur in enforcing any of our remedies. These expenses include all our legal fees and disbursements, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees.

(e) Delay in Enforcement

Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist that you make all payments on time and comply with your obligations, require payment of the loan amount if you are in default and require any other person including, without limitation, a guarantor, who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

(f) Judgments

If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not operate as a merger of any covenant of the mortgage and will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage and the loan commitment. Even if we obtain a court order or judgment, until the loan amount is paid in full, interest is payable on the loan amount at the current mortgage rate or in accordance with applicable law, whichever is higher.

(g) No Prejudice from Failure to Enforce Our Rights

A failure by us to enforce at any time or from time to time any of our rights under the mortgage will not prejudice our rights or any other rights that we have under the mortgage or at law. No performance or payment by us in respect of any breach or default will relieve you from any default, and no waiver at any time or from time to time of any such rights by us will prejudice such rights in the event of any future default or breach.

30. EXPROPRIATION

If the entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of the property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of the property does not constitute adequate security for the loan amount, then in our sole discretion, all or part of the loan amount will immediately become due and payable together with loss of interest.

We have the right to order a survey and/or property valuation of the property in order to ascertain the value of the expropriated land and the remaining land. Any and all reasonable costs, charges and expenses for such survey and/or property valuation are payable by you immediately and, if not paid, will be added to the loan amount and will bear interest at the current mortgage rate, and will be a charge on the property under the security of the mortgage.

31. GUARANTEE

In consideration for our making a loan to the borrower, each person who signs the mortgage or the loan commitment as guarantor unconditionally and irrevocably guarantees to us, as principal debtor and not as surety, the due and punctual payment of the loan amount and the due and punctual performance of all of the obligations of the borrower under the mortgage and the loan commitment at all times until the loan amount is paid in full and all other obligations of the borrower have been fully performed. Each guarantor, if there is more than one, will be jointly and severally liable with the borrower and with each other for complying with all of the obligations of the borrower under the mortgage and the loan commitment. We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment (including renewals), deal with any security (including, without limitation, the mortgage) or the property including, without limitation, releasing, realizing on or replacing any security we may hold, give releases or discharges, increase the interest rate, amend the terms of the mortgage or the loan commitment and generally deal with all matters affecting the mortgage and the loan commitment and the obligations of the borrower either before or after requiring payment from any person without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and the obligations of any guarantor will not be altered by the bankruptcy of the borrower or any guarantor. The enforcement of the obligations of a guarantor under this section 31 may take place before, after or at the same time as the enforcement of the obligations of the borrower or any other guarantor under the mortgage or the enforcement of any security for any such obligation. Each guarantor agrees that he, she or it has read the mortgage and the loan commitment and is fully aware of its terms and in particular the terms of this section 31.

32. DISCHARGE

After you have paid us the loan amount and fulfilled all of your other obligations under the mortgage and the loan commitment, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our then current administration or processing fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on title to the property and to pay the registration fee.

33. ADMINISTRATION FEES

You agree to pay us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, statements for information purposes, replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of the mortgage. If not paid, such fees will be added to the loan amount and will bear interest at the current mortgage rate.

The amount of such fees in effect at any time is available by calling us at the telephone number set out in the loan commitment or by visiting the internet website set out in the loan commitment.

34. NATIONAL HOUSING ACT (CANADA)

All mortgages insured by a mortgage insurance company are made in pursuance of the *National Housing Act* (Canada).

35. HOME OWNER PROTECTION ACT (BRITISH COLUMBIA)

If the *Home Owner Protection Act* (British Columbia) applies to the property, you agree to comply with the requirements of such act and to reimburse us for any costs which we incur in complying with such requirements on your behalf if you fail to do so and to reimburse us for any costs which we incur in enforcing your rights under such act if you fail to do so. Such costs are payable by you immediately and, if not paid, will be added to the loan amount and will bear interest at the current mortgage rate.

36. CHANGE OF CORPORATE CONTROL

If the borrower is a corporation, the borrower agrees that if (a) the borrower fails to supply to us, in a form satisfactory to us, such information relating to the ownership of its shares as we may from time to time require, or (b) without our prior written consent, (i) the borrower issues or redeems any of its shares or any of its shares are transferred, or (ii) there is a transfer of the legal or beneficial interest of any of the shares of the borrower, or (iii) the borrower amalgamates, merges or consolidates with any other person or corporation, and the result of any such event is a change in the effective control of the majority of the voting shares of the borrower, then the loan amount will immediately become due and payable at our option, and our power of sale and all other remedies for enforcement will be exercisable.

37. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date, regardless of the date of signature of the mortgage.

38. WHO IS BOUND

You agree to be bound by all of your obligations contained in the mortgage. The mortgage is also binding on and enures to the benefit of your successors and anyone else to whom the property is transferred. The mortgage is also binding on and enures to the benefit of our successors and assigns and on anyone to whom we may assign the mortgage.

If more than one person signs the mortgage as borrower, then all persons who so sign are jointly and severally liable to comply with all obligations under the mortgage.

39. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

40. HEADINGS

Headings in the mortgage do not form part of the mortgage and are used only for easy reference.

41. STATUTE REFERENCES

Unless expressly stated otherwise, any reference in this set of filed standard mortgage terms to a statute is a reference to such statute and the regulations thereunder, if any, as such statute and regulations may be amended or replaced from time to time.

42. GOVERNING LAW

This set of filed standard mortgage terms and the mortgage will be governed by the laws of the Province of British Columbia;

43. ENTIRE AGREEMENT

The loan commitment and the mortgage constitute the entire agreement between the borrower and the mortgagee concerning the matters addressed therein. The mortgage is in addition to, and not in substitution for, any other security that we may have in the property of the borrower or the property of any other person.

44. AMENDMENTS TO FILED STANDARD MORTGAGE TERMS

This set of filed standard mortgage terms may be amended and specific provisions added, deleted or changed by adding a schedule to the form of mortgage registered in the land registry office.

45. EXCLUSION OF STATUTORY COVENANTS

This mortgage is made pursuant to Part 3 of the *Land Transfer Form Act* (British Columbia). Clause 15 of Schedule 6 of the *Land Transfer Form Act* (British Columbia) is expressly excluded from this mortgage.